Lee County, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



Lee County, Georgia
Table of Contents
June 30, 2017

INTRODUCTORY SECTION
List of Principal Officials 1

REPORT
Independent Auditors' Report 2

FINANCIAL STATEMENTS
Government - Wide Statement of Net Position 5

Government - Wide Statement of Activities 6

Balance Sheet - Governmental Funds 8

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 10

Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds 11

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities 13

Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual - General Fund 14

Statement of Net Position – Proprietary Funds 16

Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds 18

Statement of Cash Flows – Proprietary Funds 19

Statement of Fiduciary Net Position – Fiduciary Funds 21

Statement of Changes in Net Position – Fiduciary Funds 22

Notes to Financial Statements 23

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the County's Net Pension Liability 64

Schedule of County Contributions 65

Schedule of Proportionate Share of Net Pension Liabilities 66

Schedule of Contributions Cost-Sharing Multiple Employer Pension Plans 67

SUPPLEMENTARY INFORMATION
Combining Balance Sheet – Nonmajor Governmental Funds 68

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 69

Combining Balance Sheet – Nonmajor Special Revenue Funds 70

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds 73

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:
- Drug Abuse Treatment & Education Fund 76
- Jail Fund 77
- Building Inspection 78
- District Attorney Forfeiture Fund 79
- Law Library Fund 80
- E-911 Fund 81
- Special Assessment Fund 82
- Hotel/Motel Tax Fund 83
- Development Authority 84
- Community Foundation 85

Combining Statement of Fiduciary Assets and Liabilities – Fiduciary Funds 86

COMPLIANCE SECTION
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 87

Schedule of Financial Statement Findings and Responses 89

Schedule of Special Local Option Sales Tax Expenditures 90

Lee County, Georgia
Principal Officials
June 30, 2017

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

Carr, Riggs & Ingram, LLC
202 Love Avenue
Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

(229) 382-8576
(229) 238-0643 (fax)
www.cricpa.com

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, 2017, 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 45%, 45%, and 45%, 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, 2017, 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 64, the schedule of county contributions on page 65, the schedule of proportionate share of net pension liabilities on page 66 and the schedule of contributions of cost-sharing multiple employer pension plans on page 67 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 29, 2017, 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 29, 2017

Lee County, Georgia
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	$ 6,157,526	$ 1,038,743	$ 7,196,269	$ 368,019
Investments	5,877,893	-	5,877,893	-
Accounts receivable, net	634,421	88,670	723,091	-
Property tax receivable	265,742	-	265,742	-
Inventories	-	-	-	-
Prepaid expenses	-	868	868	-
Due from other governments	1,077,335	-	1,077,335	100,690
Interfund balances	1,436,901	(1,436,901)	-	-
Restricted assets:				
Cash and cash equivalents	2,761	717,786	720,547	-
Investments	-	1,097,973	1,097,973	-
Capital assets:				
Land	3,310,470	3,130,359	6,440,829	-
Construction in progress	5,067,292	-	5,067,292	-
Other capital assets, net of accumulated depreciation	32,082,443	19,495,000	51,577,443	36,149
Other non current assets	2	-	2	-
Total assets	55,912,786	24,132,498	80,045,284	504,858
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding	-	144,892	144,892	
Pension cost	896,836	58,534	955,370	220,514
Total deferred outflows of resources	896,836	203,426	1,100,262	220,514
LIABILITIES				
Accounts payable	235,204	88,289	323,493	14,449
Accrued expenses	342,223	402,359	744,582	-
Other current liabilities	-	-	-	20,484
Long-term liabilities:				
Due within one year	941,238	879,880	1,821,118	6,390
Due in more than one year	2,382,822	19,977,918	22,360,740	-
Net pension liability	2,765,046	180,466	2,945,512	862,639
Closure and post closure care	-	468,369	468,369	-
Compensated absences	884,173	80,419	964,592	57,514
Total liabilities	7,550,706	22,077,700	29,628,406	961,476
DEFERRED INFLOWS OF RESOURCES				
Deferred refunding	-	-	-	-
Deferred inflows - pension	428,294	27,953	456,247	1,992
Total deferred inflows of resources	428,294	27,953	456,247	1,992
NET POSITION				
Net investment in capital assets	37,136,145	2,215,414	39,351,559	36,149
Restricted for:				
Capital projects	-	-	-	-
Other uses	594,164	-	594,164	319,616
Unrestricted	11,100,313	14,857	11,115,170	(593,861)
Total net position	$ 48,830,622	$ 2,230,271	$ 51,060,893	$ (238,096)

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

Lee County, Georgia
Statement of Activities
For the Year Ended June 30, 2017

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	$ 5,374,676	$ 419,369	$ 476,635	1,101,269	$ (3,377,403)
Public safety	12,821,371	970,132	-	-	(11,851,239)
Court system	1,706,615	884,273	-	-	(822,342)
Public works	4,037,595	3,193,810	-	-	(843,785)
Public health and welfare	436,624		-	-	(436,624)
Recreation	1,133,555	39,989	-	-	(1,093,566)
Economic development	1,367,103	-	23,824	-	(1,343,279)
Intergovernmental	453,363	-	-	-	(453,363)
Interest on long-term debt	172,232	-	-	-	(172,232)
Total governmental activities	27,503,134	5,507,573	500,459	1,101,269	(20,393,833)
Business-type activities:					
Water and sewer	3,775,129	4,099,037	-	-	323,908
Solid waste	197,676	126,493	-	-	(71,183)
Golf and recreation	614,090	239,839	-	-	(374,251)
Total business-type activities	4,586,895	4,465,369	-	-	(121,526)
Total primary government	32,090,029	9,972,942	500,459	1,101,269	(20,515,359)
Component unit:					
Lee County Health Department	929,855	402,030	558,548	-	30,723
Total component units	$ 929,855	$ 402,030	$ 558,548	$ -	$ 30,723

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

Lee County, Georgia
Statement of Activities (continued)
For the Year Ended June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
Change in net position:				
Net (expense) revenue	$ (20,393,833)	$ (121,526)	$ (20,515,359)	$ 30,723
General revenues:				
Taxes:				
Property taxes	14,416,812	-	14,416,812	-
Local option sales taxes	6,209,185	-	6,209,185	-
Other taxes	1,549,751	-	1,549,751	-
Grants and contributions not restricted to specific programs	-	-	-	-
Investment income	45,452	14,530	59,982	-
Gain on sale of capital assets	-	-	-	-
Other revenues	231,709	162,649	394,358	-
Transfers	(118,192)	118,192	-	-
Total general revenues and transfers	22,334,717	295,371	22,630,088	-
Change in net position	1,940,884	173,845	2,114,729	30,723
Net position, beginning of year (restated)	46,889,738	2,056,426	48,946,164	(268,819)
Net position, end of year	$ 48,830,622	$ 2,230,271	$ 51,060,893	$ (238,096)

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

Lee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund
Assets			
Cash and cash equivalents	$ 4,757,912	$ -	$ -
Investments	2,175,490	8	-
Accounts receivable, net	564,449	-	-
Property tax receivable	265,742	-	-
Prepaid expenditures	-	-	-
Due from other governments	492,455	-	-
Due from other funds	1,246,532	-	-
Other non-current assets	-	-	-
Restricted assets:			
Cash and cash equivalents	2	-	-
Investments	-	-	-
Sales tax receivable	-	-	-
Total assets	9,502,582	8	-
Liabilities			
Accounts payable	170,923	860	-
Accrued expenses	307,487	1,738	9,157
Due to other governments	-	-	-
Due to other funds	620,273	-	-
Liabilities payable from restricted assets	-	-	-
Total liabilities	1,098,683	2,598	9,157
Deferred Inflows of Resources			
Unavailable revenue - property taxes	171,600	-	-
Fund Balances			
Nonspendable			
Prepaid expenditures	-	-	-
Restricted for:			
Public services	-	-	-
Debt service	-	-	-
Specific purposes	-	-	-
Unassigned, reported in:			
General fund	8,232,299	-	-
Capital projects funds	-	(2,590)	(9,157)
Special revenue funds	-	-	-
Total fund balances	8,232,299	(2,590)	(9,157)
Total liabilities, deferred inflows of resources and fund balances	$ 9,502,582	$ 8	$ -

