LEE COUNTY COMMISSION
FINANCIAL REPORT FOR THE
FISCAL YEAR ENDED SEPTEMEBER 30, 2016
UNAUDITED

October 1, 2015 through September 30, 2016

UNAUDITED

Lee County Commission
Financial Statements
For Fiscal Year Ended September 30, 2016
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Lee County Commission
Management's Discussion and Analysis
Fiscal Year October 1, 2015 through September 30, 2016

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The Lee County Commission's discussion and analysis is a narrative overview that is designed to assist the reader in reviewing significant financial issues and activities of the County. The reader should also be able to identify the changes in the County's financial position and analyze the ability of the County to meet future challenges.

The Management's Discussion and Analysis (MD&A) focuses on the activities of the Lee County Commission for the fiscal year ended September 30, 2016. Please consider the information contained in this MD&A in conjunction with the County's financial statements for the same period.

Financial Highlights

- Overall revenues increased $3,719,167 (9.99%) from the previous year.

- Property Taxes experienced a 4.60% increase. These revenues for the 2015 fiscal year were based on assessments and values established from activity (i.e., sales and change in use) that occurred from October 2013 through September 2014 in Lee County. There continues to be growth to the tax base with new construction in commercial and residential property resulting in the best year to year increase since the end of the “Great Recession”.

- Capital Grants and Contributions increased $1,124,132 (73.12%) as the three bridge replacements where completed and three more bridge replacements under the Alabama Transportation Rehabilitation Program (ATRIP) was performed during the 2016 Fiscal Year. $2,050,673 in Federal Aid Funds was used by the State’s Department of Transportation on behalf of the County’s bridge replacement.

- The County continues to meet the objective to conservatively budget revenue and continually encourage departments to perform well within their annual budgets. Such practice creates surplus funds which can be used for capital equipment purchases and/or one-time projects.

Overview of the Financial Statements

This Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are made up of the following components:

- Government-wide financial statements
- Fund financial statements
- Fiduciary funds statements
- Notes to the financial statements

This report also contains additional information that is relevant to the County's financial position.

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Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an overview of the County's finances, in a manner similar to those used by private-sector businesses. The statement of net position includes all of the County's assets and liabilities. Current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term debt. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To properly evaluate the overall health of the County you may need to consider other non-financial factors such as changes in the County's property tax base and the condition of the County's infrastructure, buildings and other facilities.

The statement of activities presents information focused on both gross and net costs and shows how the County's net position changed during the current fiscal year. This statement is intended to summarize and simplify the reader's analysis of cost of various governmental services and/or subsidy to various business-type activities. The governmental activities include most of the County's basic services including general government, public safety, highways and roads, sanitation, health and welfare, cultural and recreational, and education. The funding of these activities comes primarily from property taxes, charges for services, state shared revenues (i.e. gasoline taxes) and other miscellaneous revenues.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's funds, focusing on its Major funds rather than the County as a whole. 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. Lee County like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Governmental and fiduciary are the two categories of fund types used to keep track of specific sources of funding and spending on particular County programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. In doing so readers may better understand the long-term impact of the County's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to aide in this comparison between governmental funds and governmental activities.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are included in governmental funds. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows, outflows and balances of spendable resources. The governmental fund statements provide a detailed short-term view of the County's operations and the basic services it provides. Governmental funds statements

assist the reader in determining the short-term financial resources available to finance future programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in Exhibits 4 and 6 to reconcile the differences between them.

Lee County maintains several funds that are governmental funds. Separate information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund; the Gasoline Fund; RRR Gasoline Fund and the 2010 Bridge Bond Program Fund. These funds are deemed to be major funds. Data from the remaining funds are combined into a single aggregated presentation.

Fiduciary Funds Statements

Fiduciary funds are funds in which the County is the trustee, or fiduciary, for assets that belong to others. The County is responsible for ensuring that those to whom the assets belong use them only for their intended purpose. All the County's fiduciary activities are reported in a separate statement of fiduciary net position (Exhibit 7) and a statement of changes in fiduciary net position (Exhibit 8). The activities of these funds are excluded from the government-wide financial statements because their assets are not available for use by the County to finance its operations.

Notes to the Financial Statements

The notes provided in this report offer additional essential information to achieve a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the exhibits contained in this report.

