LINCOLN COUNTY, GEORGIA

FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

LINCOLN COUNTY, GEORGIA

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, 2017, 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.

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 55), and the Schedule of County Contributions on (page 56) 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 December 20, 2017, 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
December 20, 2017

LINCOLN COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017. 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, 2017, by $25,391,224 (net position).
- At June 30, 2017, the County's governmental funds reported combined ending fund balances of $3,404,009 a decrease of $203,500 or 5.64% in comparison with the prior year. Of this amount, $1,595,460 remains in the various funds as unassigned.
- At June 30, 2017, the County's General Fund reported an unreserved, undesignated fund balance of $1,688,811, a decrease of $232,213 or 12.09% from the last fiscal year.
- The County's SPLOST Capital Project Fund closed fiscal year 2017 with a fund balance of $151,292.

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 $25,391,224 as of June 30, 2017. Of the $25,391,224, $13,938,970 resulted from the County's governmental activities and $11,452,254 resulted from the County's business-type activities.

The largest portion of Lincoln County's net position, 89.04%, 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 4,483,010	$ 4,455,048	$ 638,107	$ 614,186	$ 5,121,117	$ 5,069,234
Capital assets	11,245,900	11,326,340	15,685,544	16,124,379	26,931,444	27,450,719
Total assets	15,728,910	15,781,388	16,323,651	16,738,565	32,052,561	32,519,953
Deferred outflows of resources	269,201	237,756	11,217	9,907	280,418	247,663
Long-term liabilities outstanding	1,084,384	988,292	4,220,721	4,416,775	5,305,105	5,405,067
Other liabilities	974,757	858,888	661,893	652,419	1,636,650	1,511,307
Total liabilities	2,059,141	1,847,180	4,882,614	5,069,194	6,941,755	6,916,374
Net Position:						
Net investment in capital assets	11,224,926	11,284,072	11,384,633	11,643,733	22,609,559	22,927,805
Restricted	873,895	1,000,283	64,148	27,655	938,043	1,027,938
Unrestricted	1,840,149	1,887,609	3,473	7,890	1,843,622	1,895,499
Total net position	$ 13,938,970	$ 14,171,964	$ 11,452,254	$ 11,679,278	$ 25,391,224	$ 25,851,242

An additional portion of Lincoln County's total net position (3.69%) represents resources that are subject to external restrictions on how they may be used. The remaining balance or total unrestricted net position, 7.26% 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 $232,994 in 2017. Key elements of this decrease are as follows:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 1,483,697	$ 1,404,530	$ 1,633,742	$ 1,621,474	$ 3,117,439	$ 3,026,004
Operating grants and contributions	3,014,768	2,664,057	-	-	3,014,768	2,664,057
Capital grants and contributions	85,122	-	-	-	85,122	-
General revenues:						
Property taxes	2,933,262	3,009,300	-	-	2,933,262	3,009,300
Other taxes	2,165,478	2,215,202	-	-	2,165,478	2,215,202
Investment Income	3,094	3,537	862	845	3,956	4,382
Gain (loss) on sale of assets	-	-	-	-	-	-
Total revenues	9,685,421	9,296,626	1,634,604	1,622,319	11,320,025	10,918,945
Expenses						
General government	2,189,366	2,312,685	-	-	2,189,366	2,312,685
Judicial	375,186	374,970	-	-	375,186	374,970
Public safety	2,678,485	2,321,235	-	-	2,678,485	2,321,235
Public works	1,904,255	1,799,541	-	-	1,904,255	1,799,541
Health and welfare	2,206,267	2,019,402	-	-	2,206,267	2,019,402
Culture and recreation	318,346	334,061	-	-	318,346	334,061
Housing and development	224,300	250,716	-	-	224,300	250,716
Tourism	22,210	-	-	-	22,210	-
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	1,116,052	1,302,532	1,116,052	1,302,532
Solid waste	-	-	663,523	654,789	663,523	654,789
Campgrounds and parks	-	-	82,053	84,315	82,053	84,315
Total expenses	9,918,415	9,412,610	1,861,628	2,041,636	11,780,043	11,454,246
Change in net position before transfers	(232,994)	(115,984)	(227,024)	(419,317)	(460,018)	(535,301)
Transfers	-	(67,005)	-	67,005	-	-
Change in net position	(232,994)	(182,989)	(227,024)	(352,312)	(460,018)	(535,301)
Net position, beginning of year, as restated	14,171,964	14,354,953	11,679,278	12,031,590	25,851,242	26,386,543
Net position, end of year	$ 13,938,970	$ 14,171,964	$ 11,452,254	$ 11,679,278	$ 25,391,224	$ 25,851,242

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 2017 fiscal year, the combined fund balance of all the governmental funds was $3,404,009, of which $1,595,460, or 46.87%, 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 $1,688,811, while total fund balance was $2,770,233. Total fund balance increased $16,629 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 26.99% of total General Fund expenditures while total fund balance represents 44.27% 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 $124,433 to a balance of $151,292 primarily due to continued progress on approved projects.

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 decreased by $218,688 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 $65,717, a decrease of $18,818. The Solid Waste Fund reported a deficit of unrestricted net position in the amount of $50,251, an increase of $26,003. The Campgrounds and Parks Fund reported a deficit net position in the amount of $11,993, a decrease of $11,602. For the year ended June 30, 2017, the proprietary funds reflected total net position of $11,452,254.

General Fund Budgetary Highlights

The original budget was increased by $203,425 due to an increase in anticipated public safety expenditures. The General Fund revenues were $6,274,565. Expenses were $6,257,936. There was an excess of revenues over expenditures in the amount of $16,629.

Capital Assets and Debt Administration

Lincoln County's net investment in capital assets for its governmental and business-type activities as of June 30, 2017, amount to $26,931,444 (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	
	2017	2016	2017	2016	2017	2016
Land	$ 578,825	$ 578,825	$ 17,034	$ 17,034	$ 595,859	$ 595,859
Land improvements	147,360	126,770	87,753	87,753	235,113	214,523
Water system and lines	-	-	21,052,391	21,052,391	21,052,391	21,052,391
Infrastructure	22,615,059	22,615,059	-	-	22,615,059	22,615,059
Buildings	5,172,879	4,103,031	-	-	5,172,879	4,103,031
Furniture and equipment	1,387,381	1,121,781	186,782	186,782	1,574,163	1,308,563
Vehicles	1,575,834	1,510,126	51,169	51,169	1,627,003	1,561,295
Construction in progress	117,500	903,444	-	-	117,500	903,444
Total	31,594,838	30,959,036	21,395,129	21,395,129	52,989,967	52,354,165
Accumulated depreciation	20,348,938	19,632,696	5,709,585	5,270,750	26,058,523	24,903,446
Net Capital Assets	$ 11,245,900	$ 11,326,340	$ 15,685,544	$ 16,124,379	$ 26,931,444	$ 27,450,719

Lincoln County's outstanding debt as of June 30, 2017, was $5,604,879 for its governmental and business-type activities, with $299,774 payable within one year. Approximately 78.82% 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 is a progressive local community located approximately 35 miles from Fort Gordon Military Base, in Augusta, Georgia. The base is currently undergoing significant growth due to the location of the cyber command on Fort Gordon, and Lincoln County is excited about the economic opportunity that this may bring. In an effort to facilitate growth the county is working to obtain funding to increase the availability of infrastructure on Augusta Highway. The County continues to explore avenues for growth in recreational and agricultural industries.