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

Lee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2017

	1% SPLOST VI Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ -	$ 1,305,034	$ 6,062,946
Investments	3,694,234	8,161	5,877,893
Accounts receivable, net	-	69,972	634,421
Property tax receivable	-	-	265,742
Prepaid expenditures	-	-	-
Due from other governments	584,300	580	1,077,335
Due from other funds	-	1,828	1,248,360
Other non-current assets	-	2	2
Restricted assets:			
Cash and cash equivalents	-	2,759	2,761
Investments	-	-	-
Sales tax receivable	-	-	-
Total assets	4,278,534	1,388,336	15,169,460
Liabilities			
Accounts payable	30,458	507	202,748
Accrued expenses	14,000	10,841	343,223
Due to other governments	-	-	-
Due to other funds	-	1,775	622,048
Liabilities payable from restricted assets	-	-	-
Total liabilities	44,458	13,123	1,168,019
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	171,600
Fund Balances			
Nonspendable			
Prepaid expenditures	-	-	-
Restricted for:			
Public services	-	-	-
Debt service	-	-	-
Specific purposes	4,234,076	1,375,389	5,609,465
Unassigned, reported in:			
General fund		-	8,232,299
Capital projects funds	-	-	(11,747)
Special revenue funds	-	(176)	(176)
Total fund balances	4,234,076	1,375,213	13,829,841
Total liabilities, deferred inflows of resources and fund balances	$ 4,278,534	$ 1,388,336	$ 15,169,460

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, 2017

Total governmental fund balances	$ 13,829,841
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.	40,460,205
Net pension liabilities are not current financial obligations and, therefore, are not reported in the funds.	
Net pension liability	(2,765,046)
Pension cost	896,836
Deferred inflows - pension	(428,294)
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.	171,600
Liabilities not due and payable in the current period and therefore not reported in the funds:	
Bonds payable	(1,214,821)
Capital leases	(830,435)
Notes payable	(1,272,804)
Compensated absences	(884,173)
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.	867,713
Net position of governmental activities	$ 48,830,622

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, 2017

	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund
Revenues			
Property taxes	$ 14,430,921	$ -	$ -
Local option sales taxes	2,888,866	-	-
Other taxes	1,551,786	-	-
Charges for services	3,887,484	-	-
Fines and forfeitures	788,940	-	-
Investment income	27,710	-	-
Intergovernmental	37,772	-	-
Other revenues	467,806	-	-
Total revenues	24,081,285	-	-
Expenditures			
Current:			
General government	5,614,434	-	-
Public safety	11,132,285	-	-
Court system	1,655,554	-	-
Public works	1,824,022	-	-
Public health and welfare	414,980	-	-
Culture and recreation	408,835	-	-
Library	656,078	-	-
Housing and development	1,089,514	-	-
Intergovernmental	-	-	-
Capital projects	-	-	-
Debt service:			
Principal	114,852	-	-
Interest	65,050	-	-
Fiscal agent fees	-	-	-
Total expenditures	22,975,604	-	-
Excess (Deficiency) of Revenues Over Expenditures	1,105,681	-	-
Other Financing Sources (Uses)			
Transfers from other funds	13,872	-	889,881
Transfers to other funds	(749,626)	(522,849)	-
Sale of capital assets	25,384	-	-
Long-term debt issued	-	-	-
Total other financing sources (uses)	(710,370)	(522,849)	889,881
Net change in fund balances	395,311	(522,849)	889,881
Fund balances, beginning of year	7,836,988	520,259	(899,038)
Fund balances, end of year	$ 8,232,299	$ (2,590)	$ (9,157)

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, 2017

	1% SPLOST VI Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ 14,430,921
Local option sales taxes	3,317,141	-	6,206,007
Other taxes	-	3,178	1,554,964
Charges for services	-	473,094	4,360,578
Fines and forfeitures	-	95,333	884,273
Investment income	18,758	17,890	64,358
Intergovernmental	1,044,591	476,635	1,558,998
Other revenues	-	24,805	492,611
Total revenues	4,380,490	1,090,935	29,552,710
Expenditures			
Current:			
General government	459,951	29,679	6,104,064
Public safety	411,393	761,535	12,305,213
Court system	-	17,746	1,673,300
Public works	1,576,787	-	3,400,809
Public health and welfare	-	-	414,980
Culture and recreation	-	-	408,835
Library	-	-	656,078
Housing and development	-	246,497	1,336,011
Intergovernmental	453,363	-	453,363
Capital projects	-	75,044	75,044
Debt service:			
Principal	565,000	218,148	898,000
Interest	64,100	43,082	172,232
Fiscal agent fees	1,775	-	1,775
Total expenditures	3,532,369	1,391,731	27,899,704
Excess (Deficiency) of Revenues Over Expenditures	848,121	(300,796)	1,653,006
Other Financing Sources (Uses)			
Transfers from other funds	-	264,402	1,168,155
Transfers to other funds	-	(13,872)	(1,286,347)
Sale of capital assets	-	40,000	65,384
Long-term debt issued	-	-	-
Total other financing sources (uses)	-	290,530	(52,808)
Net change in fund balances	848,121	(10,266)	1,600,198
Fund balances, beginning of year	3,385,955	1,385,479	12,229,643
Fund balances, end of year	$ 4,234,076	$ 1,375,213	$ 13,829,841

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, 2017

Net change in fund balances - total governmental funds	$ 1,600,198
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	984,058
Depreciation expense	(2,194,324)
Disposal of capital assets	(66,693)
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	18,090
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	(14,109)
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	(222,799)
Compensated absences	(19,079)
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.	955,440
Change in net position of governmental activities	$ 1,940,884

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

Lee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	$ 14,311,467	$ 14,311,467	$ 14,430,921	$ 119,454
Local option sales taxes	2,630,494	2,630,494	2,888,866	258,372
Other taxes	1,465,630	1,465,630	1,551,786	86,156
Charges for services	3,856,133	3,856,133	3,887,484	31,351
Fines and forfeitures	933,596	933,596	788,940	(144,656)
Investment income	16,080	16,080	27,710	11,630
Intergovernmental	8,489	8,489	37,772	29,283
Other revenues	258,969	258,969	467,806	208,837
Total revenues	23,480,858	23,480,858	24,081,285	600,427
Expenditures				
Current:				
General government				
County commissioners	1,047,651	1,047,651	1,046,932	719
County Manager	563,996	563,996	495,603	68,393
Elections	228,065	228,065	211,981	16,084
Information technology	222,485	222,485	221,717	768
Tax commissioner	375,444	375,444	369,320	6,124
Tax assessor	530,140	530,140	500,474	29,666
Building and grounds	255,101	255,101	262,888	(7,787)
Utility billing	2,498,298	2,498,298	2,505,519	(7,221)
Total general government	5,721,180	5,721,180	5,614,434	106,746
Public safety				
Sheriff	8,409,485	8,409,485	8,475,526	(66,041)
Jail	2,256,822	2,256,822	2,371,849	(115,027)
Fire fighting	-	-	2,559	(2,559)
Emergency management	-	-	867	(867)
Coroner	28,868	28,868	24,092	4,776
Animal control	247,633	247,633	257,392	(9,759)
Total public safety	10,942,808	10,942,808	11,132,285	(189,477)
Court system				
Superior court	532,348	532,348	516,388	15,960
District attorney	81,386	81,386	82,390	(1,004)
Magistrate court	533,822	533,822	527,371	6,451
Probate court	247,224	247,224	242,453	4,771
Juvenile court	54,683	54,683	50,862	3,821
Court services	-	-	-	-
Public defender	237,039	237,039	236,090	949
Total court system	$ 1,686,502	$ 1,686,502	$ 1,655,554	$ 30,948

