LINCOLN COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

LINCOLN COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Lincoln County, Georgia
Lincolnton, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Lincoln County, Georgia** (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lincoln County Health Department or the Development Authority of Lincoln County, which represents 99% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln County Health Department and the Development Authority of Lincoln 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 presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County, Georgia as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Workforce Development Grant Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 10 and 16, Lincoln County, Georgia and the Lincoln County Health Department implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Schedule of Changes in the County's Net Pension Liability and Related Ratios on page 60, the Schedule of County Contributions on page 61, the Schedule of Proportionate Share of the Net Pension Liability – Health Department on page 62, and the Schedule of Contributions – Health Department on page 63 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 Lincoln County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, 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 and the schedule of expenditures of special purpose local option sales tax proceeds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2016 on our consideration of Lincoln 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 Lincoln County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
January 25, 2016

LINCOLN COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

Management's Discussion and Analysis of the Annual Financial Report of Lincoln County, Georgia (the "County") provides an overall narrative and analysis of the County's financial statements for the fiscal year ended June 30, 2015. This discussion and analysis is designed to look at the County's financial performance as a whole. Readers should also review the complete financial statements, with notes, which follow this narrative, for a better understanding of the County's financial performance.

Financial Highlights

- The assets of Lincoln County exceeded its liabilities at June 30, 2015, by $26,386,543 (net position).
- At June 30, 2015, the County's governmental funds reported combined ending fund balances of $3,994,140, an increase of $30,505 or 0.77% in comparison with the prior year. Of this amount, $2,002,637 remains in the various funds as unreserved.
- At June 30, 2015, the County's General Fund reported an unreserved, undesignated fund balance of $2,002,637, an increase of $138,493 or 7.43% from the last fiscal year.
- The County's 2011 SPLOST Capital Project Fund closed fiscal year 2015 with a fund balance of $643,550.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short- and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of Lincoln County, Georgia's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes, which explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's nonmajor governmental funds and other information which provide additional information for the basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements provide a broad picture of the County's operations. The statements provide information about the County's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the modified accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or disbursed. The government-wide financial statements include the following two statements:

- The Statement of Net Position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

- The Statement of Activities presents information showing how the County's position changed during the most recent fiscal year. All changes in position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as general government, judicial, public safety, public works, health and welfare, culture and recreation, and housing and development. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those services that the County charges a fee to customers in order to provide. These include the Water Fund, Solid Waste Fund, and Campgrounds and Parks Fund.

The final category is component units. The Lincoln County Development Authority serves to promote, pursue, and implement economic development in the County. The Lincoln County Health Department is a public health department. Although legally separate from the County, the County appoints a voting majority of the boards for the Development Authority, Recreation Authority, and the Board of Health. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the County, reporting the County's operations in more detail than the government-wide statements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the County are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as government activities in the government-wide financial statements. However, unlike the government-wide statements, these funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which focuses on current financial resources. Such information may be useful in evaluating the county's short-term financing requirements. These statements provide a detailed short-term view of the County's finances that assists in determining whether there will be adequate financial resources available to meet the County's current needs. The relationship between government activities in the government-wide financial statements and the governmental funds financial statements is described in a reconciliation that is a part of the fund financial statements.

The County has three governmental fund types: the General Fund, Special Revenue Funds, and Capital Projects Funds.

Proprietary Funds

The County operates three enterprise funds to account for activities that operate similarly to commercial enterprises found in the private sector. Funds that charge fees for services provided to outside customers are known as Enterprise Funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The County has three enterprise funds: the Solid Waste Fund, Water Fund, and Campground and Parks Fund.

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and other Lincoln County departments. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because the resources are not available to support the County's operations or programs.

Government-wide Financial Analysis

The Governmental Accounting Standards Board (GASB) requires the use of government-wide financial statements for comparative reporting. The comparative data is provided below.

Net Position

Net Position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by $26,386,543 as of June 30, 2015. Of the $26,386,543, $14,354,953 resulted from the County's governmental activities and $12,031,590 resulted from the County's business-type activities.

The largest portion of Lincoln County's net position, 87.15%, reflects its investment in capital assets such as land, buildings, equipment, and roads. Lincoln County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 4,638,740	$ 4,706,524	$ 601,070	$ 644,089	$ 5,239,810	$ 5,350,613
Capital assets	11,048,870	10,943,826	16,489,511	16,915,461	27,538,381	27,859,287
Total assets	15,687,610	15,650,350	17,090,581	17,559,550	32,778,191	33,209,900
Long-term liabilities outstanding	701,382	76,107	4,436,514	4,727,893	5,137,896	4,804,000
Other liabilities	631,275	581,156	622,477	503,923	1,253,752	1,085,079
Total liabilities	1,332,657	657,263	5,058,991	5,231,816	6,391,648	5,889,079
Net Position:						
Net investment in capital assets	10,985,308	10,858,970	12,011,389	12,289,641	22,996,697	23,148,611
Restricted	1,328,543	1,455,005	112,463	108,984	1,441,006	1,563,989
Unrestricted	2,041,102	2,679,112	(92,262)	(70,891)	1,948,840	2,608,221
Total net position	$ 14,354,953	$ 14,993,087	$ 12,031,590	$ 12,327,734	$ 26,386,543	$ 27,320,821

An additional portion of Lincoln County's total net position (5.46%) represents resources that are subject to external restrictions on how they may be used. The remaining balance or total unrestricted net assets, 7.39% may be used to meet the Government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Lincoln County is able to report positive balances in all three categories of net position for the government as a whole.

Governmental activities decreased the County's net position by $638,134 in 2015. Key elements of this decrease are as follows:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	$ 1,362,303	$ 1,550,664	$ 1,501,585	$ 1,520,140	$ 2,863,888	$ 3,070,804
Operating grants and contributions	2,789,307	3,091,659	-	-	2,789,307	3,091,659
Capital grants and contributions	484,450	-	984	-	485,434	-
General revenues:						
Property taxes	2,964,106	3,014,310	-	-	2,964,106	3,014,310
Other taxes	2,165,982	2,070,072	-	-	2,165,982	2,070,072
Investment Income	3,355	3,354	777	778	4,132	4,132
Gain (loss) on sale of assets	-	-	-	-	-	-
Total revenues	9,769,503	9,730,059	1,503,346	1,520,918	11,272,849	11,250,977
Expenses						
General government	1,997,790	2,089,983	-	-	1,997,790	2,089,983
Judicial	365,748	341,710	-	-	365,748	341,710
Public safety	2,530,803	2,527,421	-	-	2,530,803	2,527,421
Public works	2,057,143	2,082,951	-	-	2,057,143	2,082,951
Health and welfare	2,087,858	2,160,360	-	-	2,087,858	2,160,360
Culture and recreation	349,452	369,902	-	-	349,452	369,902
Housing and development	245,718	259,438	-	-	245,718	259,438
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	1,057,200	1,111,538	1,057,200	1,111,538
Solid waste	-	-	637,969	628,447	637,969	628,447
Campgrounds and parks	-	-	75,941	45,378	75,941	45,378
Total expenses	9,634,512	9,831,765	1,771,110	1,785,363	11,405,622	11,617,128
Change in net position before transfers	134,991	(101,706)	(267,764)	(264,445)	(132,773)	(366,151)
Transfers	-	(14,499)	-	14,499	-	-
Change in net position	134,991	(116,205)	(267,764)	(249,946)	(132,773)	(366,151)
Net position, beginning of year, as restated	14,219,962	15,109,292	12,299,354	12,577,680	26,519,316	27,686,972
Net position, end of year	$ 14,354,953	$ 14,993,087	$ 12,031,590	$ 12,327,734	$ 26,386,543	$ 27,320,821

Financial Analysis of the Government's Funds

Lincoln County uses fund accounting to demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financial requirements. In particular, the unreserved fund balance may serve as a useful measure of a county's net resources available for spending at the end of the fiscal year. At the end of the 2015 fiscal year, the combined fund balance of all the governmental funds was $3,994,140, of which $2,002,637, or 50.13%, was unreserved.

General Fund

The General Fund is the primary operating fund of the Government. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $2,002,637, while total fund balance was $2,811,651. Total fund balance increased $136,619 from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33.88% of total General Fund expenditures while total fund balance represents 47.58% of that same amount.

Capital Projects Fund

The Government uses Capital Projects Funds to account for the acquisition and construction of major capital facilities that are not financed by Proprietary Funds. A major fund in the fund financial statements is the Special Purpose Local Option Sales Tax (SPLOST) Fund. The proceeds of the special purpose 1% sales tax are accounted for in this Capital Projects Fund until expenditures are incurred. The fund balance of the SPLOST Fund decreased $18,427 to a balance of $643,550 primarily due to unscheduled road repairs due to excessive rain.

Special Revenue Funds

There are seven funds accounted for in the Special Revenue Funds section. They are the Workforce Development Grant Fund, Hotel/Motel Tax Fund, E911 Fund, Law Library Fund, Family Connection Fund, Drug Education Fund, and Jail Fund. These funds are used to account for revenues and expenditures specifically dealing with these areas. Total fund balances increased by $52,265 for the year.

Proprietary Funds

Lincoln County's proprietary funds provide the same type information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, unrestricted net position of the Water Fund was a deficit of $3,479, a decrease of $17,164. The Solid Waste Fund reported a deficit of unrestricted net position in the amount of $98,313, a decrease of $1,882. The Campgrounds and Parks Fund reported a surplus on unrestricted net position in the amount of $9,530, a decrease of $2,325. For the year ended June 30, 2015, the proprietary funds reflected total net position of $12,031,590.

General Fund Budgetary Highlights

The original budget was decreased by $122,456 due to a decrease in revenue. The General Fund revenues were $6,034,544. Expenses were $5,909,707. Other income of $11,782 was derived from the sale of assets. There was an excess of revenues over expenditures in the amount of $136,619.