The key economic factor impacting the 2017 budgets were increases in the cost of insurance. Another concern is the decline in sales tax revenue, but with only limited information available from the Georgia Department of Revenue it is hard to determine the exact cause of the decline. Lincoln County is increasingly concerned about state legislation and its impact on local government finances, as we have experienced a gradual transfer of costs from state funding to local funding over the past decade. In the past legislative session, legislation was introduced that would set minimum salaries for local law enforcement officers. While it did not pass in the last session, it is believed that it will be re-introduced in the next session. Like many rural counties, Lincoln County continues to struggle to maintain the level of services provided without increasing the burden to the property owners in the County. Local employees' compensation should be set locally, not at a statewide level.

The Lincoln County Board of Commissioners continues 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 utility services to the residents of Lincoln County. The County has begun to make much needed repairs to existing buildings with the primary funding for these repairs coming from the 2017 Special Purpose Local Option Sales Tax referendum and the disposal of surplus assets.

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 Walker T. Norman, Chairman, Lincoln County Board of Commissioners, Post Office Box 340, Lincolnton, Georgia 30817.

LINCOLN COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 3,260,045	$ 384,746	$ 3,644,791
Investments	146,768	-	146,768
Taxes receivable	203,963	-	203,963
Accounts receivable, net of allowances	201,991	194,757	396,748
Due from other governments	345,048	-	345,048
Due from component unit	2,411	-	2,411
Due from primary government	-	-	-
Internal balances	127,500	(127,500)	-
Capital leases receivable	-	-	-
Inventories	36,698	-	36,698
Prepaid items	158,586	-	158,586
Restricted assets, cash	-	169,148	169,148
Assets held for resale	-	-	-
Noncurrent - prepaid items	-	16,956	16,956
Capital assets, non-depreciable	696,325	17,034	713,359
Capital assets, depreciable, net of accumulated depreciation	10,549,575	15,668,510	26,218,085
Total assets	15,728,910	16,323,651	32,052,561
DEFERRED OUTFLOWS OF RESOURCES			
Pension - Employees Retirement System	-	-	-
Pension - Association County Commissioners of Georgia	269,201	11,217	280,418
Total deferred outflows of resources	269,201	11,217	280,418
LIABILITIES			
Accounts payable	190,900	82,502	273,402
Accrued liabilities	444,029	34,752	478,781
Unearned revenues	96,862	347,499	444,361
Due to other governments	140,332	-	140,332
Compensated absences due within one year	81,660	-	81,660
Compensated absences due in more than one year	60,640	5,343	65,983
Notes payable due within one year	20,974	82,290	103,264
Notes payable due in more than one year	-	1,195,344	1,195,344
Bonds payable due within one year	-	105,000	105,000
Bonds payable due in more than one year	-	2,918,277	2,918,277
Landfill due within one year	-	9,850	9,850
Landfill due in more than one year	-	59,100	59,100
Net pension liability - Employees Retirement System	-	-	-
Net pension liability - Association County Commissioners of Georgia	1,023,744	42,657	1,066,401
Total liabilities	2,059,141	4,882,614	6,941,755
DEFERRED INFLOWS OF RESOURCES			
Pension - Employees Retirement System	-	-	-
Total deferred inflows of resources	-	-	-
	78.82%		
NET POSITION			
Net investment in capital assets	11,224,926	11,384,633	22,609,559
Restricted for:			
Judicial	7,111	-	7,111
Public safety	33,714	-	33,714
Health and welfare	-	-	-
Culture and recreation	150,564	-	150,564
Capital projects	682,506	-	682,506
Debt service	-	64,148	64,148
Unrestricted (deficit)	1,840,149	3,473	1,843,622
Total net position	$ 13,938,970	$ 11,452,254	$ 25,391,224

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

Component Units		
Lincoln County Health Department	Development Authority of Lincoln County	Recreation Authority
$ 111,556	$ 614,833	$ 4,044
-	-	-
-	-	-
36,652	-	-
-	-	-
-	-	-
-	5,057	-
-	-	-
-	367,899	-
-	-	-
-	-	-
-	-	-
-	253,029	-
-	-	-
-	24,877	-
-	1,012,426	-
148,208	2,278,121	4,044
44,909	-	-
-	-	-
44,909	-	-
1,084	4,736	-
-	1,206	-
-	-	-
9,536	-	-
-	-	-
6,280	-	-
-	212,430	-
-	356,163	-
-	-	-
-	-	-
-	-	-
-	-	-
121,004	-	-
-	-	-
137,904	574,535	-
10,787	-	-
10,787	-	-
-	468,710	-
-	-	-
-	-	-
81,675	-	-
-	-	4,044
-	-	-
-	-	-
(37,249)	1,234,876	-
$ 44,426	$ 1,703,586	$ 4,044

LINCOLN COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,189,366	$ 245,335	$ 167,985	$ -
Judicial	375,186	142,294	146,980	-
Public safety	2,678,485	999,758	56,556	10,288
Public works	1,904,255	6,000	482,243	74,834
Health and welfare	2,206,267	5,219	2,029,355	-
Culture and recreation	318,346	33,768	-	-
Housing and development	224,300	51,323	131,649	-
Tourism	22,210	-	-	-
Total governmental activities	9,918,415	1,483,697	3,014,768	85,122
Business-type activities:				
Water	1,116,052	878,591	-	-
Solid waste	663,523	684,700	-	-
Campgrounds and parks	82,053	70,451	-	-
Total business-type activities	1,861,628	1,633,742	-	-
Total primary government	$ 11,780,043	$ 3,117,439	$ 3,014,768	$ 85,122
Component units:				
Lincoln County Health Department	$ 217,000	$ 75,797	$ 175,677	$ -
Development Authority of Lincoln County	1,682,782	12,091	6,560	-
Recreation Authority	-	-	-	-
Total component units	$ 1,899,782	$ 87,888	$ 182,237	$ -
General revenues:				
Property taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Gain on sale of assets				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position					
			Component Units		
Governmental Activities	Business-type Activities	Total	Lincoln County Health Department	Development Authority of Lincoln County	Recreation Authority
$ (1,776,046)	$ -	$ (1,776,046)	$ -	$ -	$ -
(85,912)	-	(85,912)	-	-	-
(1,611,883)	-	(1,611,883)	-	-	-
(1,341,178)	-	(1,341,178)	-	-	-
(171,693)	-	(171,693)	-	-	-
(284,578)	-	(284,578)	-	-	-
(41,328)	-	(41,328)	-	-	-
(22,210)	-	(22,210)	-	-	-
(5,334,828)	-	(5,334,828)	-	-	-
-	(237,461)	(237,461)	-	-	-
-	21,177	21,177	-	-	-
-	(11,602)	(11,602)	-	-	-
-	(227,886)	(227,886)	-	-	-
(5,334,828)	(227,886)	(5,562,714)	-	-	-
-	-	-	34,474	-	-
-	-	-	-	(1,664,131)	-
-	-	-	-	-	-
-	-	-	34,474	(1,664,131)	-
2,933,262	-	2,933,262	-	270,130	-
1,658,179	-	1,658,179	-	-	-
507,299	-	507,299	-	-	-
3,094	862	3,956	91	718	2
-	-	-	-	88,289	-
5,101,834	862	5,102,696	91	359,137	2
(232,994)	(227,024)	(460,018)	34,565	(1,304,994)	2
14,171,964	11,679,278	25,851,242	9,861	3,008,580	4,042
$ 13,938,970	$ 11,452,254	$ 25,391,224	$ 44,426	$ 1,703,586	$ 4,044