Lee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
General Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public works				
Roads and bridges	$ 1,942,872	$ 1,942,872	$ 1,824,022	$ 118,850
Total public works	1,942,872	1,942,872	1,824,022	118,850
Public health and welfare				
Health	315,617	315,617	316,217	(600)
Welfare	16,000	16,000	16,000	-
Extension service	90,914	90,914	82,763	8,151
Total public health and welfare	422,531	422,531	414,980	7,551
Culture and recreation	405,578	405,578	408,835	(3,257)
Library	656,318	656,318	656,078	240
Housing and development				
Code enforcement	340,500	340,500	342,147	(1,647)
Community development	14,043	14,043	14,043	-
Planning and engineering	308,837	308,837	293,688	15,149
Economic development	483,033	483,033	439,636	43,397
Total housing and development	1,146,413	1,146,413	1,089,514	56,899
Capital projects	-	-	-	-
Debt service				
Principal	114,852	114,852	114,852	-
Interest	47,971	47,971	65,050	(17,079)
Total expenditures	23,087,025	23,087,025	22,975,604	111,421
Excess (deficiency) of Revenues Over Expenditures	393,833	393,833	1,105,681	711,848
Other Financing Sources (Uses)				
Transfers from other funds	58,670	58,670	13,872	(44,798)
Transfers to other funds	(452,503)	(452,503)	(749,626)	(297,123)
Proceeds from sale of fixed assets	-	-	25,384	25,384
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	(393,833)	(393,833)	(710,370)	(316,537)
Net change in fund balances	-	-	395,311	395,311
Fund balances, beginning of year	7,786,119	7,786,119	7,836,988	(50,869)
Fund balances, end of year	$ 7,786,119	$ 7,786,119	$ 8,232,299	$ 344,442

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

Lee County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2017

	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	$ 1,033,764	$ -	$ 4,979	$ 1,038,743	$ 94,580
Restricted assets - cash	717,786	-	-	717,786	-
Investments	-	-	-	-	-
Restricted assets - investments	1,097,973	-	-	1,097,973	-
Accounts receivable, net	69,280	18,091	1,299	88,670	-
Due from other funds	-	-	-	-	810,589
Due from component unit	-	-	-	-	-
Inventories	-	-	-	-	-
Other current assets	-	300	568	868	-
Total current assets	2,918,803	18,391	6,846	2,944,040	905,169
Non - current assets					
Restricted assets - cash	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:					
Land	430,907	2,536,452	163,000	3,130,359	-
Construction in progress	-	-	-	-	-
Other capital assets,	-	-	-	-	-
net of accumulated depreciation	18,850,524	639,532	4,944	19,495,000	-
Total non - current assets	19,281,431	3,175,984	167,944	22,625,359	-
Total assets	22,200,234	3,194,375	174,790	25,569,399	905,169
Deferred Outflows of Resources					
Deferred refunding	144,892	-	-	144,892	-
Pension costs	35,336	18,733	4,465	58,534	
Total deferred outflows of resources	$ 180,228	$ 18,733	$ 4,465	$ 203,426	$ -

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

Lee County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2017

	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	$ 82,646	$ 5,256	$ 387	$ 88,289	$ 37,456
Accrued expenses	400,700	-	1,659	402,359	-
Lines of credit	-	-	-	-	-
Customer deposits	447,853	-	-	447,853	-
Due to other governments	-	-	-	-	-
Due to other funds	641,671	795,164	66	1,436,901	-
Liabilities payable from restricted assets	-	-	-	-	-
Current portion of long - term debt	860,000	19,880	-	879,880	-
Total current liabilities	2,432,870	820,300	2,112	3,255,282	37,456
Noncurrent liabilities					
Long - term debt, net of current portion	19,375,026	155,039	-	19,530,065	-
Compensated absences	54,776	18,563	7,080	80,419	-
Net pension liability	108,946	57,755	13,765	180,466	-
Other liabilities - closure and post closure	-	-	468,369	468,369	-
Total liabilities	21,971,618	1,051,657	491,326	23,514,601	37,456
Deferred Inflows of Resources					
Deferred refunding	-	-	-	-	-
Unavailable revenue	16,875	8,946	2,132	27,953	-
Total deferred inflows of resources	16,875	8,946	2,132	27,953	-
Net Position					
Invested in capital assets	(953,595)	3,001,065	167,944	2,215,414	-
Restricted for debt service	-	-	-	-	-
Unrestricted	1,345,564	(848,560)	(482,147)	14,857	867,713
Total net position	$ 391,969	$ 2,152,505	$ (314,203)	$ 2,230,271	$ 867,713

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, 2017

	Business Type Activities - Enterprise Funds				Governmental Activity
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
Operating Revenues					
Utility revenues	$ 4,099,037	$ -	$ 126,493	$ 4,225,530	$ -
Charges for services	-	239,839	-	239,839	4,037,293
Miscellaneous	144,858	7,177	10,614	162,649	-
Intergovernmental	-	-	-	-	-
Total operating revenues	4,243,895	247,016	137,107	4,628,018	4,037,293
Operating Expenses					
Salaries and wages	684,094	280,577	75,884	1,040,555	-
Operating, administrative and maintenance	1,226,953	147,743	121,792	1,496,488	3,082,047
Depreciation	1,082,924	80,905	-	1,163,829	-
Total operating expenses	2,993,971	509,225	197,676	3,700,872	3,082,047
Operating income (loss)	1,249,924	(262,209)	(60,569)	927,146	955,246
Non - Operating Income (Expenses)					
Interest income	15,607	48	62	15,717	194
Interest expense	(764,534)	7,496	-	(757,038)	-
Debt issuance costs	(16,624)	-	-	(16,624)	-
Gain (loss) on sale of capital assets	-	(112,361)	-	(112,361)	-
Net decrease in the fair value of investments	(1,187)	-	-	(1,187)	-
Income (loss) before contributions and transfers	483,186	(367,026)	(60,507)	55,653	955,440
Other					
Transfers from other funds	-	-	118,192	118,192	-
Transfers to other funds	-	-	-	-	-
Change in net position	483,186	(367,026)	57,685	173,845	955,440
Net position, beginning of year	(91,217)	2,519,531	(371,888)	2,056,426	(87,727)
Net position, end of year	$ 391,969	$ 2,152,505	$ (314,203)	$ 2,230,271	$ 867,713

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

Lee County, Georgia
Statement of Cash Flows
Proprietary Funds
June 30, 2017

	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	$ 4,095,857	$ 260,109	$ 126,493	$ 4,482,459	$ 4,037,293
Other operating receipts	144,858	8,172	10,614	163,644	-
Cash payments to employees	(373,822)	(292,288)	(75,998)	(742,108)	-
Cash payments to suppliers	(1,471,247)	(128,340)	(178,116)	(1,777,703)	(3,208,681)
New customer utility deposits	59,885	-	-	59,885	-
Net cash provided (used) by operating activities	2,455,531	(152,347)	(117,007)	2,186,177	828,612
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	-	-	118,192	118,192	-
Transfers to other funds	-	-	-	-	-
Net change in due from other funds	-	-	-	-	(736,268)
Net change in due from component unit	-	-	-	-	-
Net change in due to other funds	(1,286,900)	259,524	(126)	(1,027,502)	-
Net cash provided (used) by noncapital financing activities	(1,286,900)	259,524	118,066	(909,310)	(736,268)
Cash Flows From Capital And Related Financing Activities					
Debt issuance costs	(16,624)	-	-	(16,624)	-
Proceeds from asset disposals	-	128,708	-	128,708	-
Acquisition and construction of capital assets	(1,482,412)	-	-	(1,482,412)	-
Principal payments on long - term debt	(902,112)	(279,288)	-	(1,181,400)	-
Interest paid	(693,992)	-	-	(693,992)	-
Net cash provided (used) by capital and related financing activities	(3,095,140)	(150,580)	-	(3,245,720)	-
Cash Flows From Investing Activities					
Sale of investment securities	-	-	-	-	-
Purchase of investments	(18,940)	-	-	(18,940)	-
Loan disbursements	-	-	-	-	-
Interest received	14,420	-	62	14,482	194
Net cash provided (used) by investing activities	(4,520)	-	62	(4,458)	194
Net increase (decrease) in cash and cash equivalents	(1,931,029)	(43,403)	1,121	(1,973,311)	92,538
Cash and cash equivalents, beginning of year	3,682,579	43,403	3,858	3,729,840	2,042
Cash and cash equivalents, end of year	$ 1,751,550	$ -	$ 4,979	$ 1,756,529	$ 94,580