Required Supplementary Information

Required supplementary information is expressed in Exhibits 9 thru 11 which are Annual Budget to Actual comparisons of the major governmental funds of the County. Lee County adopts an annual appropriated budget for its General, Gasoline Tax and RRR funds; the comparison schedules are presented to demonstrate compliance with the fund budgets. The 2010 Bridge Bond Program Fund isn't presented in this comparison as this fund is for projects spanning multiple years and not appropriated annually. In addition, the Schedule of Changes in the Net Pension Liability (Exhibit 12), the Schedule of County Contributions (Exhibit 13) and the Schedule of Funding Progress Other Postemployment Benefits (Exhibit 14) are reported in this section.

Government-wide Financial Analysis

The County governmental net position has increase by $2,269,376 (4.41%) during the current fiscal year. Management monitors net position because the variance is a useful indicator of the County's financial position. Lee County's total assets exceeded total liabilities by $53,778,398 as of the fiscal year ending September 30, 2016.

The following table shows the condensed Statement of Net position comparing this fiscal year to last fiscal year.

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Statement of Net position as of September 30: **(Also See Graph Page G – 1)**

	Governmental Activities 2016	Governmental Activities 2015	Difference	Percentage
Current Assets	41,244,062	41,109,056	135,006	0.33%
Non-current/non-capital Assets	166,524	173,596	(7,072)	-4.07%
Capital Assets, Net	67,955,961	66,252,119	1,703,843	2.57%
Deferred Outflows of Resources	2,312,005	1,129,680	1,182,325	104.66%
Total Assets	**111,678,552**	**108,664,451**	3,014,101	2.77%
Current Liabilities	4,446,635	4,455,324	(8,689)	-0.20%
Long-term Liabilities	37,141,175	36,443,136	698,039	1.92%
Deferred Inflow of Resources	16,312,344	16,256,969	55,375	0.34%
Total Liabilities	**57,900,154**	**57,155,429**	744,725	1.30%
Net position:				
Net Investment in Capital Assets,	47,210,322	44,564,740	2,645,582	5.94%
Restricted	514,925	507,409	7,516	1.48%
Unrestricted	6,053,150	6,436,873	(383,722)	-5.96%
Total Net position	**53,778,398**	**51,509,022**	2,269,376	4.41%

The increase in net position is basically attributed to continued investment into capital assets.

Capital Assets, Net Accumulated Depreciation, increased $2,645,582 (5.94%) with the completion of three bridge replacements and the start of three more bridge replacements under the Alabama Transportation Rehabilitation Program (ATRIP) for the current year.

Deferred Outflows of Resources increased $1,182,325 (104.66%) mostly from a $1,060,377 net difference between the projected and actual earnings on investments for pensions.

Warrant debt associated with Long-term liabilities decreased $1,635,000 (6.85%) while Net Pension Liability increased $1,989,527 (23.80%), which was the primary reason for the $698,039 (1.92%) increase in overall Long-term Liabilities.

A significant portion of Lee County's net position $47,210,322 (87.77%) are in its capital assets (i.e., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The County uses these capital assets to provide services to citizens. While the County's capital assets are 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 can't be used to pay for or to liquidate these liabilities. The remaining net position, $514,925 in restricted and $6,053,150 in unrestricted, may be used to meet the County's ongoing obligations to citizens and creditors. Restricted net position are already designated for specific purposes where as unrestricted assets have not been specifically designated for a particular use.

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Statement of Activities

The following schedule compares the revenues and expenses for the current year. Government activities increased the County's net position by $2,269,376.

Changes in Net position as of September 30, 2016: **(Also See Graph Page G – 2)**