LINCOLN COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	SPLOST Fund	Workforce Development Grant Fund	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 2,028,341	$ 231,586	$ 270,933	$ 729,185	$ 3,260,045
Investments	146,768	-	-	-	146,768
Taxes receivable	145,023	54,709	-	4,231	203,963
Accounts receivable, net of allowances	156,764	-	-	45,227	201,991
Due from other governments	156,138	-	27,864	161,046	345,048
Due from component unit	2,411	-	-	-	2,411
Due from other funds	464,514	-	-	151	464,665
Prepaid items	158,586	-	-	-	158,586
Inventories	36,698	-	-	-	36,698
Total assets	$ 3,295,243	$ 286,295	$ 298,797	$ 939,840	$ 4,820,175
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 83,402	$ 14,923	-	$ 92,575	$ 190,900
Accrued liabilities	225,670	-	216,102	2,257	444,029
Unearned revenues	96,862	-	-	-	96,862
Due to other governments	-	120,080	14,777	5,475	140,332
Due to other funds	151	-	55,459	281,555	337,165
Total liabilities	406,085	135,003	286,338	381,862	1,209,288
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	$ 118,925	$ -	$ -	$ -	$ 118,925
Unavailable revenue - E-911 charges	-	-	-	13,119	13,119
Unavailable revenue - grant revenue	-	-	12,459	62,375	74,834
Total deferred inflows of resources	118,925	-	12,459	75,494	206,878
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepaid items	$ 158,586	$ -	-	$ -	$ 158,586
Inventory	36,698	-	-	-	36,698
Restricted for:					
Public library	146,768	-	-	-	146,768
Tourism	-	-	-	3,796	3,796
Drug education	-	-	-	21,701	21,701
Public safety	-	-	-	12,013	12,013
Law library	-	-	-	7,111	7,111
Capital projects	-	151,292	-	531,214	682,506
Assigned:					
Subsequent year's budget	739,370	-	-	-	739,370
Unassigned	1,688,811	-	-	(93,351)	1,595,460
Total fund balances	2,770,233	151,292	-	482,484	3,404,009
Total liabilities, deferred inflows of resources and fund balances	$ 3,295,243	$ 286,295	$ 298,797	$ 939,840	

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.	11,245,900
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	206,878
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(163,274)
Net pension liability and related deferred outflows used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	(754,543)
Net position of governmental activities	$ 13,938,970

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, 2017

	General Fund	SPLOST Fund	Workforce Development Grant Fund	Nonmajor Governmental Funds	Total
Revenues					
Taxes	$ 3,872,586	$ 603,821	$ -	$ 595,013	$ 5,071,420
Licenses and permits	60,790	-	-	-	60,790
Intergovernmental	820,958	-	1,786,177	155,338	2,762,473
Charges for services	1,048,493	-	-	129,315	1,177,808
Fines and forfeitures	95,999	-	-	15,313	111,312
Investment income	3,082	-	-	12	3,094
Rental income	90,029	-	-	-	90,029
Miscellaneous	282,628	-	-	10,594	293,222
Total revenues	6,274,565	603,821	1,786,177	905,585	9,570,148
Expenditures					
Current:					
General government	2,001,054	-	-	-	2,001,054
Judicial	370,169	-	-	5,017	375,186
Public safety	2,392,407	-	-	302,451	2,694,858
Public works	831,460	-	-	-	831,460
Health and welfare	207,232	-	1,786,177	212,858	2,206,267
Culture and recreation	246,024	-	-	-	246,024
Housing and development	209,590	-	-	-	209,590
Tourism	-	-	-	22,210	22,210
Intergovernmental	-	95,760	-	-	95,760
Capital outlay	-	682,494	-	387,451	1,069,945
Debt service:					
Principal	-	-	-	21,294	21,294
Total expenditures	6,257,936	778,254	1,786,177	951,281	9,773,648
Excess (deficiency) of revenues over (under) expenditures	16,629	(174,433)	-	(45,696)	(203,500)
Other financing sources (uses):					
Transfers in	-	50,000	-	-	50,000
Transfers out	-	-	-	(50,000)	(50,000)
Total other financing sources (uses)	-	50,000	-	(50,000)	-
Net change in fund balances	16,629	(124,433)	-	(95,696)	(203,500)
Fund balances, beginning of year	2,753,604	275,725	-	578,180	3,607,509
Fund balances, end of year	$ 2,770,233	$ 151,292	$ -	$ 482,484	$ 3,404,009

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, 2017

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

Net change in fund balances - total governmental funds	$	(203,500)
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.		(80,440)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		115,273
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.		(85,621)
	$	(232,994)

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	$ 3,586,058	$ 3,457,416	$ 2,905,942	$ (551,474)
Sales taxes	513,000	482,000	482,909	909
Other taxes	437,350	466,472	483,735	17,263
Licenses and permits	38,200	50,152	60,790	10,638
Intergovernmental	719,656	816,618	820,958	4,340
Charges for services	982,054	1,039,745	1,048,493	8,748
Fines and forfeitures	83,800	96,450	95,999	(451)
Investment income	2,200	2,200	3,082	882
Rental income	56,990	89,967	90,029	62
Miscellaneous	172,689	294,402	282,628	(11,774)
Total revenues	6,591,997	6,795,422	6,274,565	(520,857)
Expenditures:				
Current:				
General government:				
Board of county commissioners	143,963	154,025	153,216	809
Elections	84,691	92,092	90,174	1,918
General administration	1,800,724	1,717,256	1,155,969	561,287
Finance office	125,235	122,631	123,136	(505)
County attorney	40,614	33,614	31,559	2,055
Tax commissioner	180,054	177,707	168,470	9,237
Tax assessor	191,524	198,344	197,506	838
Information technology	55,476	78,845	77,215	1,630
Board of equalization	7,615	5,915	3,809	2,106
Total general government	2,629,896	2,580,429	2,001,054	579,375
Judicial:				
Clerk of superior court	199,471	192,027	183,916	8,111
District attorney	16,600	16,600	15,193	1,407
Probate court	165,467	169,308	167,223	2,085
Juvenile court	4,100	4,947	3,837	1,110
Total judicial	385,638	382,882	370,169	12,713
Public safety:				
Sheriff	647,892	663,015	664,003	(988)
Jail	636,105	784,812	755,253	29,559
Communications	214,162	238,192	241,146	(2,954)
Fire	9,746	6,578	6,578	-
Office of emergency services	677,206	715,766	714,328	1,438
Coroner	12,031	12,087	11,099	988
Total public safety	2,197,142	2,420,450	2,392,407	28,043
Public works:				
Shop	88,193	80,418	80,620	(202)
Roads	681,791	761,632	750,840	10,792
Total public works	769,984	842,050	831,460	10,590