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

Lee County, Georgia
Statement of Cash Flows
Proprietary Funds
June 30, 2017

	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)	$ 1,249,924	$ (262,209)	$ (60,569)	$ 927,146	$ 955,246
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,082,924	80,905	-	1,163,829	-
New customer utility deposits	59,885	-	-	59,885	-
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(3,180)	20,270	-	17,090	-
Inventories	-	12,784	-	12,784	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Accounts payable	11,082	(10,862)	307	527	(126,634)
Accrued expenses	54,896	6,765	(56,745)	4,916	-
Net cash provided (used) by operating activities	$ 2,455,531	$ (152,347)	$ (117,007)	$ 2,186,177	$ 828,612
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, 2016

	457 Deferred Compensation Plan	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 1,029,831
Investments:		
Annuities	720,885	-
Receivables:		
Accounts receivable, net	-	504,674
Employer and employee's contribution	-	-
Accrued investment income	-	-
Other assets	-	-
Total assets	720,885	1,534,505
Liabilities		
Due to others	-	1,534,505
Total liabilities	-	1,534,505
Net Position		
Restricted for:		
Pension Benefits	$ 720,885	$ -

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, 2017

	457 Deferred Compensation Plan
Additions	
Contributions	
Employer	$ 55,193
Participants	-
Other	-
Total contributions	55,193
Investment income	
Net appreciation in fair value of investments	-
Interest and dividends	82,825
Less - investment expenses	-
Net investment income	82,825
Total additions	138,018
Deductions	
Net depreciation in fair value of investments	-
Pension benefits paid	25,576
Other payments	73,970
Administrative expenses	200
Total deductions	99,746
Net increase (decrease)	38,272
Net assets held in trust for pension benefits	
Beginning of year	682,613
End of Year	$ 720,885

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, 2017.

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 29, 2017, which is the date the financial statements were available to be issued.

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, 2017:

Department	Excess of Expenditures Over Budgeted Amounts
Public Safety	$ 189,477
Debt service	17,079
Transfers	297,123

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, 2017:

Department	Excess of Expenditures Over Budgeted Amounts
Jail	$ 24,798
DA Forfeiture	22,273
Law Library	4,353
Special Assessment Income	34,213
Development Authority	224,483
Community Foundation	4,881

NOTE 3 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2017, are summarized as follows:

Primary Government	
Amounts as presented on the entity-wide Statement of Net Position:	
Cash and cash equivalents	$ 7,196,269
Investments	5,877,893
Restricted cash and cash equivalents	720,547
Restricted investments	1,097,973
Amounts as presented on the Statement of Fiduciary Net Position:	
Cash	1,029,831
Investments	720,885
Total	$16,643,398
Deposits with financial institutions	$10,672,482
Deposits with Georgia Fund 1	5,250,031
Annuities	720,885
Total	$16,643,398
Lee County Board of Health:	
Cash and cash equivalents	$ 368,019
Cash deposited with financial institutions	$ 368,019

The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks. As of June 30, 2017 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, 2017, 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 2017 property taxes were July 30, 2016 and December 20, 2016, 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, 2017 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	1,942,866	$ -	$ -	$ 69,972
Property tax receivable	376,710	-	-	-
Sales tax receivable	-	-	-	-
Due from other governments	492,455	584,300	-	580
Gross receivables	2,812,031	584,300	-	70,552
Less:				
Allowance for uncollectibles	(1,489,385)	-	-	-
Net total receivables	$ 1,322,646	$ 584,300	$ -	$ 70,552

	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total
Accounts receivable	$ 228,237	$ 194,781	$ 1,299	$ 2,437,155
Property tax receivable	-	-	-	376,710
Sales tax receivable	-	-	-	-
Due from other governments	-	-	-	1,077,335
Gross receivables	228,237	194,781	1,299	3,891,200
Less:				
Allowance for uncollectibles	(158,957)	(176,690)	-	(1,825,032)
Net total receivables	$ 69,280	$ 18,091	$ 1,299	$ 2,066,168

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, 2017 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	$ -	$ -	$ -	$ -	$ 1,775
1% SPLOST V BONY Advance Fund	-	-	-	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	1,828	-	-	-	-
Utility Authority	-	-	-	-	-
Parks and Recreation Authority	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	618,445	-	-	-	-
Total	$ 620,273	$ -	$ -	$ -	$ 1,775

	Due From				
Due To	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Internal Service Fund	Total
General Fund	$ 641,671	$ 603,020	$ 66	$ -	$ 1,246,532
1% SPLOST V BONY Advance Fund	-	-	-	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	-	-	-	-	1,828
Utility Authority	-	-	-	-	-
Parks and Recreation Authority	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	-	192,144	-	-	810,589
Total	$ 641,671	$ 795,164	$ 66	$ -	$ 2,058,949

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, 2017 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	$ -	$ -	$ 367,032	$ 264,402
1% SPLOST BONY Advance Fund	-	-	522,849	-
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	13,872	-	-	-
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	-
Solid Waste Fund	-	-	-	-
Internal Service Fund	-	-	-	-
Total	$ 13,872	$ -	$ 889,881	$ 264,402

	Transfer To			
Transfer From	Utility Authority	Solid Waste Fund	Internal Service Fund	Total
General Fund	$ -	$ 118,192	$ -	$ 749,626
1% SPLOST BONY Advance Fund	-	-	-	522,849
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	13,872
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	-
Solid Waste Fund	-	-	-	-
Internal Service Fund	-	-	-	-
Total	$ -	$ 118,192	$ -	$ 1,286,347

NOTE 6 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2017:

Primary Government

Governmental activities:

	Balance June 30, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 3,377,163	$ -	$ (66,693)	$ -	$ 3,310,470
Construction in progress	5,067,292	-	-	-	5,067,292
Total capital assets not being depreciated	8,444,455	-	(66,693)	-	8,377,762
Other capital assets:					
Buildings	18,281,059	-	-	-	18,281,059
Infrastructure	72,187,115	813,668	-	-	73,000,783
Improvements other than buildings	1,625,457	-	-	-	1,625,457
Machinery and equipment	11,919,679	170,390	-	-	12,090,069
Total other capital assets at cost	104,013,310	984,058	-	-	104,997,368
Less accumulated depreciation for:					
Buildings	(6,859,574)	(376,445)	-	-	(7,236,019)
Infrastructure	(52,966,998)	(1,295,072)	-	-	(54,262,070)
Improvements other than buildings	(993,106)	(75,814)	-	-	(1,068,920)
Machinery and equipment	(9,900,923)	(446,993)	-	-	(10,347,916)
Total accumulated depreciation	(70,720,601)	(2,194,324)	-	-	(72,914,925)
Other capital assets, net	33,292,709	(1,210,266)	-	-	32,082,443
Governmental activities capital assets, net	$ 41,737,164	$ (1,210,266)	$ (66,693)	$ -	$ 40,460,205

Business-type activities:

	Balance June 30, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land	$ 2,776,762	$ 353,597	$ -	$ -	$ 3,130,359
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	2,776,762	353,597	-	-	3,130,359
Other capital assets:					
Buildings and infrastructure	34,460,486	1,108,285	-	-	35,568,771
Improvements other than buildings	399,687	-	-	-	399,687
Machinery and equipment	1,657,245	20,530	(332,735)	-	1,345,040
Total other capital assets at cost	36,517,418	1,128,815	(332,735)	-	37,313,498
Less accumulated depreciation for:					
Buildings and infrastructure	(15,343,957)	(1,060,993)	-	-	(16,404,950)
Improvements other than buildings	(229,291)	(36,685)	-	-	(265,976)
Machinery and equipment	(1,150,686)	(66,151)	69,265	-	(1,147,572)
Total accumulated depreciation	(16,723,934)	(1,163,829)	69,265	-	(17,818,498)
Other capital assets, net	19,793,484	(35,014)	(263,470)	-	19,495,000
Business-type activities capital assets, net	$ 22,570,246	$ 318,583	$ (263,470)	$ -	$ 22,625,359

Depreciation expense was charged to functions as follows:

Governmental Activities		
General government	$	172,998
Judicial		20,494
Public safety		454,467
Public works		1,469,998
Health and welfare		11,231
Culture and recreation		54,768
Housing and development		10,368
Total government activities depreciation expense	$	2,194,324
Business-type activities		
Utility Authority	$	1,082,924
Parks and Recreation Authority		80,905
Solid Waste		-
Total buiness-type activities depreciation expense	$	1,163,829

Component Units

Capital asset activity for the Lee County Board of Health, a discretely presented component unit, for the year ended June 30, 2017 is as follows:

Governmental activities:

	Balance June 30, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Other capital assets:					
Building improvements	$ 32,595	$ -	$ -	$ -	$ 32,595
Equipment	6,222	9,745	-	-	15,967
Total other capital assets at cost	38,817	9,745	-	-	48,562
Total accumulated depreciation	(10,862)	(1,551)	-	-	(12,413)
Governmental activities capital assets, net	$ 27,955	$ 8,194	$ -	$ -	$ 36,149

NOTE 7 – DEFICIT FUND BALANCES AND NET POSITION

The following funds reported deficit fund balances or net position at June 30, 2017:

Fund	Deficit Balance at June 30, 2017
1% SPLOST V BONY Advance	$ 2,590
1% SPLOST V Tax Proceeds	9,157
Building Inspection Fund	176
Solid Waste Fund	314,203

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, 2017, 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	$ 1,175,000
				1,175,000
			Unamortized Discount/premium/loss	39,821
			Less current portion	(580,000)
				$ 634,821

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
2018	$ 580,000	$ 38,450	$ 618,450
2019	580,000	38,450	618,450
2020	15,000	4,237	19,237
2021	-	-	-
2022	-	-	-
	$ 1,175,000	$ 81,137	$ 1,256,137

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	$ 10,425,000
				10,425,000
			Less current portion	(700,000)
				$ 9,725,000

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

Fiscal Year Ending,	Principal	Interest	Total
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	890,000	270,823	1,160,823
2023-2027	2,790,000	992,512	3,782,512
2028-2032	2,915,000	457,302	3,372,302
2033-2037	655,000	14,246	669,246
	$ 10,425,000	$ 3,155,675	$ 13,580,675

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	$ 8,805,000	3.7-4.35%	2032	$ 8,805,000
				$ 8,805,000

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

Fiscal Year Ending,	Principal	Interest	Total
2018	$ -	$ 343,226	$ 343,226
2019	-	343,226	343,226
2020	-	343,226	343,226
2021	-	343,226	343,226
2022	-	343,226	343,226
2023-2027	2,900,000	1,507,867	4,407,867
2028-2032	4,495,000	707,462	5,202,462
2033-2037	1,410,000	22,185	1,432,185
	$ 8,805,000	$ 3,953,644	$ 12,758,644

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	$ 1,005,000
				1,005,000
			Less current portion	(160,000)
				$ 845,000

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

Fiscal Year Ending,	Principal	Interest	Total
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	255,000	3,060	258,060
2023	-	-	-
	$ 1,005,000	$ 61,777	$ 1,066,777

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
2018	$ 224,972	$ 36,258	$ 261,230
2019	1,053,832	29,863	1,083,695
2020	-	-	-
2021	-	-	-
2022	-	-	-
	$ 1,278,804	$ 66,121	$ 1,344,925

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
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	22,189	2,195	24,384
2023-2026	69,853	2,809	72,662
	$ 174,945	$ 19,635	$ 194,580

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	Total
2018	$ 379,668	$ 379,668
2019	204,000	204,000
2020	474,920	474,920
2021	-	-
2022	-	-
Total minimum lease payments	1,058,588	1,058,588
Less amount representing interest	(228,153)	(228,153)
Present value of future minimum lease payments	$ 830,435	$ 830,435

The following is an analysis of equipment leased under capital leases as of June 30, 2017:

	Governmental Activities	Total
Equipment	$ 1,157,957	$ 1,157,957
Less accumulated depreciation	(704,948)	(704,948)
Carrying value	$ 453,009	$ 453,009

Amortization expense for the year ended June 30, 2017 was $165,422.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 1,740,000	$ -	$ (565,000)	$ 1,175,000	$ 580,000
Unamortized premium	61,541	-	(21,720)	39,821	-
Total bonds payable	2,373,261	-	(586,720)	1,214,821	580,000
Notes payable	1,490,952	-	(212,148)	1,278,804	224,972
Capital leases	945,759	-	(115,324)	830,435	136,266
Compensated absences	865,094	19,079	-	884,173	-
Total Governmental activities long-term liabilities	$ 5,969,894	$ 19,079	$ (914,192)	$ 4,208,233	$ 941,238

	Beginning Balance - Restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 21,060,000	$ -	$ (825,000)	$ 20,235,000	$ 860,000
Total bonds payable	21,060,000	-	(825,000)	20,235,000	860,000
Notes payable	271,397	-	(96,452)	174,945	19,880
Less: Unamortized discount	(39,644)	-	39,644	-	-
Total notes payable	303,328	-	(56,808)	174,945	19,880
Capital leases	260,630	-	(260,630)	-	-
Customer deposits	387,968	-	59,885	447,853	-
Closure and post closure costs	525,000	-	(56,631)	468,369	-
Compensated absences	80,419	-	-	80,419	-
Total Business-type activities long-term liabilities	$ 23,301,272	$ -	$ (1,139,184)	$ 21,406,586	$ 879,880

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, 2017 include:

Special Revenue Funds

Reserve for restricted purposes to reflect resources legally restricted for specific purposes	$ 1,375,368

Capital Projects Funds

Reserve for specific purposes to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 4,234,097

NOTE 10 – BENEFIT PLANS

Primary Government

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, 2016 and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. The total pension liability in the actuarial valuations was determined using the following actuarial assumptions, applied to all

periods included in the measurement:

Inflation	2.75%
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, 2017, 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 $153,233 as of June 30, 2017.

Pension Expense:

For the year ended June 30, 2017, the County recognized pension expense related to the GFPF of $34,468 and revenue of $34,468 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, 2016 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, 2017, 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 $67,400 as of June 30, 2017.