Capital Assets and Debt Administration

Lincoln County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amount to $27,538,381 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, infrastructure (roads), and construction in progress. For additional information regarding capital assets see Note 6 in the Notes to Financial Statements.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 578,825	$ 578,825	$ 17,034	$ 17,034	$ 595,859	$ 595,859
Land improvements	126,770	126,770	87,753	87,753	214,523	214,523
Water system and lines	-	-	21,052,391	21,052,391	21,052,391	21,052,391
Infrastructure	22,615,059	22,130,609	-	-	22,615,059	22,130,609
Buildings	4,103,031	4,103,031	-	-	4,103,031	4,103,031
Furniture and equipment	1,004,249	942,698	119,777	119,777	1,124,026	1,062,475
Vehicles	1,331,528	1,425,935	51,169	51,169	1,382,697	1,477,104
Construction in progress	246,125	-	-	-	246,125	-
Total	30,005,587	29,307,868	21,328,124	21,328,124	51,333,711	50,635,992
Accumulated depreciation	18,956,717	18,364,042	4,838,613	4,412,663	23,795,330	22,776,705
Net Capital Assets	$ 11,048,870	$ 10,943,826	$ 16,489,511	$ 16,915,461	$ 27,538,381	$ 27,859,287

Lincoln County's outstanding debt as of June 30, 2015 was $5,395,888 million for its governmental and business-type activities, with $257,992 payable within one year. Approximately 85.2% of outstanding debt is for the County's business-type activities. For additional information regarding the County's long-term debt, see Note 7 in the Notes to Financial Statements.

Economic Factors and Next Year's Budget

Lincoln County continues to have a slight increase in housing permits issued each year over the previous year. While many economic factors were considered while preparing the 2015 budget the most significant factor is the increase in insurance costs. The costs to provide health care to employees continues to rise and negates any pay increase received by employees while the level of coverage declines each year. Sales tax revenue remain level with the previous year with no significant change. So like many rural counties, Lincoln County continues to struggle to maintain the level of service provided without increasing the burden to the property owners in the County.

While the day to day operations of the County have changed little over the last few years, the upkeep and maintenance of capital, especially buildings and vehicles, has been put on hold until the economy improves. After several years with little vehicle replacement and minimal building maintenance the County is relying on the passage of the next Special Purpose Local Option Sales tax referendum to replace and repair vehicles and buildings. The Chairman and County Commissioner's continue to focus on roads and public safety as the primary services that are expected by the residents, but are working diligently to improve and increase recreational activities and facilities within the County.

Requests for Information

This financial report is designed to provide a general overview of Lincoln County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Wade Johnson, Chairman, P.O. Box 340, Lincolnton, Georgia 30817.

BASIC FINANCIAL STATEMENTS

LINCOLN COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 3,442,240	$ 379,693	$ 3,821,933
Investments	146,054	-	146,054
Taxes receivable	196,698	-	196,698
Accounts receivable, net of allowances	157,539	184,292	341,831
Due from other governments	407,181	-	407,181
Due from component unit	33,647	-	33,647
Due from primary government	-	-	-
Internal balances	136,258	(136,258)	-
Capital leases receivable	-	-	-
Inventories	36,269	-	36,269
Prepaid items	66,194	1,168	67,362
Restricted assets, cash	-	171,481	171,481
Assets held for resale	-	-	-
Capital assets, non-depreciable	824,950	17,034	841,984
Capital assets, depreciable, net of accumulated depreciation	10,223,920	16,472,477	26,696,397
Total assets	15,670,950	17,089,887	32,760,837
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	-	-	-
Pension investment return	16,660	694	17,354
Change in proportionate share of liability	-	-	-
Total deferred outflows of resources	16,660	694	17,354
LIABILITIES			
Accounts payable	128,568	83,753	212,321
Accrued liabilities	240,760	14,017	254,777
Unearned revenues	45,866	362,599	408,465
Due to other governments	117,729	-	117,729
Due to component unit	2,468	-	2,468
Due to primary government	-	-	-
Capital leases due within one year	-	-	-
Capital leases due in more than one year	-	-	-
Compensated absences due within one year	74,590	-	74,590
Compensated absences due in more than one year	3,974	4,552	8,526
Notes payable due within one year	21,294	93,240	114,534
Notes payable due in more than one year	42,268	1,407,876	1,450,144
Bonds payable due within one year	-	59,018	59,018
Bonds payable due in more than one year	-	2,917,988	2,917,988
Landfill due within one year	-	9,850	9,850
Landfill due in more than one year	-	78,800	78,800
Net pension liability	655,140	27,298	682,438
Total liabilities	1,332,657	5,058,991	6,391,648
DEFERRED INFLOWS OF RESOURCES			
Pension investment return	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	10,985,308	12,011,389	22,996,697
Restricted for:			
Judicial	8,421	-	8,421
Public Safety	196,010	-	196,010
Health and welfare	3,480	-	3,480
Culture and recreation	149,664	-	149,664
Capital projects	970,968	-	970,968
Debt service	-	112,463	112,463
Unrestricted (deficit)	2,041,102	(92,262)	1,948,840
Total net position	$ 14,354,953	$ 12,031,590	$ 26,386,543

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

Component Units		
Lincoln County Health Department	Development Authority of Lincoln County	Recreation Authority
$ 97,283	$ 551,151	$ 4,041
-	-	-
-	28,198	-
21,262	40,178	-
-	-	-
-	-	-
-	2,468	-
-	-	-
-	2,128,462	-
-	-	-
-	-	-
-	-	-
-	96,886	-
-	24,877	-
-	1,121,959	-
118,545	3,994,179	4,041
12,295	-	-
-	-	-
9,466	-	-
21,761	-	-
2,557	4,337	-
-	3,314	-
-	10,480	-
9,468	-	-
-	-	-
-	33,647	-
-	-	-
-	-	-
-	-	-
4,705	-	-
-	197,974	-
-	848,700	-
-	-	-
-	-	-
-	-	-
-	-	-
127,671	-	-
144,401	1,098,452	-
31,161		-
31,161	-	-
-	100,162	-
-	-	-
-	-	-
73,028	-	-
-	-	4,041
-	-	-
-	-	-
(108,284)	2,795,565	-
$ (35,256)	$ 2,895,727	$ 4,041

LINCOLN COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 1,997,790	$ 245,769	$ 177,708	$ -
Judicial	365,748	165,874	6,854	-
Public safety	2,530,803	903,123	42,024	-
Public works	2,057,143	2,211	412,482	484,450
Health and welfare	2,087,858	4,757	1,991,405	-
Culture and recreation	349,452	13,196	-	-
Housing and development	245,718	27,373	158,834	-
Total governmental activities	9,634,512	1,362,303	2,789,307	484,450
Business-type activities:				
Water	1,057,200	796,650	-	984
Solid waste	637,969	631,319	-	-
Campgrounds and parks	75,941	73,616	-	-
Total business-type activities	1,771,110	1,501,585	-	984
Total primary government	$ 11,405,622	$ 2,863,888	$ 2,789,307	$ 485,434
Component units:				
Lincoln County Health Department	$ 207,031	$ 74,350	$ 156,800	$ -
Development Authority of Lincoln County	1,079,662	131,501	7,529	-
Recreation Authority	-	-	-	-
Total component units	$ 1,286,693	$ 205,851	$ 164,329	$ -
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position					
			Component Units		
Governmental Activities	Business-type Activities	Total	Lincoln County Health Department	Development Authority of Lincoln County	Recreation Authority
$ (1,574,313)	$ -	$ (1,574,313)	$ -	$ -	$ -
(193,020)	-	(193,020)	-	-	-
(1,585,656)	-	(1,585,656)	-	-	-
(1,158,000)	-	(1,158,000)	-	-	-
(91,696)	-	(91,696)	-	-	-
(336,256)	-	(336,256)	-	-	-
(59,511)	-	(59,511)	-	-	-
(4,998,452)	-	(4,998,452)	-	-	-
-	(259,566)	(259,566)	-	-	-
-	(6,650)	(6,650)	-	-	-
-	(2,325)	(2,325)	-	-	-
-	(268,541)	(268,541)	-	-	-
(4,998,452)	(268,541)	(5,266,993)	-	-	-
-	-	-	24,119	-	-
-	-	-	-	(940,632)	-
-	-	-	-	-	-
-	-	-	24,119	(940,632)	-
2,964,106	-	2,964,106	-	291,291	-
1,721,632	-	1,721,632	-	-	-
444,350	-	444,350	-	-	-
3,355	777	4,132	99	689	2
5,133,443	777	5,134,220	99	291,980	2
134,991	(267,764)	(132,773)	24,218	(648,652)	2
14,219,962	12,299,354	26,519,316	(59,474)	3,544,379	4,039
$ 14,354,953	$ 12,031,590	$ 26,386,543	$ (35,256)	$ 2,895,727	$ 4,041