(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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Expenditures (continued):				
Health and welfare:				
Health department	$ 38,800	$ 38,800	$ 38,800	$ -
Georgia forestry	8,201	8,201	8,201	-
DFACS	7,400	7,400	4,074	3,326
Senior citizens	77,314	78,355	71,119	7,236
Lincoln center	14,767	16,103	13,856	2,247
Transit	81,170	81,707	71,182	10,525
Total health and welfare	227,652	230,566	207,232	23,334
Culture and recreation:				
Art and recreation	127,971	128,340	121,783	6,557
Library	140,130	137,082	124,241	12,841
Total culture and recreation	268,101	265,422	246,024	19,398
Housing and development:				
Cooperative extension service	69,292	52,033	50,303	1,730
Planning and permits	48,007	45,744	45,434	310
Code enforcement	47,563	49,048	49,336	(288)
Economic development	84,975	63,051	64,517	(1,466)
Total housing and development	249,837	209,876	209,590	286
Total expenditures	6,728,250	6,931,675	6,257,936	673,739
Excess (deficiency) of revenues over (under) expenditures	(136,253)	(136,253)	16,629	152,882
Other financing sources:				
Transfers in	136,253	136,253	-	(136,253)
Total other financing sources	136,253	136,253	-	(136,253)
Net change in fund balance	-	-	16,629	16,629
Fund balance, beginning of year	2,753,604	2,753,604	2,753,604	-
Fund balance, end of year	$ 2,753,604	$ 2,753,604	$ 2,770,233	$ 16,629

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, 2017

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	1,665,000	1,765,000	1,786,177	21,177
Total revenues	1,665,000	1,765,000	1,786,177	21,177
Expenditures:				
Personnel services	117,118	142,118	165,150	(23,032)
Contract services	1,547,882	1,622,882	1,621,027	1,855
Total expenditures	1,665,000	1,765,000	1,786,177	(21,177)
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, 2017

ASSETS	Major Enterprise Funds: Water Fund	Major Enterprise Funds: Solid Waste Fund	Nonmajor Enterprise Fund	Totals
CURRENT ASSETS				
Cash	$ 36,913	$ 337,008	$ 10,825	$ 384,746
Accounts receivable, net of allowances	109,367	85,390	-	194,757
Restricted assets, cash	169,148	-	-	169,148
Total current assets	315,428	422,398	10,825	748,651
NONCURRENT ASSETS				
Prepaid bond insurance	16,956	-	-	16,956
Capital assets:				
Capital assets, nondepreciable	17,034	-	-	17,034
Capital assets, depreciable, net of accumulated depreciation	15,631,215	37,295	-	15,668,510
Total noncurrent assets	15,665,205	37,295	-	15,702,500
Total assets	15,980,633	459,693	10,825	16,451,151
DEFERRED OUTFLOWS OF RESOURCES				
Pension	11,217	-	-	11,217
Total deferred outflows of resources	11,217	-	-	11,217
LIABILITIES				
CURRENT LIABILITIES				
Payable from current assets:				
Accounts payable	25,764	52,711	4,027	82,502
Accrued liabilities	33,210	603	939	34,752
Unearned revenues	-	343,668	3,831	347,499
Notes payable, current portion	82,290	-	-	82,290
Postclosure liability, current portion	-	9,850	-	9,850
Due to other funds	106,762	6,717	14,021	127,500
Total payable from current assets	248,026	413,549	22,818	684,393
Payable from restricted assets:				
Revenue bonds payable, current portion	105,000	-	-	105,000
Total payable from restricted assets	105,000	-	-	105,000
Total current liabilities	353,026	413,549	22,818	789,393
NONCURRENT LIABILITIES				
Revenue bonds payable, net of current portion	2,918,277	-	-	2,918,277
Postclosure liability, net of current portion	-	59,100	-	59,100
Compensated absences	5,343	-	-	5,343
Notes payable, net of current portion	1,195,344	-	-	1,195,344
Net pension liability	42,657	-	-	42,657
Total noncurrent liabilities	4,161,621	59,100	-	4,220,721
Total liabilities	4,514,647	472,649	22,818	5,010,114
NET POSITION				
Net investment in capital assets	11,347,338	37,295	-	11,384,633
Restricted for:				
Debt service	64,148	-	-	64,148
Unrestricted	65,717	(50,251)	(11,993)	3,473
Total net position	$ 11,477,203	$ (12,956)	$ (11,993)	$ 11,452,254

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, 2017

	Major Enterprise Funds			
	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
Operating revenues:				
Charges for services	$ 875,697	$ 684,700	$ 70,442	$ 1,630,839
Miscellaneous income	2,894	-	9	2,903
Total operating revenues	878,591	684,700	70,451	1,633,742
Operating expenses:				
Purchases	148,706	-	-	148,706
Salaries and benefits	159,732	18,018	18,559	196,309
Materials and supplies	19,138	316	6,905	26,359
Repairs and maintenance	90,104	131	9,029	99,264
Professional and contract services	51,010	637,339	25,240	713,589
Utilities	53,586	1,758	21,500	76,844
Other operating expenses	46,243	1,574	820	48,637
Depreciation	434,448	4,387	-	438,835
Total operating expenses	1,002,967	663,523	82,053	1,748,543
Operating income (loss)	(124,376)	21,177	(11,602)	(114,801)
Non-operating revenues (expenses):				
Investment income	423	439	-	862
Interest expense	(113,085)	-	-	(113,085)
Total non-operating revenues (expenses)	(112,662)	439	-	(112,223)
Change in net position	(237,038)	21,616	(11,602)	(227,024)
Net position, beginning of year	11,714,241	(34,572)	(391)	11,679,278
Net position, end of year	$ 11,477,203	$ (12,956)	$ (11,993)	$ 11,452,254

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, 2017

	Major Enterprise Funds			
	Water Fund	Solid Waste Fund	Nonmajor Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 877,265	$ 677,808	$ 69,147	$ 1,624,220
Payments to suppliers and service providers	(405,247)	(644,921)	(47,509)	(1,097,677)
Payments to employees	(161,106)	(18,018)	(18,559)	(197,683)
Net cash provided by operating activities	310,912	14,869	3,079	328,860
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds	(100,000)	-	-	(100,000)
Principal paid on notes payable	(80,751)	-	-	(80,751)
Payments of bond issuance cost	942	-	-	942
Interest paid	(112,881)	-	-	(112,881)
Net cash used in capital and related financing activities	(292,690)	-	-	(292,690)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	423	439	-	862
Net cash provided by investing activities	423	439	-	862
Net increase in cash and cash equivalents	18,645	15,308	3,079	37,032
Cash and cash equivalents:				
Beginning of year	187,416	321,700	7,746	516,862
End of year	$ 206,061	$ 337,008	$ 10,825	$ 553,894
Classified as:				
Cash and cash equivalents	$ 36,913	$ 337,008	$ 10,825	$ 384,746
Restricted assets, cash and cash equivalents	169,148	-	-	169,148
	$ 206,061	$ 337,008	$ 10,825	$ 553,894

(Continued)