Pension Expense:

For the year ended June 30, 2017, the County recognized pension expense related to the POABFG of $19,687 and revenue of $19,687 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, 2017 was as follows:

Active plan participants	247
Retirees and beneficiaries currently receiving benefits	10
Active or terminated plan participants entitled to, but not yet receiving benefits	60

Actuarial assumptions

The total pension liability as of June 30, 2017 was determined by an actuarial valuation as of December 31, 2016 based on the results of the February 2014 experience study using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/2016
Actuarial cost method	Entry age normal
Remaining amortization period	5-10.9
Asset valuation method	5-year smoothed marked value
Inflation rate	N/A
Salary increases	4.5-7%
Long-term expected rate of return	7.25%
Retirement age	55-70
Mortality	RP-2000 projected with Scale AA

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 7.25 %. 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, 2016	$ 7,816,878	$ 4,848,328	$ 2,968,550
Changes for the year:			
Service cost	446,272	-	446,272
Interest	584,588	-	584,588
Liability experience (gain)/loss	(506,941)	-	(506,941)
Assumption change	348,342	-	348,342
Employer contributions	-	638,935	(638,935)
Net investment income	-	354,482	(354,482)
Benefit payments	(44,758)	(44,758)	-
Administrative expense	-	(49,420)	49,420
Other	-	(48,698)	48,698
Net changes	827,503	850,541	(23,038)
Balances at June 30, 2017	$ 8,644,381	$ 5,698,869	$ 2,945,512

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:

	6.25%	8.25%
Total pension liability	$ 10,236,176	$ 7,353,119
Fiduciary net position	5,698,869	5,698,869
Net pension liability	$ 4,537,307	$ 1,654,250

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, 2017, the County recognized pension expense of $8. At June 30, 2017, 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	3-10	$ 234,770	$ -
Liability (gain)/loss	9.9-10	130,672	456,247
(Gain)/loss due to assumption change	10-10.9	589,928	-
Total		$ 955,370	$ 456,247

Amortization of the deferred outflows and inflows of resources will be recognized in pension expense as follows:

Projected recognition of deferred outflows/(inflows)	Year Ended December 31,	
	2018	$ 85,479
	2019	85,479
	2020	85,479
	2021	80,710
	2022	31,856
	2023-2027	130,121

The County's contribution ratios are as follows:

	2017	2016	2015
Actuarially determined contribution	605,393	601,121	611,182
Contributions in relation to the actuarially determined contribution	$ 638,935	$ 657,405	$ 503,835
Contribution deficiency (excess)	$ (33,542)	$ (56,284)	$ 107,347
Covered-employee payroll	9,238,642	9,675,437	9,693,809
Contributions as a percentage of Covered-employee payroll	6.92%	6.79%	5.20%

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, 2017 was 24.69% 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, 2017 were $115,513 based on qualifying salaries of $470,516.

Contributions made during the measurement period (fiscal year ended June 30, 2016): $ 104,814

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	$ 862,639
Employer's proportion of net pension liability	0.018236%
Increase/decrease from proportion measured as of June 30, 2015	0.000152%
Employer's recognized pension expense	$ 106,845

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,992
Change of assumptions	7,307	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	13,988	-
Employer contributions subsequent to the measurement date	111,513	-
Net difference between projected and actual earnings on investments	87,706	-
Total	$ 220,514	$ 1,992

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,		
2018	$	22,307
2019		8,101
2020		47,286
2021		29,315
2022		-

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: 2.75%
Salary increases: 3.25%-7.00%, including inflation
Investment rate of return: 7.50%, 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, 2015 valuation were based on the results of an actuarial experienced study for the period July 1, 2009-June 30, 2014.

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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Employer's proportionate share of net liability	$ 1,169,036	$ 862,639	$ 601,528

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, 2017 by the County totaled $3,080,085. 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 $468,369, 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, 2017, were $3,178. The funds were expended by the County for tourism as required by O.C.G.A 48-13-51.

Lee County, Georgia
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability
June 30, 2017

For the year ended June 30,	2017	2016	2015
Total pension liability			
Service cost	$ 446,272	$ 447,004	$ 444,815
Interest	584,588	482,064	421,716
Liability experience (gain)/loss	(506,941)	160,036	
Assumption change	348,342	338,535	
Differences between expected and actual experience		-	
Benefit payments	(44,758)	(76,575)	(47,192)
Net change in total pension liability	827,503	1,351,064	819,339
Total pension liability, beginning	7,816,878	6,465,814	5,646,475
Total pension liability, ending (a)	$ 8,644,381	$ 7,816,878	$ 6,465,814
Plan fiduciary net position			
Contributions - employer	$ 638,935	$ 657,405	$ 503,835
Contributions - employee	-	-	-
Net investment income	354,482	38,236	273,820
Benefit payments	(44,758)	(76,575)	(47,192)
Administrative expense	(49,420)	(48,186)	(47,622)
Other	(48,698)	(48,151)	(44,349)
Net change in fiduciary net position	850,541	522,729	638,492
Plan fiduciary net position - beginning	4,848,328	4,325,599	3,687,107
Plan fiduciary net position - ending (b)	5,698,869	4,848,328	4,325,599
Net pension liability - ending: (a)-(b)	$ 2,945,512	$ 2,968,550	$ 2,140,215
Plan's fiduciary net position as a percentage of the total pension liability	65.9%	62.0%	66.9%
Covered-employee payroll	$ 9,238,642	$ 9,675,437	9,693,809
Net pension liability as a percentage of covered-employe payroll	31.9%	30.7%	22.1%

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, 2017

	2017	2016	2015
Actuarially determined contribution	605,393	601,121	611,182
Contributions in relation to the actuarially determined contribution	$ 638,935	$ 657,405	$ 503,835
Contribution deficiency (excess)	$ (33,542)	$ (56,284)	$ 107,347
Covered-employee payroll	9,238,642	9,675,437	9,693,809
Contributions as a percentage of Covered-employee payroll	6.92%	6.79%	5.20%

Notes to Schedule:

Changes since prior valuation

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

Assumptions

Valuation Date	12/31/2016
Actuarial cost method	Entry age normal
Remaining amortization period	5-10.9
Asset valuation method	5-year smoothed marked value
Inflation rate	N/A
Salary increases	4.5-7%
Long-term expected rate of return	7.25%
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, 2017

Georgia Firefighters Pension Fund	**2017**	**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	$ 153,233	$ 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)	79.03%	83.06%

Peace Officers' Annuity and Benefit Fund of Georgia	**2017**	**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	$ 67,400	$ 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)	92.18%	98.28%

Employee's Retirement System	**2017**	**2016**
Employer's proportion of the net pension liability (asset)	0.018236%	0.018084%
Employer's proportionate share of the net pension liability (asset)	$ 862,639	$ 732,655
Employer's covered-employee payroll	$ 470,516	$ 448,872
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	183.34%	163.22%
Plan fiduciary net position as a percentage of the total pension liability (asset)	72.34%	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, 2017

Employee's Retirement System of Georgia

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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, 2017 reported in that schedule:

Valuation date	June 30, 2015
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, 2017

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 1,305,034	$ -	$ 1,305,034
Investments	8,142	19	8,161
Accounts receivable, net	69,972	-	69,972
Property tax receivable	-	-	-
Prepaid expenditures	-	-	-
Due from other governments	580	-	580
Due from other funds	1,828	-	1,828
Other non-current assets	-	2	2
Restricted assets:			
Cash and cash equivalents	2,759	-	2,759
Sales tax receivable	-	-	-
Total assets	1,388,315	21	1,388,336
Liabilities			
Accounts payable	507	-	507
Accrued expenses	10,841	-	10,841
Unearned revenue	-	-	-
Due to other governments	-	-	-
Due to other funds	1,775	-	1,775
Liabilities payable from restricted assets	-	-	-
Total liabilities	13,123	-	13,123
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	-
Fund Balances			
Nonspendable	-	-	-
Restricted for:			
Public services	-	-	-
Debt service	-	-	-
Specific purposes	1,375,368	21	1,375,389
Unassigned	(176)	-	(176)
Total fund balances	1,375,192	21	1,375,213
Total liabilities, deferred inflows of resources and fund balances	$ 1,388,315	$ 21	$ 1,388,336