LINCOLN COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	SPLOST Fund	Workforce Development Grant Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 2,135,173	$ 731,189	$ 31,493	$ 544,385	$ 3,442,240
Investments	146,054	-	-	-	146,054
Taxes receivable	136,486	56,679	-	3,533	196,698
Accounts receivable, net of allowances	125,695	-	-	31,844	157,539
Due from other governments	138,255	-	95,884	173,042	407,181
Due from component unit	33,647	-	-	-	33,647
Due from other funds	378,595	-	-	-	378,595
Prepaid items	66,194	-	-	-	66,194
Inventories	36,269	-	-	-	36,269
Total assets	$ 3,196,368	$ 787,868	$ 127,377	$ 752,804	$ 4,864,417
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 76,831	$ -	-	$ 51,737	$ 128,568
Accrued liabilities	169,471	-	70,851	438	240,760
Unearned revenues	45,866	-	-	-	45,866
Due to other governments	-	117,729	-	-	117,729
Due to component unit	-	-	-	2,468	2,468
Due to other funds	-	26,589	56,526	159,222	242,337
Total liabilities	292,168	144,318	127,377	213,865	777,728
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	$ 92,549	$ -	$ -	$ -	$ 92,549
Total deferred inflows of resources	92,549	-	-	-	92,549
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	$ 66,194	$ -	-	$ -	$ 66,194
Inventory	36,269	-	-	-	36,269
Restricted for:					
Public library	146,054	-	-	-	146,054
Tourism	-	-	-	3,610	3,610
E-911	-	-	-	148,204	148,204
Drug education	-	-	-	14,395	14,395
Public safety	-	-	-	33,411	33,411
Health and welfare	-	-	-	3,480	3,480
Law library	-	-	-	8,421	8,421
Capital projects	-	643,550	-	327,418	970,968
Assigned:					
Subsequent year's budget	560,497	-	-	-	560,497
Unassigned	2,002,637	-	-	-	2,002,637
Total fund balances	2,811,651	643,550	-	538,939	3,994,140
Total liabilities, deferred inflows of resources and fund balances	$ 3,196,368	$ 787,868	$ 127,377	$ 752,804	

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.	11,048,870
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	92,549
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(142,126)
Net pension liability and related deferred inflows and outflows used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	(638,480)
Net position of governmental activities	$ 14,354,953

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	SPLOST Fund	Workforce Development Grant Fund	Nonmajor Governmental Funds	Total
Revenues					
Taxes	$ 3,940,119	$ 638,002	$ -	$ 592,702	$ 5,170,823
Licenses and permits	39,782	-	-	-	39,782
Intergovernmental	728,275	-	1,582,959	310,284	2,621,518
Charges for services	955,466	-	-	142,794	1,098,260
Fines and forfeitures	114,405	-	-	18,626	133,031
Investment income	2,748	-	-	607	3,355
Rental income	84,916	-	-	-	84,916
Miscellaneous	168,833	-	-	5,270	174,103
Total revenues	6,034,544	638,002	1,582,959	1,070,283	9,325,788
Expenditures					
Current:					
General government	1,894,932	-	-	-	1,894,932
Judicial	361,313	-	-	4,435	365,748
Public safety	2,285,097	-	-	130,601	2,415,698
Public works	678,003	-	-	-	678,003
Health and welfare	213,714	-	1,582,959	291,185	2,087,858
Culture and recreation	261,966	-	-	-	261,966
Housing and development	214,682	-	-	19,321	234,003
Intergovernmental	-	101,067	-	-	101,067
Capital outlay	-	555,362	-	691,134	1,246,496
Debt service:					
Principal	-	-	-	21,294	21,294
Total expenditures	5,909,707	656,429	1,582,959	1,157,970	9,307,065
Excess (deficiency) of revenues over (under) expenditures	124,837	(18,427)	-	(87,687)	18,723
Other financing sources:					
Proceeds from sale of assets	11,782	-	-	-	11,782
Total other financing sources	11,782	-	-	-	11,782
Net change in fund balances	136,619	(18,427)	-	(87,687)	30,505
Fund balances, beginning of year	2,675,032	661,977	-	626,626	3,963,635
Fund balances, end of year	$ 2,811,651	$ 643,550	$ -	$ 538,939	$ 3,994,140

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

LINCOLN COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds	$	30,505
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(379,406)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		443,715
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, it has no effect on net position.		21,294
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.		18,883
	$	134,991

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

LINCOLN COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 3,479,695	$ 3,429,694	$ 3,004,842	$ (424,852)
Sales taxes	489,200	489,200	511,756	22,556
Other taxes	405,180	405,911	423,521	17,610
Licenses and permits	26,700	33,592	39,782	6,190
Intergovernmental	706,138	743,743	728,275	(15,468)
Charges for services	1,008,545	873,552	955,466	81,914
Fines and forfeitures	73,600	89,969	114,405	24,436
Investment income	2,520	2,520	2,748	228
Rental income	82,530	78,480	84,916	6,436
Miscellaneous	150,684	155,675	168,833	13,158
Total revenues	6,424,792	6,302,336	6,034,544	(267,792)
Expenditures:				
Current:				
General government:				
Board of county commissioners	145,503	150,203	147,110	3,093
Elections	83,876	84,076	84,146	(70)
General administration	1,706,351	1,670,591	1,144,246	526,345
Finance office	82,950	106,388	106,501	(113)
County attorney	40,624	43,624	39,125	4,499
Tax commissioner	177,319	170,319	169,908	411
Tax assessor	154,853	148,853	148,787	66
Information technology	54,813	54,813	52,586	2,227
Board of equalization	7,300	3,300	2,523	777
Total general government	2,453,589	2,432,167	1,894,932	537,235
Judicial:				
Clerk of superior court	197,009	190,809	183,448	7,361
District attorney	16,412	16,412	16,021	391
Probate court	153,893	157,428	158,880	(1,452)
Juvenile court	3,703	3,703	2,964	739
Total judicial	371,017	368,352	361,313	7,039
Public safety:				
Sheriff	645,338	723,338	715,547	7,791
Jail	645,877	660,877	655,588	5,289
Communications	205,855	235,855	235,045	810
Fire	9,746	9,746	6,373	3,373
Office of emergency services	651,620	674,620	662,723	11,897
Coroner	11,747	11,747	9,821	1,926
Total public safety	2,170,183	2,316,183	2,285,097	31,086
Public works:				
Shop	91,069	91,069	85,641	5,428
Roads	677,459	597,459	592,362	5,097
Total public works	768,528	688,528	678,003	10,525

(Continued)

LINCOLN COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Health and welfare:				
Health department	$ 38,800	$ 38,800	$ 38,800	$ -
Georgia forestry	8,200	8,200	6,834	1,366
DFACS	6,400	6,400	2,982	3,418
Senior citizens	76,260	80,620	78,060	2,560
Lincoln center	16,222	16,222	15,769	453
Transit	80,889	72,889	71,269	1,620
Total health and welfare	226,771	223,131	213,714	9,417
Culture and recreation:				
Art and recreation	123,747	123,747	116,676	7,071
Library	134,780	153,761	145,290	8,471
Total culture and recreation	258,527	277,508	261,966	15,542
Housing and development:				
Cooperative extension service	45,092	31,092	30,673	419
Planning and permits	51,579	44,079	42,869	1,210
Code enforcement	50,137	51,937	51,959	(22)
Economic development	98,812	86,812	89,181	(2,369)
Total housing and development	245,620	213,920	214,682	(762)
Total expenditures	6,494,235	6,519,789	5,909,707	610,082
Excess (deficiency) of revenues over (under) expenditures	(69,443)	(217,453)	124,837	342,290
Other financing sources:				
Proceeds from sale of assets	5,000	11,200	11,782	582
Transfers in	64,443	206,253	-	(206,253)
Total other financing sources	69,443	217,453	11,782	(205,671)
Net change in fund balance	-	-	136,619	136,619
Fund balance, beginning of year	2,675,032	2,675,032	2,675,032	-
Fund balance, end of year	$ 2,675,032	$ 2,675,032	$ 2,811,651	$ 136,619

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

LINCOLN COUNTY, GEORGIA

WORKFORCE DEVELOPMENT GRANT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	1,775,000	1,775,000	1,582,959	(192,041)
Total revenues	1,775,000	1,775,000	1,582,959	(192,041)
Expenditures:				
Personnel services	197,271	197,271	194,731	2,540
Contract services	1,577,729	1,577,729	1,388,228	189,501
Total expenditures	1,775,000	1,775,000	1,582,959	192,041
Total expenditures	1,775,000	1,775,000	1,582,959	192,041
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ -	$ -

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Major Enterprise Funds			
ASSETS	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
CURRENT ASSETS				
Cash	$ 48,697	$ 305,582	$ 25,414	$ 379,693
Accounts receivable, net of allowances	103,129	81,163	-	184,292
Prepaid expenses	1,168	-	-	1,168
Restricted assets, cash	171,481	-	-	171,481
Total current assets	324,475	386,745	25,414	736,634
NONCURRENT ASSETS				
Capital assets				
Capital assets, nondepreciable	17,034	-	-	17,034
Capital assets, depreciable, net of accumulated depreciation	16,426,407	46,070	-	16,472,477
Total noncurrent assets	16,443,441	46,070	-	16,489,511
Total assets	16,767,916	432,815	25,414	17,226,145
DEFERRED OUTFLOWS OF RESOURCES				
Pension investment return	694	-	-	694
Total deferred outflows of resources	694	-	-	694
LIABILITIES				
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	26,425	51,890	5,438	83,753
Accrued liabilities	13,135	382	500	14,017
Unearned revenues	23,309	334,103	5,187	362,599
Notes payable, current portion	93,240	-	-	93,240
Postclosure liability, current portion	-	9,850	-	9,850
Due to other funds	121,466	10,033	4,759	136,258
Total payable from current assets	277,575	406,258	15,884	699,717
Payable from restricted assets:				
Revenue bonds payable, current portion	59,018	-	-	59,018
Total payable from restricted assets	59,018	-	-	59,018
Total current liabilities	336,593	406,258	15,884	758,735
NONCURRENT LIABILITIES				
Revenue bonds payable, net of current portion	2,917,988	-	-	2,917,988
Postclosure liability, net of current portion	-	78,800	-	78,800
Compensated absences	4,552	-	-	4,552
Notes payable, net of current portion	1,407,876	-	-	1,407,876
Net pension liability	27,298	-	-	27,298
Total noncurrent liabilities	4,357,714	78,800	-	4,436,514
Total liabilities	4,694,307	485,058	15,884	5,195,249
NET POSITION				
Net investment in capital assets	11,965,319	46,070	-	12,011,389
Restricted for:				
Debt service	112,463	-	-	112,463
Unrestricted	(3,479)	(98,313)	9,530	(92,262)
Total net position	$ 12,074,303	$ (52,243)	$ 9,530	$ 12,031,590