LINCOLN COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Enterprise Funds		Nonmajor Enterprise Fund	Totals
	Water Fund	Solid Waste Fund		
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (124,376)	$ 21,177	$ (11,602)	$ (114,801)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	434,448	4,387	-	438,835
Increase in accounts receivable	(1,326)	(11,545)	-	(12,871)
Decrease in due from other funds	-	-	3,140	3,140
Increase in deferred outflows of resources	(1,310)	-	-	(1,310)
Increase (decrease) in accounts payable	(1,957)	1,844	26	(87)
Increase (decrease) in accrued liabilities	(134)	196	423	485
Increase (decrease) in unearned revenues	-	4,653	(1,304)	3,349
Decrease in compensated absences	(4,264)	-	-	(4,264)
Decrease in postclosure liability	-	(9,850)	-	(9,850)
Increase in net pension liability	4,334	-	-	4,334
Increase in due to other funds	5,497	4,007	12,396	21,900
Net cash provided by operating activities	$ 310,912	$ 14,869	$ 3,079	$ 328,860

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

LINCOLN COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency Funds
ASSETS	
Cash	$ 375,610
Taxes receivable	326,471
Total assets	$ 702,081
LIABILITIES	
Due to component unit	$ 2,955
Due to others	372,655
Uncollected property taxes	326,471
Total liabilities	$ 702,081

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

BASIC 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 GASB 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, 2017.

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 acquisition value. 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, 2017.

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 three items related to the recording of changes in its pension liability that qualify for reporting in this category. 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. Experience losses result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example, the assumed dates of retirement of plan members. These experience losses are recorded as deferred outflows of resources and are amortized into pension expense over the expecting remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of plan members.

In addition to liabilities, the statement of net position and the governmental funds balance sheet 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

The governmental funds report unavailable revenues from property taxes, grant revenues, and E-911 charges. These amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Fund Equity (Continued)

Fund Balance (Continued)

- ***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.

- ***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 $85,621 difference are as follows:

Compensated absences	$	(13,055)
Net pension liability		(72,566)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position of governmental activities*	$	(85,621)

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 $80,440 difference are as follows:

Capital outlay	$	670,669
Depreciation expense		(751,109)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(80,440)

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 $163,274 difference are as follows:

Compensated absences	$	(142,300)
Notes payable		(20,974)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(163,274)

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 following funds had deficit fund balances/net position as of June 30, 2017:

Solid Waste Fund	$	12,956
Campground and Parks Fund		11,993
E-911 Fund		58,318
Family Connection Fund		35,033

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, 2017, expenditures exceeded budget in the General Fund, as follows:

Department		Excess
General Fund:		
Finance office	$	505
Sheriff		988
Shop		202
Communications		2,954
Code enforcement		288
Economic development		1,466
Workforce Development Grant Fund:		
Personnel services		23,032

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

NOTE 4. DEPOSITS AND INVESTMENTS

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

As reported in the statement of net position:	
Primary government:	
Cash and cash equivalents	$ 3,644,791
Restricted cash and cash equivalents	169,148
Investments	146,768
	3,960,707
As reported in the statement of fiduciary assets and liabilities:	
Agency funds:	
Cash and cash equivalents	375,610
Cash deposited with financial institutions	$ 4,336,317

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.

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, 2017, 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, 2017, the County had the following investments:

Investment Type	Fair Value	Investment Maturities Less than 1 year
Certificates of deposit	$ 146,768	$ 146,768

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County's investments in certificates of deposit are not subject to the fair value level disclosures. As a result, the County does not disclose its investments in certificates of deposit within the fair value hierarchy.

NOTE 5. RECEIVABLES

Receivables at June 30, 2017, 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	$ 171,652	$ 54,709	$ -	$ -	$ -	$ 4,231	$ 230,592
Accounts	643,965	-	-	191,251	117,927	45,227	998,370
Intergovernmental	156,138	-	27,864	-	-	161,046	345,048
Gross receivables	971,755	54,709	27,864	191,251	117,927	210,504	1,574,010
Less allowance	(513,830)	-	-	(81,884)	(32,537)	-	(628,251)
Net receivables	$ 457,925	$ 54,709	$ 27,864	$ 109,367	$ 85,390	$ 210,504	$ 945,759

Property taxes were levied on September 8, 2016. Bills are payable on or before December 20, 2016, 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 2016 are recorded as receivables, net of estimated uncollectibles. The net receivables collected during the year ended June 30, 2017, and collected by August 31, 2017, are recognized as revenues in the year ended June 30, 2017. Net receivables estimated to be collected subsequent to August 31, 2017 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 1, 2017.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 578,825	$ -	$ -	$ -	$ 578,825
CIP	903,444	549,504	-	(1,335,448)	117,500
Total	1,482,269	549,504	-	(1,335,448)	696,325
Capital assets, being depreciated:					
Land improvements	126,770	20,590	-	-	147,360
Infrastructure	22,615,059	-	-	-	22,615,059
Buildings	4,103,031	-	-	1,069,848	5,172,879
Vehicles	1,510,126	100,575	(34,867)	-	1,575,834
Furniture, fixtures and equipment	1,121,781	-	-	265,600	1,387,381
Total	29,476,767	121,165	(34,867)	1,335,448	30,898,513
Less accumulated depreciation for:					
Land improvements	23,768	3,338	-	-	27,106
Infrastructure	14,709,014	427,662	-	-	15,136,676
Buildings	2,876,302	128,131	-	-	3,004,433
Vehicles	1,159,323	97,868	(34,867)	-	1,222,324
Furniture, fixtures and equipment	864,289	94,110	-	-	958,399
Total	19,632,696	751,109	(34,867)	-	20,348,938
Total capital assets, being depreciated, net	9,844,071	(629,944)	-	1,335,448	10,549,575
Governmental activities capital assets, net	$ 11,326,340	$ (80,440)	$ -	$ -	$ 11,245,900

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	186,782	-	-	-	186,782
Total	21,378,095	-	-	-	21,378,095
Less accumulated depreciation for:					
Water system and lines	5,047,031	421,046	-	-	5,468,077
Land improvements	46,071	4,388	-	-	50,459
Vehicles	51,169	-	-	-	51,169
Furniture and equipment	126,479	13,401	-	-	139,880
Total	5,270,750	438,835	-	-	5,709,585
Total capital assets, being depreciated, net	16,107,345	(438,835)	-	-	15,668,510
Business-type activities capital assets, net	$ 16,124,379	$ (438,835)	$ -	$ -	$ 15,685,544

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

Governmental activities:	
General government	$ 1,637
Public safety	167,673
Public works	492,050
Culture and recreation	77,568
Housing and development	12,181
Total depreciation expense - governmental activites	$ 751,109
Business-type activities:	
Water	$ 434,448
Solid waste	4,387
Total depreciation expense - business-type activities	$ 438,835

NOTE 7. LONG-TERM DEBT

The following is a summary of long-term debt activity for the fiscal year ended June 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable	$ 42,268	$ -	$ 21,294	$ 20,974	$ 20,974
Compensated absences	129,245	118,337	105,282	142,300	81,660
Net pension liability	919,733	540,247	436,236	1,023,744	-
Totals	$ 1,091,246	$ 658,584	$ 562,812	$ 1,187,018	$ 102,634
Business-type activities:					
Revenue bonds	$ 3,135,000	$ -	$ 100,000	$ 3,035,000	$ 105,000
Unamortized discount	(12,739)	-	1,016	(11,723)	-
Total revenue bonds	3,122,261	-	101,016	3,023,277	105,000
Notes payable	1,358,385	-	80,751	1,277,634	82,290
Landfill postclosure	78,800	-	9,850	68,950	9,850
Compensated absences	9,607	3,023	7,287	5,343	-
Net pension liability	38,323	22,510	18,176	42,657	-
Totals	$ 4,607,376	$ 25,533	$ 217,080	$ 4,417,861	$ 197,140