	Governmental Activities 2016	**Governmental Activities 2015**	**Difference**	**Percentage**
Program Revenues:				
Charges for Services	10,091,564	9,836,795	254,769	2.59%
Operating Grants & Contributions	6,918,174	6,237,006	681,169	10.92%
Capital Grants & Contributions	2,661,462	1,537,330	1,124,132	73.12%
General Revenues:				
Property Taxes – General Purposes	10,823,049	10,446,653	376,395	3.60%
Property Taxes – Specific Purposes	6,064,704	5,698,425	366,279	6.43%
Sales Tax - Specific Purpuse	1,386,625	1,153,096	233,529	20.25%
Misc. Taxes	1,091,268	986,611	104,657	10.61%
Grants & contributions not restricted to Special Programs	645,234	656,092	(10,858)	-1.65%
Interest Revenue	100,782	101,391	(610)	-0.60%
Miscellaneous	1,160,761	571,056	589,705	103.27%
Total Revenues	**40,943,623**	**37,224,456**	3,719,167	9.99%
EXPENSES				
Program Activities:				
General Government	10,231,928	8,886,886	1,345,043	15.14%
Public Safety	14,892,105	13,778,241	1,113,864	8.08%
Highways & Roads	9,067,490	7,004,157	2,063,332	29.46%
Sanitation	3,162,236	3,045,353	116,883	3.84%
Health & Welfare	223,181	226,698	(3,517)	-1.55%
Culture & Recreation	35,338	9,005	26,333	292.41%
Education	38,596	39,725	(1,130)	-2.84%
Interest and Fiscal Charges	1,023,373	1,050,641	(27,268)	-2.60%
Total Expenses	**38,674,247**	**34,040,707**	4,633,540	13.61%
Net position, Increase in	**2,269,376**	**3,183,749**	(914,373)	-28.72%

Of the County's total $40,943,623 revenues, property taxes account for 41.25% or $16,887,753. Taxes as a whole represent 47.30% of the total revenue collected by the County for fiscal year ended September 30, 2016.

Property Taxes experienced a 4.60% increase. These revenues for the 2015 fiscal year were based on assessments and values established from activity (i.e., sales and change in use) that

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occurred from October 2013 through September 2014 in Lee County. There continues to be growth to the tax base with new construction in commercial and residential property resulting in the best year to year increase since the end of the "Great Recession".

Overall revenues increased $3,719,167 (9.99%) from the previous year.

Capital Grants and Contributions increased $1,124,132 (73.12%) as the three bridge replacements where completed and three more bridge replacements under the Alabama Transportation Rehabilitation Program (ATRIP) was performed during the 2016 Fiscal Year. $2,050,673 in Federal Aid Funds was used by the State's Department of Transportation on behalf of the County's bridge replacement.

Operating Grants & Contributions increased $681,169 (10.92%) in various areas; however, most of the increase was one-time funds. The County received $293,262 in disaster assistance funds from a flooding event that occurred during the week of Christmas 2015. Also, state reimbursements associated with the 2016 Presidential accounted for $119,894 of the overall increase.

The County Commission began to receive funds from a newly levied sales tax which was effective November 1, 2014. The voters in the areas outside the corporate limits of the cities of Auburn, Opelika and Phenix City passed a referendum authorizing the County Commission to levy a one-cent sale tax within the same area for the purpose of fifty percent of the proceeds to be dedicated to funding sheriff's deputies with an emphasis towards school safety and fifty percent to be dedicated to recreation. Fiscal Year 2016 was the first full year to receive the funds the additional two months of collections helped with the additional $233,529 (20.25%) over the previous fiscal year.

Miscellaneous Revenues, which can vary significantly from year to year, increased $589,705 (103.27%) primarily from receiving various infrequent one-time revenue shares and refunds in Fiscal Year 2015.

The remaining revenue categories had minor increases or decreases over the previous year.

Expenses for all services of the County were $38,674,247 which is an increase of $4,633,540 (13.61%). Of the total expenses 26.46% was spent for general government, 38.51% for public safety, 23.45% for highways & roads, 8.18% for sanitation and 4.18% on the remaining categories listed above.

About $1.5 Million can be associated to a five percent pay range adjustment in an effort to bring wages in line with consumer price index cost of living increases that weren't given between 2009 and 2012. A $1.8 Million increase in road maintenance efforts particularly resurfacing was another significant factor. Also, additional efforts were made in major facility maintenance and improvements like replacing the HVAC in the section of the jail that was built in 1984 and a newer larger jury assembly room adding another $900,000 over last year.