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Funds			
	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
Operating revenues:				
Charges for services	$ 794,883	$ 631,319	$ 73,616	$ 1,499,818
Miscellaneous income	1,767	-	-	1,767
Total operating revenues	796,650	631,319	73,616	1,501,585
Operating expenses:				
Purchases	109,148	-	-	109,148
Salaries and benefits	151,854	16,998	16,507	185,359
Materials and supplies	28,500	406	8,532	37,438
Repairs and maintenance	50,074	298	4,033	54,405
Professional and contract services	51,310	611,574	23,567	686,451
Utilities	44,145	1,855	22,516	68,516
Other operating expenses	34,351	2,450	786	37,587
Depreciation	421,562	4,388	-	425,950
Total operating expenses	890,944	637,969	75,941	1,604,854
Operating loss	(94,294)	(6,650)	(2,325)	(103,269)
Non-operating revenues (expenses):				
Investment income	397	380	-	777
Interest expense	(166,256)	-	-	(166,256)
Total non-operating revenues (expenses)	(165,859)	380	-	(165,479)
Loss before capital contributions	(260,153)	(6,270)	(2,325)	(268,748)
Capital contributions	984	-	-	984
Change in net position	(259,169)	(6,270)	(2,325)	(267,764)
Net position, beginning of year, as restated	12,333,472	(45,973)	11,855	12,299,354
Net position, end of year	$ 12,074,303	$ (52,243)	$ 9,530	$ 12,031,590

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Funds			
	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 810,205	$ 668,149	$ 74,263	$ 1,552,617
Payments to suppliers and service providers	(379,696)	(616,950)	(54,569)	(1,051,215)
Payments to employees	(151,354)	(16,998)	(16,507)	(184,859)
Net cash provided by operating activities	279,155	34,201	3,187	316,543
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds	(56,293)	-	-	(56,293)
Principal paid on notes payable	(91,405)	-	-	(91,405)
Capital contributions	984	-	-	984
Interest paid	(166,701)	-	-	(166,701)
Net cash used in capital and related financing activities	(313,415)	-	-	(313,415)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	397	380	-	777
Net cash provided by investing activities	397	380	-	777
Net increase (decrease) in cash and and cash equivalents	(33,863)	34,581	3,187	3,905
Cash and cash equivalents:				
Beginning of year	254,041	271,001	22,227	547,269
End of year	$ 220,178	$ 305,582	$ 25,414	$ 551,174
Classified as:				
Cash and cash equivalents	$ 48,697	$ 305,582	$ 25,414	$ 379,693
Restricted assets, cash and cash equivalents	171,481	-	-	171,481
	$ 220,178	$ 305,582	$ 25,414	$ 551,174

(Continued)

LINCOLN COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Enterprise Funds			
	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	$ (94,294)	$ (6,650)	$ (2,325)	$ (103,269)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	421,562	4,388	-	425,950
Decrease in accounts receivable	22,106	4,967	-	27,073
Decrease in due from other governments	2,138	-	-	2,138
Increase in prepaid expenses	(1,134)	-	-	(1,134)
Increase in deferred outflows of resources	(694)	-	-	(694)
Decrease in accounts payable	(69,381)	(606)	(394)	(70,381)
Increase in accrued liabilities	2,431	382	500	3,313
Increase (decrease) in unearned revenues	(8,551)	31,863	647	23,959
Increase in compensated absences	979	-	-	979
Decrease in postclosure liability	-	(9,850)	-	(9,850)
Decrease in net pension liability	(1,082)	-	-	(1,082)
Increase in due to other funds	5,075	9,707	4,759	19,541
Net cash provided by operating activities	$ 279,155	$ 34,201	$ 3,187	$ 316,543

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency Funds
ASSETS	
Cash	$ 433,221
Taxes receivable	351,210
Total assets	$ 784,431
LIABILITIES	
Due to component unit	$ 4,846
Due to others	451,017
Uncollected property taxes	328,568
Total liabilities	$ 784,431

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

Lincoln County was established under the provisions of an act of the General Assembly of Georgia. The County operates under a County Commissioner form of government (four commissioners are elected by district with the Chairman elected at large from the County), and provides the following services as authorized by state law: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of Lincoln County, Georgia (the "primary government") and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Governmental Accounting Standards Board Statement No. 14, the financial statements of the component units are discretely presented in the government-wide financial statements.

Lincoln County Health Department

The governing board of the Lincoln County Health Department (the "Health Department") receives funding from the County. Members of its governing board are appointed by the Lincoln County Board of Commissioners. The Health Department maintains its financial records on a fiscal year ending June 30. The Lincoln County Health Department's financial statements may be obtained by writing to the Lincoln County Health Department,101 Peachtree Street, Lincolnton, Georgia 30817.

Development Authority of Lincoln County

The Development Authority of Lincoln County, Georgia (the "Development Authority") was created for the purpose of promoting and developing trade, commerce, industry, and employment opportunities within Lincoln County, Georgia. The members of its board of directors are appointed by the County, and its primary source of revenue is from a one mill property tax levy that must be approved by the Board of Commissioners. The Development Authority maintains its financial records on a fiscal year ending June 30. The Lincoln County Development Authority's financial statements may be obtained by writing to the Lincoln County Development Authority, 112 N. Washington Street, Lincolnton, Georgia 30817.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. The Reporting Entity (Continued)

Lincoln County Recreation Authority

The Lincoln County Board of Commissioners appoints members to the governing board of the Lincoln County Recreation Authority (the "Recreation Authority"). The Recreation Authority's operational and capital budgets are not subject to approval or modification by any governmental entity, and it establishes various fees for sporting events and other recreational activities. The Recreation Authority can borrow money for any of its corporate purposes and issues other obligations that are not expressly prohibited by the Georgia Constitution, including bonded debt that does not have to be approved by the Board of Commissioners. The Recreation Authority does not prepare separate financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The format of the fund financial statements has been modified by GASB Statement No. 34. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

The ***Special Purpose Local Option Sales Tax (SPLOST) Fund*** is used to account for expenditures for capital improvements made by the County. Financing is provided by the revenues from a special purpose local option sales tax.

The ***Workforce Development Grant Fund*** is used to account for intergovernmental funds received from the State and Federal governments for the Workforce Investment Act grant.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The County reports the following major proprietary funds:

The ***Water Fund*** accounts for the operation of the water system, including all revenues and costs of providing water services to residents of Lincoln County.

The ***Solid Waste Fund*** accounts for the administration and operations of the removal and disposal of solid waste in the County.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** are used to account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***Capital Projects Fund*** is used to account for expenditures for capital improvements made by the County for transportation improvements and infrastructure. Financing is provided by the revenues from a transportation special purpose local option sales tax.

The ***Enterprise Fund*** is used to account for the operation and activities of the campgrounds and parks located within the County.

The ***Agency Funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals.

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

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

State statutes authorize the County and discretely presented component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1. Investments are stated at fair value.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

F. Inventories

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

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, with which the County is in compliance as of June 30, 2015.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. The County chose to include all items, regardless of their acquisition date. The County was able to estimate the historical costs for the initial reporting of these assets through backtrending.

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

In the proprietary funds, interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No capitalized interest was recorded during the year ended June 30, 2015.

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

Asset Category	Years
Land improvements	40
Water system and lines	50
Buildings	20-40
Vehicles	5
Furniture, fixtures, and equipment	5-10
Infrastructure	40

J. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund 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 or retirements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *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 deferred outflows related to the recording of changes in its pension liability. The difference between projected investment return on pension investments and actual return on those investments is deferred and amortized against pension expense over a five year period.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Lincoln County Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. 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".

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Commissioners has authorized the County's Commission Chairman to assign fund balances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund Balance (Continued)

- ***Unassigned*** – Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

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

O. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $142,126 difference are as follows:

Compensated absences	$	(78,564)
Notes payable		(63,562)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(142,126)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position – governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $379,406 difference are as follows:

Capital outlay	$	374,998
Depreciation expense		(754,404)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(379,406)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $18,883 difference are as follows:

Compensated absences	$	(23,751)
Net pension liability		42,634
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	18,883

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgetary Data. Formal budgetary accounting is employed as a management control device for the funds of the County. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for all governmental funds. Budgets for capital project funds are adopted on a project basis, spanning more than one fiscal year. Proprietary budgets are prepared and utilized as a management tool to assess the operations of the enterprise funds. All budgets are adopted on a basis consistent with generally accepted accounting principles.

Prior to June 1, the Chairman submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The Board of Commissioners holds public hearings, and prior to June 30, the Board adopts the budget.

Budgetary Control. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source, and expenditures are budgeted by department and character. The legal level of budgetary control is the department level. All budget revisions at this level are subject to final review by the Board of Commissioners.

The supplementary budgetary appropriations made were not material.

All annual budget appropriations lapse at the end of the year.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit or assign that portion of the applicable appropriation, is not employed by the County.

Deficit Net Position. The Solid Waste Fund had a deficit net position balance of $52,243 at June 30, 2015. The County plans to eliminate the deficit balances through future operations and transfers from the General Fund.

Excess Expenditures over Appropriations. For the year ended June 30, 2015, expenditures exceeded budget in the General Fund, as follows:

Department	Excess
Elections	$ (70)
Finance office	(113)
Probate court	(1,452)
Code enforcement	(22)
Economic development	(2,369)

These over-expenditures were funded by under-expenditures in other departments of the General Fund.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2015, all of the deposits of the County and the component units were properly insured and collateralized as defined by GASB pronouncements and the official code of the State of Georgia.