Lee County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Property taxes	$ -	$ -	$ -
Local option sales taxes	-	-	-
Other taxes	3,178	-	3,178
Charges for services	473,094	-	473,094
Fines and forfeitures	95,333	-	95,333
Investment income	17,742	148	17,890
Intergovernmental	476,635	-	476,635
Other revenues	24,805	-	24,805
Total revenues	1,090,787	148	1,090,935
Expenditures			
Current:			
General government	29,679	-	29,679
Public safety	761,535	-	761,535
Court system	17,746	-	17,746
Economic development	246,497	-	246,497
Intergovernmental	-	-	-
Capital outlay	41,000	34,044	75,044
Debt service:			
Principal	218,148	-	218,148
Interest	43,082	-	43,082
Fiscal agent fees	-	-	-
Total expenditures	1,357,687	34,044	1,391,731
Excess (Deficiency) of Revenues Over Expenditures	(266,900)	(33,896)	(300,796)
Other Financing Sources (Uses)			
Transfers from other funds	264,402	-	264,402
Transfers to other funds	(13,872)	-	(13,872)
Sale of capital assets	40,000	-	40,000
Long-term debt issued	-	-	-
Total other financing sources (uses)	290,530	-	290,530
Net change in fund balances	23,630	(33,896)	(10,266)
Fund balances, beginning of year	1,351,562	33,917	1,385,479
Fund balances, end of year	$ 1,375,192	$ 21	$ 1,375,213

Lee County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Drug Abuse Treatment & Education Fund	Jail Fund	Building Inspection Fund	District Attorney Forfeiture Fund	Law Library Fund
Assets					
Cash and cash equivalents	$ 96,352	$ 32,303	$ -	$ 6,807	$ 52,744
Investments	8,142	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Property tax receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other governments	-	580	-	-	-
Due from other funds	1,828	-	-	-	-
Other non-current assets	-	-		-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Sales tax receivable	-	-	-	-	-
Total assets	106,322	32,883	-	6,807	52,744
Liabilities					
Accounts payable	-	-	176	-	-
Accrued expenses	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	1,765
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	-	-	176	-	1,765
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	106,322	32,883	-	6,807	50,979
Unassigned	-	-	(176)	-	-
Total fund balances	106,322	32,883	(176)	6,807	50,979
Total liabilities, deferred inflows of resources and fund balances	$ 106,322	$ 32,883	$ -	$ 6,807	$ 52,744

Lee County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Development Authority
Assets				
Cash and cash equivalents	$ 3,415	$ 446,292	$ 4,007	$ 620,338
Investments	-	-	-	-
Accounts receivable, net	69,134	838	-	-
Property tax receivable	-	-	-	-
Prepaid expenditures	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Other non-current assets	-	-	-	-
Restricted assets:				
Cash and cash equivalents	2,759	-	-	-
Sales tax receivable	-	-	-	-
Total assets	75,308	447,130	4,007	620,338
Liabilities				
Accounts payable	331	-	-	-
Accrued expenses	10,841	-	-	-
Unearned revenue	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	10	-	-	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	11,182	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted for:				
Public services	-	-	-	-
Debt service	-	-	-	-
Specific purposes	64,126	447,130	4,007	620,338
Unassigned	-	-	-	-
Total fund balances	64,126	447,130	4,007	620,338
Total liabilities, deferred inflows of resources and fund balances	$ 75,308	$ 447,130	$ 4,007	$ 620,338

Lee County, Georgia
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

	Community Foundation Fund	Total Nonmajor Special Revenue Funds
Assets		
Cash and cash equivalents	$ 42,776	$ 1,305,034
Investments	-	8,142
Accounts receivable, net	-	69,972
Property tax receivable	-	-
Prepaid expenditures	-	-
Due from other governments	-	580
Due from other funds	-	1,828
Other non-current assets	-	-
Restricted assets:		
Cash and cash equivalents	-	2,759
Sales tax receivable	-	-
Total assets	42,776	1,388,315
Liabilities		
Accounts payable	-	507
Accrued expenses	-	10,841
Unearned revenue	-	-
Due to other governments	-	-
Due to other funds	-	1,775
Liabilities payable from restricted assets	-	-
Total liabilities	-	13,123
Deferred Inflows of Resources		
Unavailable revenue - property taxes	-	-
Fund Balances		
Nonspendable	-	-
Restricted for:		
Public services	-	-
Debt service	-	-
Specific purposes	42,776	1,375,368
Unassigned	-	(176)
Total fund balances	42,776	1,375,192
Total liabilities, deferred inflows of resources and fund balances	$ 42,776	$ 1,388,315

Lee County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2017

	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	18,412	32,677	-	34,082	10,162
Investment income	491	128	-	84	139
Intergovernmental	-	-	-	-	-
Other revenues	-	415	-	566	-
Total revenues	18,903	33,220	-	34,732	10,301
Expenditures					
Current:					
General government	-	24,798	-	-	-
Public safety	10,413	-	-	-	-
Court system	-	-	-	1,393	16,353
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Library	-	-	-	-	-
Economic development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Capital outlay	-	-	-	41,000	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total expenditures	10,413	24,798	-	42,393	16,353
Excess (Deficiency) of Revenues Over Expenditures	8,490	8,422	-	(7,661)	(6,052)
Other Financing Sources (Uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(13,872)	-	-	-
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing surces (uses)	-	(13,872)	-	-	-
Net change in fund balances	8,490	(5,450)	-	(7,661)	(6,052)
Fund balances (deficit), beginning of year	97,832	38,333	(176)	14,468	57,031
Fund balances (deficit), end of year	$ 106,322	$ 32,883	$ (176)	$ 6,807	$ 50,979

Lee County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2017

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Develop-ment Authority
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	3,178	-
Charges for services	394,518	78,576	-	-
Fines and forfeitures	-	-	-	-
Investment income	181	2,276	16	14,427
Intergovernmental	-	-	-	476,635
Other revenues	-	-	-	-
Total revenues	394,699	80,852	3,194	491,062
Expenditures				
Current:				
General government	-	-	-	-
Public safety	651,509	99,613	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	2,839	243,658
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	218,148
Interest	-	-	-	43,082
Fiscal agent fees	-	-	-	-
Total expenditures	651,509	99,613	2,839	504,888
Excess (Deficiency) of Revenues Over Expenditures	(256,810)	(18,761)	355	(13,826)
Other Financing Sources (Uses)				
Transfers from other funds	264,402	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	40,000
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	264,402	-	-	40,000
Net change in fund balances	7,592	(18,761)	355	26,174
Fund balances (deficit), beginning of year	56,534	465,891	3,652	594,164
Fund balances (deficit), end of year	$ 64,126	$ 447,130	$ 4,007	$ 620,338

Lee County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2017

	Community Foundation Fund	Total Nonmajor Special Revenue Funds
Revenues		
Property taxes	$ -	$ -
Local option sales taxes	-	-
Other taxes	-	3,178
Charges for services	-	473,094
Fines and forfeitures	-	95,333
Investment income	-	17,742
Intergovernmental	-	476,635
Other revenues	23,824	24,805
Total revenues	23,824	1,090,787
Expenditures		
Current:		
General government	4,881	29,679
Public safety	-	761,535
Court system	-	17,746
Public works	-	-
Public health and welfare	-	-
Culture and recreation	-	-
Library	-	-
Economic development	-	246,497
Intergovernmental	-	-
Capital outlay	-	41,000
Debt service:		
Principal	-	218,148
Interest	-	43,082
Fiscal agent fees	-	-
Total expenditures	4,881	1,357,687
Excess (Deficiency) of Revenues Over Expenditures	18,943	(266,900)
Other Financing Sources (Uses)		
Transfers from other funds	-	264,402
Transfers to other funds	-	(13,872)
Sale of capital assets	-	40,000
Long-term debt issued	-	-
Total other financing sources (uses)	-	290,530
Net change in fund balances	18,943	23,630
Fund balances (deficit), beginning of year	23,833	1,351,562
Fund balances (deficit), end of year	$ 42,776	$ 1,375,192

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Drug Abuse Treatment & Education Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	18,400	18,400	18,412	12
Investment income	400	400	491	91
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	18,800	18,800	18,903	103
Expenditures				
Current:				
General government	-	-	-	-
Public safety	18,800	18,800	10,413	8,387
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	18,800	18,800	10,413	8,387
Excess (Deficiency) of Revenues Over Expenditures	-	-	8,490	8,490
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	-	-	8,490	8,490
Fund balances (deficit), beginning of year	97,832	97,832	97,832	-
Fund balances (deficit), end of year	$ 97,832	$ 97,832	$ 106,322	$ 8,490