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Net Cost of Services

The net cost of services is a comparison of the total cost for government functions and programs and the net cost remaining after reducing that total by the revenue generated from the specific function or program. For the current year total cost of services were $38,674,247 and the combined charges for services plus operating and capital grants received were $19,671,200 leaving a net cost to the County of $19,003,046. This was an increase of $2,573,470 in expenditures required to be funded from general revenues. The general revenues covered these expenditures leaving a $2,269,376 increase in Net Position for Fiscal Year 2016.

Function/Programs	2016 Net Cost of Services	2015 Net Cost of Services	Net Cost (Increase)/Decrease
General Government	(3,402,434.52)	(2,520,158.24)	(882,276)
Public Safety	(12,956,610.05)	(11,867,709.28)	(1,088,901)
Highways and Roads	(1,659,471.39)	(1,149,572.53)	(509,899)
Sanitation	59,142.36	146,607.53	(87,465)
Health	(205,199.50)	(215,211.97)	10,012
Welfare	(4,615.06)	(3,119.54)	(1,496)
Culture and Recreation	(35,338.11)	(9,005.49)	(26,333)
Education	(38,595.70)	(39,725.28)	1,130
Interest and Fiscal	(759,924.50)	(771,681.23)	11,757
Total Governmental Activities	**(19,003,046)**	**(16,429,576)**	(2,573,470)

The reasons for a majority of the increases in net costs are discussed in the previous section (Statement of Activities).

(Also See Graph Page G – 3)

Financial Analysis of Operational Fund Balances

The financial position of the County to address immediate needs as a whole is reflected in its governmental funds. A majority of Lee County Commission's governmental funds are used for the day-to-day operations. The total governmental operational funds balances at the end of the fiscal year basically remained the same as last year's ending balances.

Exhibit 5 gives a full breakdown of revenues, expenditures, and changes in fund balances of all governmental funds.

The following table provides a summary of the changes in fund balances of the County's major operational funds and the combined Other Governmental Funds. The capital type funds are excluded since the fund is for capital projects and not annual operations and/or routine capital maintenance. **(Also See Graph Page G – 3)**

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	Beginning Fund Balance	Net Increase or (Decrease)	Ending Fund Balance	% of Annual Expenditures
General Fund	10,161,918	677,013	10,838,931	43.42%
Gasoline Fund	2,510,377	238,926	2,749,303	46.57%
Other Governmental Funds *(less Capital Funds)*	6,358,481	(965,965)	5,392,516	68.29%
Totals	**19,030,776**	**(50,026)**	**18,980,750**	**48.96%**

The General Fund is the main operational fund for the County. The fund experienced a $677,013 (6.66%) increase. See Budgetary Highlights for the General Fund for an explanation in the increase.

The Gasoline Tax Fund, which is the main operational fund for the Highway Department, experienced a $238,926 (9.52%). See Budgetary Highlights for the Gasoline Fund for an explanation in the increase.

The Other Governmental Funds decreased $965,965 (15.19%) which is primarily associated with increased resurfacing of County roads with available fund balance for such purposes.

Budgetary Highlights - Major Funds

General Fund

Exhibit 9 shows that a few changes were made in the original General Fund budget for fiscal year ended September 30, 2016.

Budgeted revenues were increased $217,950 over the original budget specifically to recognize the revised projections for the sales tax and ad valorem tax based on mid-year actual numbers. The adjustment was necessary to increase the additional new deputy positions from eight to ten associated with the dedicated sales tax and to allow the Revenue Commissioner to add two more office positions.

Budgeted expenditures were increased about $380,272. A portion of the increase was the $217,950 for the additional positions identified in the previous paragraph. The remainder was allocated for renovations of the north-end of the T.K. Davis Justice Center for a larger jury assembly room and office space. These amounts were primarily funded with amounts in fund balance which were in excess in any reserves, commitments and designations.

Budgeted Transfer Out was increased $430,500 for transfers to capital project related funds for various facility projects underway or in the initial design phase.

Actual Revenues were $906,914 (3.15%) higher than the final budgeted revenues and actual expenditures were $2,451,751 (8.94%) lower than the final budgeted amounts. The County's objective is to conservatively budget revenue and continually encourage departments to perform well within their annual budgets. Almost half of the under budget expenditures are from capital

purchases and projects that were planned but not completed in Fiscal Year 2016. Many of these were carryover into the next fiscal year.