As of June 30, 2015, the County had the following investments:

Investment Type	Fair Value	Investment Maturities Less than 1 year
Certificates of deposit	$ 146,054	$ 146,054

NOTE 5. RECEIVABLES

Receivables at June 30, 2015 for the County's individual major and nonmajor funds consist of the following:

	General	SPLOST Fund	Workforce Development Grant Fund	Water Fund	Solid Waste Fund	Nonmajor Governmental Funds	Total
Receivables:							
Taxes	$ 169,619	$ 56,679	$ -	$ -	$ -	$ 3,533	$ 229,831
Accounts	462,761	-	-	162,958	105,418	31,844	762,981
Intergovernmental	138,255	-	95,884	-	-	173,042	407,181
Gross receivables	770,635	56,679	95,884	162,958	105,418	208,419	1,399,993
Less allowance	(370,199)	-	-	(59,829)	(24,255)	-	(454,283)
Net receivables	$ 400,436	$ 56,679	$ 95,884	$ 103,129	$ 81,163	$ 208,419	$ 945,710

Property taxes were levied on September 11, 2014. Bills are payable on or before December 20, 2014, after which the applicable property is subject to lien and penalties and interest is assessed. The County bills and collects its own property taxes. Property taxes levied for 2014 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2015, and collected by August 31, 2015, are recognized as revenues in the year ended June 30, 2015. Net receivables estimated to be collected subsequent to August 31, 2015 are recorded as revenue when received. Prior year levies were recorded using substantially the same principles, and remaining receivables are reevaluated annually. Property taxes attached as an enforceable lien on property as of January 2, 2015.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 578,825	$ -	$ -	$ -	$ 578,825
CIP	-	246,125	-	-	246,125
Total	578,825	246,125	-	-	824,950
Capital assets, being depreciated:					
Land improvements	126,770	-	-	-	126,770
Infrastructure	22,130,609	484,450	-	-	22,615,059
Buildings	4,103,031	-	-	-	4,103,031
Vehicles	1,425,935	67,322	(161,729)	-	1,331,528
Furniture, fixtures and equipment	942,698	61,551	-	-	1,004,249
Total	28,729,043	613,323	(161,729)	-	29,180,637
Less accumulated depreciation for:					
Land improvements	17,430	3,169	-	-	20,599
Infrastructure	13,767,843	487,372	-	-	14,255,215
Buildings	2,645,445	135,891	-	-	2,781,336
Vehicles	1,193,426	69,715	(161,729)	-	1,101,412
Furniture, fixtures and equipment	739,898	58,257	-	-	798,155
Total	18,364,042	754,404	(161,729)	-	18,956,717
Total capital assets, being depreciated, net	10,365,001	(141,081)	-	-	10,223,920
Governmental activities capital assets, net	$ 10,943,826	$ 105,044	$ -	$ -	$ 11,048,870

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 17,034	$ -	$ -	$ -	$ 17,034
Total	17,034	-	-	-	17,034
Capital assets, being depreciated:					
Water system and lines	21,052,391	-	-	-	21,052,391
Land improvements	87,753	-	-	-	87,753
Vehicles	51,169	-	-	-	51,169
Furniture and equipment	119,777	-	-	-	119,777
Total	21,311,090	-	-	-	21,311,090
Less accumulated depreciation for:					
Water system and lines	4,204,935	421,048	-	-	4,625,983
Land improvements	37,296	4,387	-	-	41,683
Vehicles	51,169	-	-	-	51,169
Furniture and equipment	119,263	515	-	-	119,778
Total	4,412,663	425,950	-	-	4,838,613
Total capital assets, being depreciated, net	16,898,427	(425,950)	-	-	16,472,477
Business-type activities capital assets, net	$ 16,915,461	$ (425,950)	$ -	$ -	$ 16,489,511

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

Governmental activities:	
General government	$ 32,712
Public safety	86,909
Public works	535,710
Culture and recreation	86,892
Housing and development	12,181
Total depreciation expense - governmental activites	$ 754,404
Business-type activities:	
Water	$ 421,562
Solid waste	4,388
Total depreciation expense - business-type activities	$ 425,950

NOTE 6. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the Development Authority for the fiscal year ended June 30, 2015 is as follows:

Development Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 24,877	$ -	$ -	$ -	$ 24,877
Construction in progress	-	-	-	-	-
Total	24,877	-	-	-	24,877
Capital assets, being depreciated:					
Buildings	2,190,465	-	(1,137,443)	-	1,053,022
Land improvements	720,067	-	-	-	720,067
Furniture, fixtures and equipment	39,734	-	(5,533)	-	34,201
Total	2,950,266	-	(1,142,976)	-	1,807,290
Less accumulated depreciation for:					
Buildings	553,122	28,371	(100,791)	-	480,702
Land improvements	148,016	25,068	-	-	173,084
Furniture, fixtures and equipment	35,001	2,076	(5,532)	-	31,545
Total	736,139	55,515	(106,323)	-	685,331
Total capital assets, being depreciated, net	2,214,127	(55,515)	(1,036,653)	-	1,121,959
Capital assets, net	$ 2,239,004	$ (55,515)	$ (1,036,653)	$ -	$ 1,146,836

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 84,856	$ -	$ 21,294	$ 63,562	$ 21,294
Compensated absences	54,813	98,341	74,590	78,564	74,590
Net pension liability	681,114	384,431	410,405	655,140	-
Totals	$ 820,783	$ 482,772	$ 506,289	$ 797,266	$ 95,884

NOTE 7. LONG-TERM DEBT (CONTINUED)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	$ 3,033,299	$ -	$ 56,293	$ 2,977,006	$ 59,018
Notes payable	1,592,521	-	91,405	1,501,116	93,240
Landfill postclosure	98,500	-	9,850	88,650	9,850
Compensated absences	3,573	4,723	3,744	4,552	-
Net pension liability	28,380	16,018	17,100	27,298	-
Totals	$ 4,756,273	$ 20,741	$ 178,392	$ 4,598,622	$ 162,108
Development Authority:					
Revenue bonds	$ 246,829	$ -	$ 246,829	$ -	$ -
Notes payable	1,198,071	-	151,397	1,046,674	197,974
Totals	$ 1,444,900	$ -	$ 398,226	$ 1,046,674	$ 197,974

For governmental activities, compensated absences are ordinarily liquidated by the General Fund. For business-type activities, compensated absences are ordinarily liquidated by the Water Fund.

Revenue Bonds. The Water Revenue Bonds constitute special obligations of the County secured by the revenue from the operation of the water system. The proceeds of the bonds were used for the purpose of expansion of the water and sewer system. Revenue bonds outstanding as of June 30, 2015, are as follows:

Series 1994 $533,600 Water Revenue Bonds, due in monthly principal installments of $2,685, including interest at 5.25%. Final payment is due March 14, 2033.	$ 370,904
Series 1996 $596,800 Water Revenue Bonds, due in monthly principal installments of $2,907, including interest at 5.0%. Final payment is due October 23, 2035.	444,816
Series 2004 $1,588,000 Water Revenue Bonds, due in monthly principal installments of $7,210, including interest at 4.5%. Final payment is due July 23, 2044.	1,400,206
Series 2011 $784,000 Water Revenue Bonds, due in monthly principal installments of $3,434, including interest at 4.25%. Final payment is due September 22, 2051.	761,080
	$ 2,977,006

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds (Continued)

Debt service requirements to maturity on the revenue bonds are as follows:

Year ending June 30,	Principal	Interest
2016	$ 59,018	$ 135,796
2017	61,895	132,937
2018	64,893	129,939
2019	68,037	126,795
2020	71,334	123,498
2021-2025	412,039	562,121
2026-2030	522,247	451,913
2031-2035	583,587	316,484
2036-2040	449,913	200,603
2041-2045	459,099	93,623
2046-2050	175,979	30,061
2051-2052	48,965	1,366
	$ 2,977,006	$ 2,305,136

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable

During the year ended June 30, 2014, the County entered into a note payable agreement with a local financial institution in the amount of $84,856. The proceeds of this note were used to purchase equipment. The note is due in yearly installments of $21,294 with no interest. Final payment is due on September 17, 2018. The outstanding balance of the note at June 30, 2015, was $63,562.

Debt service requirements to maturity on the note payable described above are as follows:

Year ending June 30,	Principal	Interest
2016	$ 21,294	$ -
2017	21,294	-
2018	20,974	-
	$ 63,562	$ -

During the year ended June 30, 2014, the County entered into a note payable agreement with U.S. Department of Agriculture Rural Development in the amount of $470,000. The proceeds of the note were used to finance various water and sewer system projects. The note is due in yearly installments with varying interest rates between 2.0% and 2.125%. Final payment is due on March 24, 2054. The outstanding balance of the notes at June 30, 2015, was $462,408.

Debt service requirements to maturity on the note payable described above are as follows:

Year ending June 30,	Principal	Interest
2016	$ 7,844	$ 9,388
2017	8,032	9,200
2018	8,198	9,034
2019	8,368	8,864
2020	8,517	8,715
2021-2025	45,403	40,757
2026-2030	50,298	35,862
2031-2035	55,721	30,438
2036-2040	61,719	24,441
2041-2045	68,392	17,768
2046-2050	75,769	10,391
2051-2055	64,147	2,475
	$ 462,408	$ 207,333

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable (Continued)

The Water Fund has also incurred debt to the Georgia Environmental Facilities Authority (GEFA) for various water and sewer system projects. These notes are as follows at June 30, 2015:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
4.76%	20 years	2020	$ 212,432	$ 63,250
1.50%	20 years	2028	1,449,967	975,458
				$ 1,038,708

Additionally, the County has a construction line of credit agreement with a financial institution to be used as needed for the construction of a sewer line. As of June 30, 2015, $0 had been drawn on the line of credit.