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, 2017, are as follows:

Series 2015 $3,235,000 Water and Sewerage System Revenue Refunding Bonds, interest due in semiannual installments on April 1st and October 1st at 2.0% - 3.250% and principal due annually on April 1st. Final payment is due April 1, 2035.	$ 3,035,000
Less: Unamortized discount	(11,723)
	$ 3,023,277

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
2018	$ 105,000	$ 87,650
2019	105,000	85,550
2020	110,000	82,400
2021	110,000	79,100
2022	115,000	75,800
2023-2027	610,000	340,213
2028-2032	1,105,000	232,306
2033-2035	775,000	50,863
	$ 3,035,000	$ 1,033,882

During the fiscal year ended June 30, 2016, the County issued $3,235,000 of Series 2015 Water and Sewerage System Revenue Refunding Bonds. The proceeds from the sale of these bonds were used to prepay the County's Georgia Environmental Finance Authority (GEFA) Loan 98-L41WS, dated September 1, 1999, outstanding at the time of issuance; refund the Lincoln County, Georgia Water System Revenue Bonds, Series 1993, dated April 14, 1994, outstanding at the time of issuance; refund the Lincoln County, Georgia Water System Revenue Bonds, Series 1995, dated January 23, 1996, outstanding at the time of issuance; refund the Lincoln County, Georgia Water System Revenue Bonds, Series 2004, dated July 23, 2004, outstanding at the time of issuance; refund the Lincoln County, Georgia Water System Revenue Bonds, Series 2011, dated September 22, 2012, outstanding at the time of issuance; and to pay all expenses incurred in connection with the issuance of the Series 2015 bonds. The issuance of the Series 2015 bonds resulted in an advance refunding transaction which decreased the total debt service payments over the life of the Series 2015 bonds by approximately $1.3 million and produced an economic gain of approximately $450,000. The Series 2015 bonds are payable in semi-annually interest only payments of 2.0% to 3.25% beginning on April 1, 2016, and principal payable annually beginning on April 1, 2016, ranging from $100,000 to $265,000 through April 1, 2035.

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, 2017, was $20,974.

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

Year ending June 30,	Principal	Interest
2018	$ 20,974	$ -

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, 2017, was $444,801.

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

Year ending June 30,	Principal	Interest
2018	$ 8,198	$ 9,034
2019	8,368	8,864
2020	8,517	8,715
2021	8,717	8,515
2022	8,897	8,335
2023-2027	47,300	38,860
2028-2032	52,383	33,777
2033-2037	58,053	28,107
2038-2042	64,314	21,846
2043-2047	71,251	14,909
2048-2052	78,936	7,224
2053-2054	29,867	560
	$ 444,801	$ 188,746

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, 2017:

Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
1.50%	20 years	2028	$ 1,449,967	$ 832,833
				$ 832,833

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, 2017, $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
2018	$ 74,092	$ 11,716
2019	75,211	10,597
2020	76,346	9,461
2021	77,500	8,308
2022	78,670	7,138
2023-2027	451,014	17,502
	$ 832,833	$ 64,722

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, 2017, the County has 10 years of monitoring remaining. The liability for the landfill postclosure care costs is estimated to be $68,950 as of June 30, 2017. These estimated costs are based on what it would cost to perform all postclosure care in 2017. 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 BALANCES AND TRANSFERS

Interfund receivable and payable balances as of June 30, 2017, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 106,762
General Fund	Solid Waste Fund	6,717
General Fund	Workforce Development Grant Fund	55,459
General Fund	Nonmajor Governmental Funds	281,555
General Fund	Nonmajor Enterprise Fund	14,021
Nonmajor Governmental Funds	General Fund	151
		$ 464,665

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.

Interfund transfers for the year ended June 30, 2017, consisted of the following:

Transfer in	Transfer out	Amount
SPLOST	Nonmajor Governmental Funds	$ 50,000

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

NOTE 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, 2017, the County paid $6,430 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, 2016, the date of the most recent actuarial valuation date, pension plan membership consisted of the following:

Retirees, beneficiaries and disabled receiving benefits	24
Terminated plan participants entitled to but not yet receiving benefits	62
Active employees participating in the Plan	53
Total numer of Plan participants	139

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, 2017, the County's contribution rate was 14.9% of annual payroll. County contributions to the Plan were $237,611 for the year ended June 30, 2017.

Net Pension Liability of the County

The County's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016 with update procedures performed by the actuary to roll forward to the total pension liability measured as of December 31, 2016.

Actuarial Assumptions. The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.0% - 5.5%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation. Changed to 7.25% as of December 31, 2016.

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, 2016, valuation were based on the results of an actuarial experience study for December 31, 2014.

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, 2016, are summarized in the following table:

Asset class	Target Allocation	Long-term expected real rate of return
Fixed income	30.00%	3.07%
Large cap equities	30.00%	1.97%
Mid cap equities	5.00%	0.86%
Small cap equities	5.00%	0.30%
REIT	5.00%	0.52%
International	15.00%	0.47%
Multi cap	5.00%	0.51%
Global allocation	5.00%	0.58%
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 7.5%. As of December, 31, 2016, the expected discount rate was revised to 7.25%. 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, 2017, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	$ 3,820,716	$ 2,862,660	$ 958,056
Changes for the year:			
Service cost	103,765	-	103,765
Interest	286,554	-	286,554
Differences between expected and actual experience	11,381	-	11,381
Assumption changes	121,650	-	121,650
Contributions-employer	-	237,611	(237,611)
Net investment income	-	211,062	(211,062)
Benefit payments, including refunds of employee contributions	(158,771)	(153,032)	(5,739)
Administrative expenses	-	(14,499)	14,499
Other changes	-	(24,908)	24,908
Net changes	364,579	256,234	108,345
Balances at June 30, 2017	$ 4,185,295	$ 3,118,894	$ 1,066,401

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 revised discount rate of 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employers' share of net pension liability	$ 1,613,448	$ 1,066,401	$ 610,992

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, 2016 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, 2017, the County recognized pension expense of $313,201. At June 30, 2017, the County reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,651	$ -
Changes of assumptions	136,777	-
Net difference between projected and actual earnings on pension plan investment	128,990	-
Total	$ 280,418	$ -

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

Year ended June 30:	
2018	$ 63,655
2019	63,655
2020	63,655
2021	63,655
2022	25,798
Total	$ 280,418

NOTE 11. 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, 2017, neither the County, nor County employees made contributions to the Plan.