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Jail Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	38,400	38,400	32,677	(5,723)
Investment income	270	270	128	(142)
Intergovernmental	-	-	-	-
Other revenues	-	-	415	415
Total revenues	38,670	38,670	33,220	(5,450)
Expenditures				
Current:				
General government	-	-	24,798	(24,798)
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	-	-	24,798	(24,798)
Excess (Deficiency) of Revenues Over Expenditures	38,670	38,670	8,422	(30,248)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(38,670)	(38,670)	(13,872)	24,798
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	(38,670)	(38,670)	(13,872)	24,798
Net change in fund balances	-	-	(5,450)	(5,450)
Fund balances, beginning of year	38,333	38,333	38,333	-
Fund balances, end of year	$ 38,333	$ 38,333	$ 32,883	$ (5,450)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Building Inspection Fund
June 30, 2017

	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	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	(176)	(176)	(176)	-
Fund balances, end of year	$ (176)	$ (176)	$ (176)	$ -

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – District Attorney Forfeiture Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	20,000	20,000	34,082	14,082
Investment income	120	120	84	(36)
Intergovernmental	-	-	-	-
Other revenues	-	-	566	566
Total revenues	20,120	20,120	34,732	14,612
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	120	120	1,393	(1,273)
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	20,000	20,000	41,000	(21,000)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	20,120	20,120	42,393	(22,273)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(7,661)	(7,661)
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	-	-	(7,661)	(7,661)
Fund balances, beginning of year	14,468	14,468	14,468	-
Fund balances, end of year	$ 14,468	$ 14,468	$ 6,807	$ (7,661)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Law Library Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for servies	-	-	-	-
Fines and forfeitures	9,800	9,800	10,162	362
Investment income	140	140	139	(1)
Intergovernmental	-	-	-	-
Other revenues	2,060	2,060	-	(2,060)
Total revenues	12,000	12,000	10,301	(1,699)
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	12,000	12,000	16,353	(4,353)
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	16,353	(4,353)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(6,052)	(6,052)
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	-	-	(6,052)	(6,052)
Fund balances, beginning of year	57,031	57,031	57,031	-
Fund balances, end of year	$ 57,031	$ 57,031	$ 50,979	$ (6,052)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual –E-911 Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	351,400	351,400	394,518	43,118
Fines and forfeitures	-	-	-	-
Investment income	203	203	181	(22)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	351,603	351,603	394,699	43,096
Expenditures				
Current:				
General government	-	-	-	-
Public safety	729,285	729,285	651,509	77,776
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	729,285	729,285	651,509	77,776
Excess (Deficiency) of Revenues Over Expenditures	(377,682)	(377,682)	(256,810)	120,872
Other Financing Sources (Uses)				
Transfers from other funds	(377,682)	(377,682)	264,402	642,084
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	(377,682)	(377,682)	264,402	642,084
Net change in fund balances	(755,364)	(755,364)	7,592	762,956
Fund balances, beginning of year	56,534	56,534	56,534	-
Fund balances, end of year	$ (698,830)	$ (698,830)	$ 64,126	$ 762,956

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Special Assessment Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	63,300	63,300	78,576	15,276
Fines and forfeitures	-	-	-	-
Investment income	2,100	2,100	2,276	176
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	65,400	65,400	80,852	15,452
Expenditures				
Current:				
General government	-	-	-	-
Public safety	65,400	65,400	99,613	(34,213)
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	65,400	65,400	99,613	(34,213)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(18,761)	(18,761)
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	-	-	(18,761)	(18,761)
Fund balances, beginning of year	465,891	465,891	465,891	-
Fund balances, end of year	$ 465,891	$ 465,891	$ 447,130	$ (18,761)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Hotel/Motel Tax Fund
June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	3,063	3,063	3,178	115
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	25	25	16	(9)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	3,088	3,088	3,194	106
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	1,000	1,000	2,839	(1,839)
Intergovernmental	-	-	-	-
Capital outlay	2,088	2,088	-	2,088
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	3,088	3,088	2,839	249
Excess (Deficiency) of Revenues Over Expenditures	-	-	355	355
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	-	-	355	355
Fund balances, beginning of year	3,652	3,652	3,652	-
Fund balances, end of year	$ 3,652	$ 3,652	$ 4,007	$ 355

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Development Authority
June 30, 2017

	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	-	-	14,427	14,427
Intergovernmental	215,405	215,405	476,635	261,230
Other revenues	-	-	-	-
Total revenues	215,405	215,405	491,062	275,657
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	240,405	240,405	243,658	(3,253)
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	218,148	(218,148)
Interest	-	-	43,082	(43,082)
Fiscal agent fees	-	-	-	-
Total expenditures	240,405	240,405	504,888	(264,483)
Excess (Deficiency) of Revenues Over Expenditures	(25,000)	(25,000)	(13,826)	11,174
Other Financing Sources (Uses)				
Transfers from other funds			-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	40,000	40,000
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	40,000	40,000
Net change in fund balances	(25,000)	(25,000)	26,174	51,174
Fund balances, beginning of year	594,164	594,164	594,164	-
Fund balances, end of year	$ 569,164	$ 569,164	$ 620,338	$ 51,174

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Community Foundation
June 30, 2017

	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	-	-	23,824	23,824
Total revenues	-	-	23,824	23,824
EXPENDITURES				
Current:				
General government	-	-	4,881	(4,881)
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	-	-	4,881	(4,881)
Excess (Deficiency) of Revenues Over Expenditures	-	-	18,943	18,943
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	-	-	18,943	18,943
Fund balances, beginning of year	23,833	23,833	23,833	-
Fund balances, end of year	$ 23,833	$ 23,833	$ 42,776	$ 18,943

Lee County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2017

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Total Agency Funds
Assets						
Restricted assets:						
Cash and cash equivalents	$ 84,854	$ 147,871	$ 630,040	$ 43,786	$ 123,280	$ 1,029,831
Property tax receivable	-	-	504,674	-	-	504,674
Total assets	84,854	147,871	1,134,714	43,786	123,280	1,534,505
Liabilities						
Due to others	84,854	147,871	1,134,714	43,786	123,280	1,534,505
Total liabilities	$ 84,854	$ 147,871	$ 1,134,714	$ 43,786	$ 123,280	$ 1,534,505

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
202 Love Avenue
Tifton, GA 31794
P.O. Box 7650
Tifton, GA 31793

(229) 382-8576
(229) 238-0643 (fax)
www.cricpa.com

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, 2017, 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 29, 2017.

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 2017-1). 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 29, 2017

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.*

2017 - 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, 2017

	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	275,439	34,044	309,483	62%
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	$ 16,631,506	$ 34,044	$ 16,665,550	

Lee County, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
June 30, 2017

	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, 2017

	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	$ 2,574,874	$ 411,393	$ 2,986,267	84%
Courthouse - security, renovations & records	500,000	7,885	391,769	399,654	80%
Water & sewersystem projects	2,250,000	621,678	428,043	1,049,721	47%
Roads, streets and bridges	10,738,760	2,046,258	1,071,420	3,117,678	29%
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	85,164	77,324	162,488	32%
Public works - renovations and equipment	250,000	134,640	-	134,640	54%
Public facilities - renovations & GIS	250,000	61,143	68,182	129,325	52%
Recreation projects	1,750,000	14,474	-	14,474	1%
City of Leesburg	2,650,000	913,165	347,818	1,260,983	48%
City of Smithville	779,370	268,882	105,545	374,427	48%
Repayment of issuance of debt	3,350,000	2,093,219	630,875	2,724,094	81%
Total expenditures	$ 28,253,130	$ 10,047,741	$ 3,532,369	$ 13,580,110	