Gasoline Tax Fund

Exhibit 10 shows that a no changes were made in the original Gasoline Tax Fund budget for fiscal year ended September 30, 2016; except for, the recognition of better that expected auction of surplus equipment which was placed in additional capital outlay for equipment replacement.

Actual Revenues were $360,234 (17.05%) higher than the final budgeted revenues.

Actual Expenditures were $605,478 (9.3%) lower than the final budgeted expenditures.

Again, the county's objective is to conservatively budget revenue and continually encourage departments to perform well within their annual budgets. This practice creates surplus funds which can be used for capital equipment purchases and/or one-time projects.

Capital Asset and Debt Administration

Capital Assets - Depreciation of assets other than land and construction in progress projects are recorded on an annual basis on the straight-line method of depreciation.

The following table shows a reconciliation of capital assets for the year ended September 30, 2016.

Total Capital Assets at October 1, 2015	$66,252,118
Additions	7,123,038
Retirements	(2,355,457)
Annual Depreciation	(4,638,073)
Accumulated Depreciation of Retired Assets	1,574,334
Total Capital Assets at September 30, 2016	**$67,955,961**

The following table shows total assets before and after depreciation.

Land	$2,781,737	$2,781,737
Construction in Progress	$1,931,288	$1,931,288
Infrastructure	27,965,626	19,031,468
Buildings and Improvements	55,001,636	36,480,607
Equipment and Furniture	25,708,243	7,730,862
	$113,388,530	**$67,955,961**

Debt Outstanding

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For Fiscal Year 2016, the County began the year with a $8,359,360 net pension liability as of the September 30, 2014 measurement date. At year end, the net pension liability increased $1,989,527 (23.8%) to $10,348,887 as of the latest available measurement date of September 30, 2015.

At the end of September 2015 the County's long-term bonded debt was $25,470,000. By the end of the current year the long-term bond debt had decreased $1,605,000 (6.30%) to $23,865,000.

The liability for compensated absences as of the end of the current year was $1,516,757 which was a $136,612 increase (9.90%) from last fiscal year's $1,380,145.

The Lee County Commission provides health insurance to retirees under certain conditions as disclosed in the notes to the financial statements. The estimated liability at the beginning of the fiscal year was $2,328,108. For the 2016 Fiscal Year, the difference between the annual required contribution as determined by an actuarial valuation and the actual contribution was $271,509. This increase has been recognized in the Noncurrent section of the Liabilities on the Statement of Net position for a total long-term liability of $2,599,617.

See the notes to the financial statements for a full breakdown of outstanding long term debt.

Economic Factors

Lee County benefits from the presence of Auburn University, with approximately 23,000 students and from the presence of a highly respected regional hospital (East Alabama Medical Center). In addition, the three K through 12 school systems within the County are solidly supported by the local community which has made Lee County a very attractive area for growth. The Auburn-Opelika areas continually are recognized as excellent places for business and places to live.

Lee County is continuing to see encouraging signs in the local economy with commercial construction in the two largest cities of Auburn and Opelika. Both cities continue to have success in recruiting new industry to the area. We continue to see improvement of the housing market with new home starts and re-sales of existing homes. In addition, the commercial market has significantly improved over the last year. Base on the 2014 U.S. Census Bureau estimates, Lee County continues to grow at 2.39% per year. From 2010 to 2015, Lee County has grown from 140,247 to 156,993 in population.

Financial Information Contact

The County's financial statements are designed to provide our citizens, taxpayers, customers, creditors and readers with a general overview of the County's finances and to demonstrate the County's accountability. If you have questions about the report or need additional financial information, contact the County Administrator at 215 South Ninth Street, Opelika, Alabama, (334) 745-3660. The office is located on the second floor of the historic courthouse in downtown Opelika.