NOTE 12. 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 12. 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 13. 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 14. 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, 2017, the County collected $23,564 of hotel/motel taxes. Management represents that 100% of the lodging tax received during the year ended June 30, 2017, was used for the promotion of tourism.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015
Total pension liability			
Service cost	$ 103,765	$ 116,094	$ 113,794
Interest on total pension liability	286,554	258,060	238,565
Differences between expected and actual experience	11,381	13,770	-
Assumption changes	121,650	105,312	-
Benefit payments, including refunds of employee contributions	(158,771)	(113,326)	(92,421)
Net change in total pension liability	364,579	379,910	259,938
Total pension liability - beginning	3,820,716	3,440,806	3,180,868
Total pension liability - ending (a)	$ 4,185,295	$ 3,820,716	$ 3,440,806
Plan fiduciary net position			
Contributions - employer	$ 237,611	$ 240,241	$ 243,643
Net investment income	211,062	23,152	180,521
Benefit payments, including refunds of employee contributions	(153,032)	(109,230)	(89,081)
Administrative expenses	(14,499)	(11,882)	(11,371)
Other	(24,908)	(37,989)	(36,718)
Net change in plan fiduciary net position	256,234	104,292	286,994
Plan fiduciary net position - beginning	2,862,660	2,758,368	2,471,374
Plan fiduciary net position - ending (b)	$ 3,118,894	$ 2,862,660	$ 2,758,368
County's net pension liability - ending (a) - (b)	$ 1,066,401	$ 958,056	$ 682,438
Plan fiduciary net position as a percentage of the total pension liability	74.5%	74.9%	80.2%
Covered-employee payroll	$ 1,599,926	$ 1,725,201	$ 1,703,881
County's net pension liability as a percentage of covered-employee payroll	66.7%	55.5%	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

	2017	2016	2015	2014
Actuarially determined contribution	**$ 233,124**	$ 235,060	$ 233,483	$ 236,710
Contributions in relation to the actuarially determined contribution	**237,611**	240,241	243,643	242,391
Contribution deficiency (excess)	**$ (4,487)**	$ (5,181)	$ (10,160)	$ (5,681)
Covered-employee payroll	**$ 1,599,926**	$ 1,725,201	$ 1,703,881	$ 1,595,505
Contributions as a percentage of covered-employee payroll	**14.9%**	13.9%	14.3%	15.2%

Notes to the Schedule

Valuation Date	January 1, 2017
Cost Method	Entry Age Normal
Actuarial Asset Valuation Method	Market value
Assumed Rate of Return on Investments	7.25%
Projected Salary Increases	3.5% - 5.5% (including 3.00% for inflation)
Cost-of-living Adjustment	2.00%
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.

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, 2017

	Special Revenue			
	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Family Connection Fund
ASSETS				
Cash and cash equivalents	$ 5,040	$ 22,464	$ 7,111	$ 99,874
Taxes receivable	4,231	-	-	-
Accounts receivable	-	45,227	-	-
Due from other governments	-	12,110	-	89,289
Due from other funds	-	-	-	-
Total assets	$ 9,271	$ 79,801	$ 7,111	$ 189,163
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 4,009
Accrued liabilities	-	-	-	2,257
Due to other governments	5,475	-	-	-
Due to other funds	-	125,000	-	155,555
Total liabilities	5,475	125,000	-	161,821
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - Grant revenue	-	-	-	62,375
Unavailable revenue - E-911 charges	-	13,119	-	-
Total deferred inflows of resources	-	13,119	-	62,375
FUND BALANCES (DEFICITS)				
Restricted:				
Tourism	3,796	-	-	-
Drug education	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	-	-	-
Law library	-	-	7,111	-
Unassigned	-	(58,318)	-	(35,033)
Total fund balances (deficits)	3,796	(58,318)	7,111	(35,033)
Total liabilities, deferred inflows of resources, and fund balances	$ 9,271	$ 79,801	$ 7,111	$ 189,163

		Capital Projects	
Drug Education Fund	Jail Fund	T-SPLOST Fund	Totals
$ 21,701	$ 11,862	$ 561,133	$ 729,185
-	-	-	4,231
-	-	-	45,227
-	-	59,647	161,046
-	151	-	151
$ 21,701	$ 12,013	$ 620,780	$ 939,840
$ -	$ -	$ 88,566	$ 92,575
-	-	-	2,257
-	-	-	5,475
-	-	1,000	281,555
-	-	89,566	381,862
-	-	-	62,375
-	-	-	13,119
-	-	-	75,494
-	-	-	3,796
21,701	-	-	21,701
-	12,013	-	12,013
-	-	531,214	531,214
-	-	-	7,111
-	-	-	(93,351)
21,701	12,013	531,214	482,484
$ 21,701	$ 12,013	$ 620,780	$ 939,840

LINCOLN COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Special Revenue			
	Hotel/Motel Tax Fund	E-911 Fund	Law Library Fund	Family Connection Fund
Revenues:				
Taxes	$ 23,564	$ -	$ -	$ -
Intergovernmental	-	-	-	155,338
Charges for services	-	129,315	-	-
Fines and forfeitures	-	-	3,760	-
Investment income	3	-	-	-
Miscellaneous	-	-	-	306
Total revenues	23,567	129,315	3,760	155,644
Expenditures:				
Current:				
Judicial	-	-	5,017	-
Public safety	-	296,682	-	-
Health and welfare	-	-	-	212,858
Tourism	22,210	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Total expenditures	22,210	296,682	5,017	212,858
Excess (deficiency) of revenues over (under) expenditures	1,357	(167,367)	(1,257)	(57,214)
Other financing uses:				
Transfers out	-	-	-	-
Total other financing uses	-	-	-	-
Net change in fund balances	1,357	(167,367)	(1,257)	(57,214)
Fund balances, beginning of year	2,439	109,049	8,368	22,181
Fund balances (deficits), end of year	$ 3,796	$ (58,318)	$ 7,111	$ (35,033)

		Capital Projects	
Drug Education Fund	Jail Fund	T-SPLOST Fund	Totals
$ -	$ -	$ 571,449	$ 595,013
-	-	-	155,338
-	-	-	129,315
3,266	8,287	-	15,313
9	-	-	12
-	-	10,288	10,594
3,275	8,287	581,737	905,585
-	-	-	5,017
-	5,769	-	302,451
-	-	-	212,858
-	-	-	22,210
-	-	387,451	387,451
-	-	21,294	21,294
-	5,769	408,745	951,281
3,275	2,518	172,992	(45,696)
-	-	(50,000)	(50,000)
-	-	(50,000)	(50,000)
3,275	2,518	122,992	(95,696)
18,426	9,495	408,222	578,180
$ 21,701	$ 12,013	$ 531,214	$ 482,484

LINCOLN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
2011 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Roads, streets and bridges	$ 1,472,960	$ 1,472,960	$ 1,379,558	$ 156,148	$ 1,535,706
Office of Emergency Services building	800,000	800,000	709,024	344,141	1,053,165
Fire protection, rescue facilities and equipment	576,000	576,000	529,221	82,703	611,924
Recreation facilities	164,480	164,480	57,834	8,251	66,085
General government infrastructure	352,000	352,000	144,082	19,900	163,982
City of Lincolnton	634,560	634,560	583,123	48,923	632,046
Total	$ 4,000,000	$ 4,000,000	$ 3,402,842	$ 660,066	$ 4,062,908