Debt service requirements to maturity on the water notes payable are as follows:

Year ending June 30,	Principal	Interest
2016	$ 85,396	$ 16,672
2017	87,415	14,919
2018	89,216	13,118
2019	91,068	11,266
2020	80,430	9,510
2021-2025	399,382	29,657
2026-2027	205,801	3,290
	$ 1,038,708	$ 98,432

Notes Payable – Development Authority. During the year ended June 30, 2008, the Development Authority entered into a note payable agreement with a local financial institution in the amount of $1,368,395. The proceeds of this note were used to refinance two previous notes, which funded the construction of two buildings. The note is due in monthly installments of $16,290, including interest of 4.14%. Final payment is due on January 10, 2019. The outstanding balance of the note at June 30, 2015, was $649,227. During the year ended June 30, 2014, the Development Authority entered into a note payable agreement with a local financial institution in the amount of $450,000. The proceeds of this note were used to construct a new building. The note is due in monthly installments of $3,166, including interest of 3.2%. Final payment is due on April 18, 2028. The outstanding balance of the note at June 30, 2015, was $397,447.

NOTE 7. LONG-TERM DEBT (CONTINUED)

Notes Payable – Development Authority (Continued). Debt service requirements to maturity on the notes payable are as follows:

Year ending June 30,	Principal	Interest
2016	$ 197,974	$ 32,533
2017	206,160	30,347
2018	214,621	18,886
2019	140,437	9,182
2020	29,748	8,279
2021-2025	165,263	24,874
2026-2028	92,471	2,597
	$ 1,046,674	$ 126,698

Landfill Postclosure Costs. Effective April 10, 1993, the Lincoln County landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, Lincoln County must perform certain maintenance and monitoring functions at the landfill site for a period of 30 years. As of June 30, 2015, the County has 10 years of monitoring remaining. The liability for the landfill postclosure care costs is estimated to be $88,650 as of June 30, 2015. These estimated costs are based on what it would cost to perform all postclosure care in 2015. However, the actual cost of postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 121,466
General Fund	Solid Waste Fund	10,033
General Fund	SPLOST	26,589
General Fund	Workforce Development Grant Fund	56,526
General Fund	Nonmajor Governmental Funds	159,222
General Fund	Nonmajor Enterprise Fund	4,759
		$ 378,595

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 9. JOINT VENTURE

Under Georgia law, the County is a participating member of the Central Savannah River Area Regional Commission (RC) and is required to pay annual dues thereto. During its year ended June 30, 2015, the County paid $6,780 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts and obligations of an RC. Separate financial statements may be obtained from: Central Savannah River Area Regional Commission, 3023 Riverwatch Parkway, Suite A, P.O. Box 2800, Augusta, Georgia 30907-2800.

NOTE 10. DEFINED BENEFIT PENSION PLAN

Plan Description

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

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Plan Description (Continued)

Plan Membership. As of January 1, 2014, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees, Beneficiaries and Disabled receiving benefits	19
Terminated plan participants entitled to but not yet receiving benefits	56
Active employees participating in the Plan	58
Total number of Plan participants	133

Contributions. The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of the ACCG Plan has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the Plan, as adopted by the County Commission, is to contribute an amount equal to or greater than the actuarially recommended contribution rate. This rate is based on the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. No contributions are made by plan participants. For the year ended June 30, 2015, the County's contribution rate was 14.3% of annual payroll. County contributions to the Plan were $243,643 for the year ended June 30, 2015.

Net Pension Liability of the County

Effective July 1, 2014, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the County's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

The County's net pension liability was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2014 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2014.

Actuarial Assumptions. The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.5% - 5.5%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability of the County (Continued)

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for December 31, 2013.

The long-term expected rate of return on pension plan investments was determined through a blend of using a building-block method based on 20-year benchmarks (25%) and 30-year benchmarks (25%), as well as forward-looking capital market assumptions for a moderate asset allocation (50%), as determined by UBS. Expected future rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30%	6.78%
Large Cap equity	30%	9.77
International equity	15%	7.48
Other equity	20%	9.23
Real estate	5%	10.63
Total	100%	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate. The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that County contributions will be made based on the average County contribution made to the Plan over the prior five years. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the County

The changes in the components of the net pension liability of the County for the year ended June 30, 2015, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 3,180,868	$ 2,471,374	$ 709,494
Changes for the year:			
Service cost	113,794	-	113,794
Interest	235,225	-	235,225
Contributions—employer	-	243,643	(243,643)
Net investment income	-	180,521	(180,521)
Benefit payments, including refunds of employee contributions	(89,081)	(89,081)	-
Administrative expense	-	(11,371)	11,371
Other changes	-	(36,718)	36,718
Net changes	259,938	286,994	(27,056)
Balances at June 30, 2015	$ 3,440,806	$ 2,758,368	$ 682,438

The required schedule of changes in the County's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.5 percent, 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's net pension liability	$ 1,128,377	$ 682,438	$ 310,414

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability of the County (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of December 31, 2014 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of $199,232. At June 30, 2015, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 17,354

Deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2016	$ 4,338
2017	4,338
2018	4,338
2019	4,340
Total	$ 17,354

NOTE 11. DEFINED BENEFIT PENSION PLAN – HEALTH DEPARTMENT

Employees Retirement System (ERS)

Plan Description

ERS is a cost-sharing multiple-employee defined benefit pension plan 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. ERS is directed by a 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/formspubs/formspubs.

Benefits Provided

The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employee's 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 I0 years of creditable service and attainment of age 60 or 30 years of creditable 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 the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to member's 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.

NOTE 11. DEFINED BENEFIT PENSION PLAN – HEALTH DEPARTMENT (CONTINUED)

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 member's 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, 2015 was 21.96% of annual covered payroll for the Old and New Plan members and 18.87% for GSEPS members. The Health Department's contributions to ERS totaled $12,295 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

At June 30, 2015, the Health Department reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll forward techniques. The Health Department's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30, 2014, the Employer's proportion was 0.003404%, which was an increase of 0.000317% from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the Health Department recognized pension expense of $13,716. At June 30, 2015, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investment	$ -	$ 31,161
Changes in proportion and differences between Employer contributions and proportionate share of contributions	9,466	-
Employer contributions subsequent to measurement date	12,295	-
Total	$ 21,761	$ 31,161

NOTE 11. DEFINED BENEFIT PENSION PLAN – HEALTH DEPARTMENT (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Health Department contributions subsequent to the measurement date of $12,295 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(1,874)
2017	(4,241)
2018	(7,790)
2019	(7,790)

Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary increase	5.45% - 9.25%, including inflation
Investment return	7.5%, net pension plan investment expense including inflation

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004-June 30, 2009.

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

NOTE 11. DEFINED BENEFIT PENSION PLAN – HEALTH DEPARTMENT (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
Fixed income	30.00%	3.00%
Domestic large equities	39.70%	6.50%
Domestic mid equities	3.70%	10.00%
Domestic small equities	1.60%	13.00%
International developed market equities	18.90%	6.50%
International emerging market equities	6.10%	11.00%
Total	100.00%	

* Rates shown are net of the 3.00% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 and State of Georgia 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 Health Department's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Health Department's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Health Department's proportionate share of the 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:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' share of net pension liability	$186,170	$127,671	$77,875

NOTE 11. DEFINED BENEFIT PENSION PLAN – HEALTH DEPARTMENT (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at www.ers.ga.gov/formspubs/fonnspubs.

NOTE 12. DEFINED CONTRIBUTION PENSION PLAN

Certain employees of the County participate in a Defined Contribution Plan (the Plan), which provides retirement benefits to plan participants and beneficiaries. The plan is privately administered, and provisions may be amended by Board-appointed personnel. Employees who are expected to receive $5,000 in annual compensation are eligible for participation. Employees are not required to contribute to the Plan. The County contributes an amount equal to the amount contributed by participants, except that the County shall not match in excess of 3% of the participants' annual compensation. All contributions are fully vested and non-forfeitable. For the fiscal year ending June 30, 2015, neither the County, nor County employees made contributions to the Plan.

NOTE 13. RISK MANAGEMENT

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

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

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

NOTE 13. RISK MANAGEMENT (CONTINUED)

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

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

NOTE 14. CONTINGENCIES AND COMMITMENTS

Litigation

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

Grant Contingencies

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

NOTE 15. HOTEL/MOTEL LODGING TAX

The County has levied a 5% lodging tax. The Official Code of Georgia Annotated 48-13-50 requires that all lodging taxes levied of 5% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. For the fiscal year ended June 30, 2015, the County collected $20,828 of hotel/motel taxes. Management represents that $19,321, or 93%, of the lodging tax received during the year ended June 30, 2015, was used for the promotión of tourism.