LINCOLN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
2017 SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Description	Original Estimated Cost	Revised Estimated Cost	Expenditures		
			Prior Years	Current Year	Total
Roads, streets and bridges	$ 888,365	$ 824,943	$ -	$ 39,033	$ 39,033
Courthouse, building renovations	636,000	590,595	-	-	-
Fire protection	356,160	330,733	-	-	-
General government infrastructure	432,480	401,605	-	-	-
Recreation facilities	171,720	159,461	-	-	-
Fleet vehicle replacement	111,427	103,472	-	30,604	30,604
Rescue	79,373	73,706	-	1,714	1,714
City of Lincolnton	504,475	468,460	-	46,837	46,837
Total	$ 3,180,000	$ 2,952,975	$ -	$ 118,188	$ 118,188

Expenditures per above schedules:	
2011 Special Purpose Local Option Sales Tax	$ 660,066
2017 Special Purpose Local Option Sales Tax	118,188
	$ 778,254

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, 2017

ASSETS	Tax Commissioner	Clerk of Superior Court	Probate Court	Sheriff	Total
Cash	$ 269,001	$ 70,540	$ 13,546	$ 22,523	$ 375,610
Taxes receivable	326,471	-	-	-	326,471
Total assets	$ 595,472	$ 70,540	$ 13,546	$ 22,523	$ 702,081
LIABILITIES					
Due to component unit	$ 2,730	$ 225	$ -	$ -	$ 2,955
Due to others	266,271	70,315	13,546	22,523	372,655
Uncollected property taxes	326,471	-	-	-	326,471
Total liabilities	$ 595,472	$ 70,540	$ 13,546	$ 22,523	$ 702,081

LINCOLN COUNTY, GEORGIA

SINGLE AUDIT OF FEDERAL PROGRAMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

LINCOLN COUNTY, GEORGIA

SINGLE AUDIT OF FEDERAL PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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LINCOLN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2017

Grant Program	CFDA #	Grant I.D.	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Workforce Investment Act/Workforce Investment Opportunities Act Cluster				
Passed through Georgia Department of Economic Development				
Workforce Investment Opportunities Act Adult Program	17.258	11-14-15-07-013	$ 20,132	$ 20,132
Workforce Investment Opportunities Act Adult Program	17.258	11-15-15-07-013	42,428	42,428
Workforce Investment Opportunities Act Adult Program	17.258	11-15-16-07-013	498,167	498,167
Workforce Investment Opportunities Act Adult Program	17.258	11-16-16-07-013	35,345	35,345
Workforce Investment Opportunities Act Adult Program	17.258	11-16-17-07-013	75,047	75,047
Workforce Investment Opportunities Act Adult Program	17.258	14-14-15-07-013	12,652	12,652
Workforce Investment Opportunities Act Youth Activities Program	17.259	15-15-15-07-013	247,529	247,529
Workforce Investment Opportunities Act Youth Activities Program	17.259	15-16-16-07-013	292,577	292,577
Workforce Investment Opportunities Act Dislocated Worker Program	17.278	31-14-15-07-013	12,902	12,902
Workforce Investment Opportunities Act Dislocated Worker Program	17.278	31-15-15-07-013	82,669	82,669
Workforce Investment Opportunities Act Dislocated Worker Program	17.278	31-15-16-07-013	443,663	443,663
Workforce Investment Opportunities Act Dislocated Worker Program	17.278	31-16-16-07-013	16,211	16,211
Workforce Investment Opportunities Act Dislocated Worker Program	17.278	WSG-14-15-07-01	711	711
Workforce Investment Opportunities Act Rapid Response Program	17.278	44-15-15-07-013	6,144	6,144
Total U.S. Department of Labor			1,786,177	1,786,177
U.S. Department of Transportation				
Passed through Georgia Department of Transportation				
Rural Area Program	20.509	T05847	34,186	-
Passed through Central Savannah River Area Regional Commission				
Rural Area Program	20.509	2086-00-25 8202.0545	9,489	-
Total U.S. Department of Transportation			43,675	-
U.S. Department of Health and Human Services				
TANF Cluster				
Passed through Georgia Department of Human Resources				
After-School Care Program	93.558	42700-040-0000054030	155,767	-
			155,767	-
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	NSI061706/T3C1061708/T3C2061708	38,735	-
			38,735	-
Passed through Governor's Office for Children and Families				
Affordable Care Act Abstinence Education Program	93.235	42700-040-0000035713	14,945	-
Total U.S. Department of Health and Human Services			209,447	-
Total Expenditures of Federal Awards			$ 2,039,299	$ 1,786,177

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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 includes the federal grant activity of Lincoln County, Georgia (the "County"), and is prepared on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 $750,000 of total federal expenditures.

De Minimis Indirect Cost Rate

The County chose not to use the ten percent de minimus cost rate for the fiscal year ended June 30, 2017.

Noncash Assistance and Loans

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year-end.

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 20, 2017. 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.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001, 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
December 20, 2017

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 THE UNIFORM GUIDANCE

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 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, 2017. The County's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program

In our opinion, 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, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 20, 2017, 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 the Uniform Guidance 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
December 20, 2017

LINCOLN COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 the Uniform Guidance?	___ Yes	_X_ No

Identification of major program:

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

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
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, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2017-001. 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: Water Department 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, 2017

SECTION I
PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2016-001. 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: Water Department and Clerk of Superior Court.

Status: Unresolved. See current year finding at 2017-001.

SECTION II
PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

LINCOLN COUNTY, GEORGIA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017-001. Segregation of Duties

Name of the Contact Person Responsible for the Corrective Action Plan: Traci Bussey, Finance Director.

Corrective Action Plan: The offices are in the process of reviewing their respective systems to evaluate and determine the most efficient and effective solution to properly segregate duties among recording, distribution, and reconciliation of accounts to provide reasonable assurance that an individual cannot misappropriate funds without being detected during the normal course of business.

Anticipated Completion Date: Future fiscal years.

Lincoln County Board of Commissioners

P.O. BOX340
LINCOLNTON, GEORGIA 30817
TELEPHONE: 706-359-4444 / TDD: 1-800-255-0056
FAX: 706-359-4729

WALKER T. NORMAN, Chairman
SHERRY MCKELLAR, Clerk
BEN JACKSON, County Attorney

VIRGINIA WILLIAMS, District 1
LARRY COLLINS, District 2
COOPER CLIATT, District 3
H. LAMAR WADE, District 4

December 28, 2017

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 addendum for the year ended June 30, 2017.

Our auditors for the year ended June 30, 2017 were Mauldin & Jenkins, CPAs, LLC., Post Office Box 1877, Macon, Georgia 31202-1877.

A. Comment on Findings

2017-001. Segregation of Duties
The County concurs that there are instances of overlapping duties in the specified 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

2017-001. 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

2017-001. 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 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 to improve on 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 and to make the necessary re-appropriations due to overspending.

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

Sincerely,

Traci Bussey

Traci Bussey
Finance Director

LINCOLN COUNTY, GEORGIA

Certification of 9-1-1 Expenditures

For the Year Ended: June 30, 2017

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		
	Expenditures (UCOA Activity 3800)		
2	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)	$ 188,682.30
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)	$ 108,000.00
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, 2017

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, 2017

Line No.		O.C.G.A. Reference:	
			$
			$
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		$ 296,682.30

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 Walker T. Norman Date: 10/23/2017

Print Name of Chief Elected Official Walker T. Norman

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

Signature of Chief Financial Officer Traci W. Bussey Date: 10/23/2017

Print Name of Chief Financial Officer Traci W. Bussey