NOTE 16. CHANGES IN ACCOUNTING PRINCIPLES

The County and the Lincoln County Health Department have implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. A restatement to the July 1, 2014 beginning net position was required to recognize these changes in accounting principles. The resulting adjustment is as follows:

	Governmental Activities	Business-type Activities	Water Fund	Lincoln County Health Department
Beginning net position, July 1, 2014, as previously reported	$ 14,993,087	$ 12,327,734	$ 12,361,852	$ 76,176
Change in accounting principle for the implementation of GASB Statement No. 68	(773,125)	(28,380)	(28,380)	(135,650)
Beginning net position, July 1, 2014, as restated	$ 14,219,962	$ 12,299,354	$ 12,333,472	$ (59,474)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

	2015
Total pension liability	
Service cost	$ 113,794
Interest on total pension liability	238,565
Benefit payments, including refunds of employee contributions	(92,421)
Net change in total pension liability	259,938
Total pension liability - beginning	3,180,868
Total pension liability - ending (a)	$ 3,440,806
Plan fiduciary net position	
Contributions - employer	$ 243,643
Net investment income	180,521
Benefit payments, including refunds of employee contributions	(89,081)
Administrative expenses	(11,371)
Other	(36,718)
Net change in plan fiduciary net position	286,994
Plan fiduciary net position - beginning	2,471,374
Plan fiduciary net position - ending (b)	$ 2,758,368
County's net pension liability - ending (a) - (b)	$ 682,438
Plan fiduciary net position as a percentage of the total pension liability	80.2%
Covered-employee payroll	$ 1,703,881
County's net pension liability as a percentage of covered-employee payroll	40.1%

Notes to the Schedule

The schedule will present 10 years of information once it is accumulated.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY CONTRIBUTIONS

	2015	2014
Actuarially determined contribution	$ 233,483	$ 236,710
Contributions in relation to the actuarially determined contribution	243,643	242,391
Contribution deficiency (excess)	$ (10,160)	$ (5,681)
Covered-employee payroll	$ 1,703,881	$ 1,595,505
Contributions as a percentage of covered-employee payroll	14.3%	15.2%

Notes to the Schedule

Valuation Date	January 1, 2014
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return on Investments	7.50%
Projected Salary Increases	3.5% - 5.5% (including 3.00% for inflation)
Cost-of-living Adjustment	3.00%
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	None remaining

The schedule will present 10 years of information once it is accumulated.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HEALTH DEPARTMENT

	2015
Health Department's proportion of the net pension liability	0.003404%
Health Department's proportionate share of the net pension liability	$ 127,671
Health Department's covered-employee payroll	$ 55,784
Health Department's proportionate share of the net pension liability as a percentage of its covered-employee payroll	228.87%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS – HEALTH DEPARTMENT

	2015	2014
Contractually required contribution	$ 12,295	$ 14,151
Contributions in relation to the contractually required contribution	12,295	14,151
Contribution deficiency (excess)	$ -	$ -
Agency's covered-employee payroll	$ 55,784	$ 83,682
Contributions as a percentage of covered-employee payroll	22.04%	16.91%

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Hotel/Motel Tax Fund – To account for revenues and expenditures for hotel/motel taxes collected in the County that must be used for the purpose of tourism, conventions or trade shows.

E-911 Fund – To account for the operations of the County's E-911 system.

Law Library Fund – To account for costs of operating and maintaining the County Law Library. Financing is provided from a $2 charge added to and collected on all costs in civil and criminal cases.

Family Connection Fund – To account for the revenues and expenditures of the County's Family Connection programs that are primarily funded through various grant revenues.

Drug Education Fund – To account for fines collected as required by state law for drug abuse treatment and educational purposes.

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

Capital Projects Fund

T-SPLOST Fund – To account for the property acquisition and construction of projects designated to be funded from the special 1% sales tax created with the Transportation Improvement Act of 2010.

LINCOLN COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	Special Revenue			
	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Family Connection Fund
ASSETS				
Cash and cash equivalents	$ 6,419	$ 102,083	$ 8,421	$ 100,805
Taxes receivable	3,533	-	-	-
Accounts receivable	-	31,844	-	-
Due from other governments	-	14,277	-	63,433
Total assets	$ 9,952	$ 148,204	$ 8,421	$ 164,238
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 3,874	$ -	$ -	$ 2,098
Accrued liabilities	-	-	-	438
Due to component unit	2,468	-	-	-
Due to other funds	-	-	-	158,222
Total liabilities	6,342	-	-	160,758
FUND BALANCES				
Restricted:				
Tourism	3,610	-	-	-
E-911	-	148,204	-	-
Drug education	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	3,480
Capital projects	-	-	-	-
Law library	-	-	8,421	-
Total fund balances	3,610	148,204	8,421	3,480
Total liabilities and fund balances	$ 9,952	$ 148,204	$ 8,421	$ 164,238

	Capital Projects		
Drug Education Fund	Jail Fund	T-SPLOST Fund	Totals
$ 14,395	$ 33,411	$ 278,851	$ 544,385
-	-	-	3,533
-	-	-	31,844
-	-	95,332	173,042
$ 14,395	$ 33,411	$ 374,183	$ 752,804
$ -	$ -	$ 45,765	$ 51,737
-	-	-	438
-	-	-	2,468
-	-	1,000	159,222
-	-	46,765	213,865
-	-	-	3,610
-	-	-	148,204
14,395	-	-	14,395
-	33,411	-	33,411
-	-	-	3,480
-	-	327,418	327,418
-	-	-	8,421
14,395	33,411	327,418	538,939
$ 14,395	$ 33,411	$ 374,183	$ 752,804

LINCOLN COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue			
	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Family Connection Fund
Revenues:				
Taxes	$ 20,828	$ -	$ -	$ -
Intergovernmental	-	-	-	310,284
Charges for services	-	142,794	-	-
Fines and forfeitures	-	-	4,089	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	5,270
Total revenues	20,828	142,794	4,089	315,554
Expenditures:				
Current:				
Judicial	-	-	4,435	-
Public safety	-	130,000	-	-
Health and welfare	-	-	-	291,185
Housing and development	19,321	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Total expenditures	19,321	130,000	4,435	291,185
Excess (deficiency) of revenues over (under) expenditures	1,507	12,794	(346)	24,369
Net change in fund balances	1,507	12,794	(346)	24,369
Fund balances (deficit), beginning of year	2,103	135,410	8,767	(20,889)
Fund balances, end of year	$ 3,610	$ 148,204	$ 8,421	$ 3,480

	Capital Projects		
Drug Education Fund	Jail Fund	T-SPLOST Fund	Totals
$ -	$ -	$ 571,874	$ 592,702
-	-	-	310,284
-	-	-	142,794
4,549	9,988	-	18,626
5	-	602	607
-	-	-	5,270
4,554	9,988	572,476	1,070,283
-	-	-	4,435
601	-	-	130,601
-	-	-	291,185
-	-	-	19,321
-	-	691,134	691,134
-	-	21,294	21,294
601	-	712,428	1,157,970
3,953	9,988	(139,952)	(87,687)
3,953	9,988	(139,952)	(87,687)
10,442	23,423	467,370	626,626
$ 14,395	$ 33,411	$ 327,418	$ 538,939

LINCOLN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Roads, streets and bridges	$ 1,472,960	$ 1,472,960	$ 828,996	$ 223,651	$ 1,052,647
Office of Emergency Services building	800,000	800,000	-	243,411	243,411
Fire protection, rescue facilities and equipment	576,000	576,000	383,207	71,422	454,629
Recreation facilities	164,480	164,480	57,834	-	57,834
General government infrastructure	352,000	352,000	81,738	16,878	98,616
City of Lincolnton	634,560	634,560	379,518	101,067	480,585
Total	$ 4,000,000	$ 4,000,000	$ 1,731,293	$ 656,429	$ 2,387,722

AGENCY FUNDS

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

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

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

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

LINCOLN COUNTY, GEORGIA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Sheriff	Total
Cash	$ 230,520	$ 161,817	$ 20,104	$ 20,780	$ 433,221
Taxes receivable	351,210	-	-	-	351,210
Total assets	$ 581,730	$ 161,817	$ 20,104	$ 20,780	$ 784,431
LIABILITIES					
Due to component unit	$ 4,623	$ 223	$ -	$ -	$ 4,846
Due to others	248,539	161,594	20,104	20,780	451,017
Uncollected property taxes	328,568	-	-	-	328,568
Total liabilities	$ 581,730	$ 161,817	$ 20,104	$ 20,780	$ 784,431

LINCOLN COUNTY, GEORGIA

SINGLE AUDIT OF FEDERAL PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

LINCOLN COUNTY, GEORGIA

SINGLE AUDIT OF FEDERAL PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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LINCOLN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grant Program	CFDA #	Grant I.D.	Expenditures
U.S. Department of Labor			
Workforce Investment Act Cluster			
Passed through Georgia Department of Economic Development			
Workforce Investment Act Adult Program	17.258	14-14-15-07-013	$ 831
Workforce Investment Act Adult Program	17.258	11-13-14-07-013	558,066
Workforce Investment Act Youth Activities Program	17.259	15-14-14-07-130	284,001
Workforce Investment Act Youth Activities Program	17.259	15-13-11-07-130	326,099
Workforce Investment Act Dislocated Worker Program	17.278	31-13-14-07-013	335,810
Workforce Investment Act Dislocated Worker Program	17.278	31-14-14-07-013	70,890
Workforce Investment Act Dislocated Worker Program	17.278	31-13-13-07-013	7,262
Total U.S. Department of Labor			1,582,959
U.S. Department of Transportation			
Passed through Georgia Department of Transportation			
Rural Area Program	20.509	GA-18-4030	25,681
Passed through Central Savannah River Area Regional Commission			
Rural Area Program	20.509	2086-00-25 8202.0545	11,060
Total U.S. Department of Transportation			36,741
U.S. Department of Health and Human Services			
TANF Cluster			
Passed through Georgia Department of Human Resources			
After-School Care Program	93.558	42700-040-0000022494	166,171
Aging Cluster			
Passed through Georgia Department of Behavioral Health and Developmental Disabilities			
Special Program for the Aging - Title III, Part C, Nutrition Services	93.045	PSA08-FY14-1810	36,468
Nutrition Services Incentive Program	93.053	Not assigned	4,628
			41,096
Passed through Governor's Office for Children and Families			
Affordable Care Act Abstinence Education Program	93.235	42700-040-0000035754	62,652
Total U.S. Department of Health and Human Services			269,919
Total Expenditures of Federal Awards			$ 1,889,619

Note: The above schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

LINCOLN COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards is prepared using the accrual basis of accounting.

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $300,000 or three percent of total federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended June 30, 2015.

Amount Provided to Subrecipients

Of the federal expenditures presented in the accompanying schedule of expenditures of federal awards, the County provided federal awards to subrecipients as follows:

CFDA	17.258	Workforce Investment Act Adult Program	$ 558,897
CFDA	17.259	Workforce Investment Act Youth Activities Program	610,100
CFDA	17.278	Workforce Investment Act Dislocated Worker Program	413,962

MAULDIN & JENKINS

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

Board of Commissioners
of Lincoln County, Georgia
Lincolnton, 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 **Lincoln County, Georgia** (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 25, 2016. Our report includes a reference to other auditors who audited the financial statements of the Lincoln County Health Department and the Development Authority of Lincoln County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report also includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2015-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free 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.*

Lincoln County, Georgia's Response to Finding

Lincoln County, Georgia's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Lincoln County, Georgia's response was not subjected to the auditing procedures applied in our 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.

Mauldin & Jenkins, LLC

Macon, Georgia
January 25, 2016

MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
of Lincoln County, Georgia
Lincolnton, Georgia

Report on Compliance For Each Major Federal Program

We have audited Lincoln County, Georgia's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Lincoln County, Georgia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Macon, Georgia
January 25, 2016

LINCOLN COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting: Material weaknesses identified?	____ yes	_X_ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes	____ no
Noncompliance material to financial statements noted?	____ yes	_X_ no

Federal Awards

Internal Control over major programs: Material weaknesses identified?	____ yes	_X_ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes	_X_ no
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes	_X_ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	Workforce Investment Act Cluster
17.258	U.S. Department of Labor – Workforce Investment Act Adult Program
17.259	U.S. Department of Labor – Workforce Investment Act Youth Program
17.278	U.S. Department of Labor – Workforce Investment Act Dislocated Worker Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	____ yes	_X_ no

LINCOLN COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2015-001. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the following offices: Finance, Water, and Clerk of Superior Court.

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

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

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

Recommendation: The duties of recording, distribution, and reconciliation of accounts should be segregated among employees.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will continue to review and improve policies and procedures in an effort to eliminate segregation of duties issues and to provide reasonable assurance that funds are not being misappropriated.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported

LINCOLN COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I
PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2014-001. Segregation of Duties

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

Condition: Appropriate segregation of duties does not exist among recording, distribution, and reconciliation of cash accounts and other operational functions in the various funds possessed by the County. This is especially prominent in the following offices: Finance, Water and Clerk of Superior Court.

Status: Unresolved. See current year finding at 2015-001.

SECTION II
PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2014-002. U.S. Department of Labor
CFDA # 17.258, 17.259, and 17.278
Workforce Investment Act Cluster
Award Year: 2014

Criteria: Internal controls should be in place to provide reasonable assurance that the County performs the necessary procedures as it relates to determining the eligibility of grant program applicants and participants based on criteria set forth in the grant agreement.

Condition: Through the performance of audit procedures, it was determined that the County did not properly verify the eligibility of program applicants and participants during the period under audit.

Status: Resolved

LINCOLN COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2014-003. U.S. Department of Labor
CFDA # 17.258, 17.259, and 17.278
Workforce Investment Act Cluster
Award Year: 2014

Criteria: Internal controls should be in place to provide reasonable assurance that the County meets the applicable earmarking requirements as outlined in the grant award.

Condition: Through performance of audit procedures it was determined that the County did not properly verify and keep track of the total federal expenditures specifically required to be allocated among programs and for administration of the grant awards.

Status: Resolved

2014-004. U.S. Department of Labor
CFDA # 17.258, 17.259, and 17.278
Workforce Investment Act Cluster
Award Year: 2014

Criteria: Internal controls should be in place to provide reasonable assurance that the County meets the applicable subrecipient monitoring requirements as outlined in the grant award.

Condition: Through performance of audit procedures it was determined that the County did not properly monitor the activities of its subrecipient(s) in order to ensure that the responsibilities and requirements as set forth in the grant award and subaward(s) were met.

Status: Resolved

LINCOLN COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended: June 30, 2015

Line No.		O.C.G.A. Reference:	
1	Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): __X__ Special Revenue Fund _____ Enterprise Fund		
2	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	46-5-134(e)	
	_____		$ _____
	_____		$ _____
	_____		$ _____
3	Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:		
3a	Lease costs	46-5-134(f)(1)(A)	$ _____
3b	Purchase costs	46-5-134(f)(1)(A)	$ _____
3c	Maintenance costs	46-5-134(f)(1)(A)	$ _____
4	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	46-5-134(f)(1)(B)	$ _____
5	Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2		
5a	Salaries and wages	46-5-134(f)(1)(C)	$ 130,000.00
5b	Employee benefits	46-5-134(f)(1)(C)	$ _____
6	Cost of training of employees who work as dispatchers or directors	46-5-134(f)(1)(D)	$ _____
7	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	46-5-134(f)(1)(E)	$ _____
8	Building used as a public safety answering point:		
8a	Lease costs	46-5-134(f)(1)(F)	$ _____
8b	Purchase costs	46-5-134(f)(1)(F)	$ _____
9	Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:		
9a	Lease costs	46-5-134(f)(1)(G)	$ _____
9b	Purchase costs	46-5-134(f)(1)(G)	$ _____
9c	Maintenance costs	46-5-134(f)(1)(G)	$ _____
10	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	46-5-134(f)(1)(H)	$ _____
11	Logging recorders used at a public safety answering point to record telephone and radio traffic:		
11a	Lease costs	46-5-134(f)(1)(I)	$ _____

LINCOLN COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended: June 30, 2015

Line No.		O.C.G.A. Reference:	
11b	Purchase costs	46-5-134(f)(1)(I)	$
11c	Maintenance costs	46-5-134(f)(1)(I)	$
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	$
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2(B)(ii)	$
13b	Purchase costs	46-5-134(f)(2(B)(ii)	$
13c	Maintenance costs	46-5-134(f)(2(B)(ii)	$
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	$
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2(B)(iv)	$
15b	Purchase costs	46-5-134(f)(2(B)(iv)	$
15c	Maintenance costs	46-5-134(f)(2(B)(iv)	$
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2(B)(v)	$
16b	Purchase costs	46-5-134(f)(2(B)(v)	$
16c	Maintenance costs	46-5-134(f)(2(B)(v)	$

17 Other expenditures not included in Lines 2 through 16 above.
Identify by object and purpose.

_____ $ _____

_____ $ _____

_____ $ _____

_____ $ _____

_____ $ _____

_____ $ _____

LINCOLN COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended: June 30, 2015

Line No.		O.C.G.A. Reference:	
			$
			$
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 130,000.00

Certification of Local Government Officials

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official H Wade Johnson Date: 11/13/2015

Print Name of Chief Elected Official H. Wade Johnson

Title of Chief Elected Official Chairman, Lincoln County Board of Commissioners

Signature of Chief Financial Officer Traci Bussey Date: 11/13/2015

Print Name of Chief Financial Officer Traci W. Bussey

Lincoln County Board of Commissioners

P. O. BOX 340
LINCOLNTON, GEORGIA 30817
TELEPHONE: 706-359-4444
FAX: 706-359-4729

H. WADE JOHNSON, Chairman
ROXANNE BROWN, County Clerk
BENJAMIN JACKSON, County Attorney

VIRGINIA WILLIAMS, District 1
LARRY COLLINS, District 2
COOPER CLIATT, District 3
RICHARD BROWN, District 4

January 29, 2016

State of Georgia
Department of Audits and Accounts
Nonprofit and Local Government Audits Division
Local Government Audits
270 Washington Street, SW, Room 1-156
Atlanta, GA 30334-8400

Lincoln County, Georgia respectively submits the following corrective action plan for the year ended June 30, 2015.

Our auditors for the year ended June 30, 2015 were Mauldin & Jenkins, CPAs, LLC., Post Office Box 1877, Macon, Georgia 31202-1877.

A. Comment on Findings

2015-001. Segregation of Duties
The County concurs that there are instances of overlapping duties in various departments with regards to recording, distribution, and reconciliation of accounts.

Expenditures Exceeded Appropriations at the Legal Level of Control
The County concurs that there were instances where the expenditures exceeded the amount of appropriations.

B. Actions Taken or Planned

2015-1. Segregation of Duties
The County continues to review and improve policies and procedures in an effort to eliminate segregation of duties issues within the various departments.

Expenditures Exceeded Appropriations at the Legal Level of Control
The County continues to stress the necessity of keeping expenditures below the appropriated amounts in the various departments.

C. Status of Corrective Actions

2015-1. Segregation of Duties
The County continues to implement reviews and reconciliations to monitor and provide reasonable assurances that resources are being accurately recorded and appropriated. As in the past the current staffing and financial resources available do not allow for the additional staffing needed in the specific departments that have segregation of duty issues. The offices that continue to be specified for the segregation of duties issues include the Clerk of Superior Court, Finance and Water--none of the noted departments have had any instance of suspected misappropriations and all have fairly stringent computer programs in place for processing and maintaining records. The county does continue to review and improve its policies and procedures and the Finance department is re-locating some duties over various positions in an attempt to resolve the segregation of duty issues.

Expenditures Exceeded Appropriations at the Legal Level of Control
The County continues to work with the various departments to keep spending below the amounts appropriated, which is evidenced in the low amounts that spending exceeded appropriations. We will continue to make adjustments to re-appropriate funds between departments to accommodate the excessive spending.

If you have any questions regarding this plan, please call me at 706-359-4444.

Sincerely,

Traci Bussey

Traci Bussey
Finance Director