Lee County Commission
Statement of Net Position
September 30, 2016

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	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	21,633,593.52
Investments	2,554,374.82
Accounts Receivable	347,335.95
Interest Receivable	8,332.16
Due from Other Governments	1,092,865.95
Property Tax receivable	15,570,734.39
Inventories	31,181.50
Prepaid Expenses	5,643.46
Total Current Assets	41,244,061.75
Noncurrent Assets	
Cash with Fiscal Agent	166,524.24
Capital Assets:	
Nondepreciable:	
Land	2,781,736.70
Construction in Progress	1,931,288.05
Depreciable:	
Buildings	55,001,635.63
Equipment and Furniture	25,708,242.85
Infrastructure	27,965,626.35
Less: Accumulated Depreciation	(45,432,568.34)
Total Noncurrent Assets	68,122,485.48
Total Assets	109,366,547.23
Deferred Outflows of Resources	
Related to Pensions	2,312,005.00
Total Deferred Outflows of Resources	2,312,005.00
Liabilities	
Current Liabilities	
Accounts Payable	584,544.63
Wages and Fringes Payable	1,263,076.57
Deferred Revenue	349,208.51
Accrued Interest Payable	275,176.83
Due to Other Governments	220,078.24
Long-Term Liabilities - Portion Due Within One Year:	
Warrants Payable	1,635,000.00
Premium on Warrants	52,933.45
Compensated Absences	66,616.92
Total Current Liabilities	4,446,635.15

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Statement of Net Position
September 30, 2016

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	Governmental Activities
Noncurrent Liabilities	
Portion Payable After One Year:	
Warrants Payable	22,230,000.00
Premium on Warrants	512,530.90
Estimated Liability for Retiree Health Plan	2,599,617.00
Net Pension Liability	10,348,887.00
Compensated Absences	1,450,139.63
Total Noncurrent Liabilities	37,141,174.53
Total Liabilities	41,587,809.68
Deferred Inflows of Resources	
Unavailable Revenues - Property Taxes	15,398,162.48
Revenue Received in Advance - Motor Vehicle Taxes	810,405.00
Related to Pensions	103,777.00
Total Deferred Inflows of Resources	16,312,344.48
Net Position	
Net Investment in Capital Assets	47,210,322.46
Restricted for:	
Debt Service	166,524.24
Other Purposes	348,401.00
Unrestricted	6,053,150.37
Total Net Position	$53,778,398.07

The accompanying Notes to the Financial Statements are an integral part of this Statement.

Lee County Commission
Statement of Activites
For the Year Ended September 30, 2016

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Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets Primary Government: Governmental Activities
Primary Government					
Governmental Activities					
General Government	($10,231,928.47)	$6,043,423.15	$194,044.79	$592,026.01	($3,402,434.52)
Public Safety	(14,892,105.02)	821,071.64	1,114,423.33		(12,956,610.05)
Highways & Roads	(9,067,489.82)	5,690.80	5,332,891.62	2,069,436.01	(1,659,471.39)
Sanitation	(3,162,235.84)	3,221,378.20			59,142.36
Health	(218,566.02)		13,366.52		(205,199.50)
Welfare	(4,615.06)				(4,615.06)
Culture and Recreation	(35,338.11)				(35,338.11)
Education	(38,595.70)				(38,595.70)
Interest and Fiscal Fees	(1,023,372.58)		263,448.08		(759,924.50)
Total Governmental Activities	($38,674,246.62)	$10,091,563.79	$6,918,174.34	$2,661,462.02	($19,003,046.47)

General Revenues	
Taxes:	
Sales Tax - Specific Purposes	1,386,625.34
Property Taxes for General Purposes	10,823,048.86
Property Taxes for Specific Purposes	6,064,703.58
Miscellaneous Taxes	1,091,268.10
Grants and Contributions Not Restricted for Specific Programs	645,234.21
Investment Earnings	100,781.74
Miscellaneous	1,160,760.79
Total General Revenues	21,272,422.62
Changes in Net Assets	2,269,376.15
Net Position - Beginning of Year	51,509,021.92
Net Position - End of Year	53,778,398.07

The accompanying Notes to the Financial Statements are an integral part of this Statement.

Lee County Commission
Balance Sheet - Governmental Funds
September 30, 2016

UNAUDITED

	General Fund	Gasoline Fund	Other Governmental Funds	Total
Assets				
Cash and Cash Equivalents	$9,959,676.11	$2,866,944.20	$8,806,973.21	$21,633,593.52
Cash with Fiscal Agent			166,524.24	166,524.24
Investments	2,096,557.38		457,817.44	2,554,374.82
Accounts Receivable	330,933.54	214.72	16,402.41	347,550.67
Interest Receivable	7,081.06		1,036.38	8,117.44
Due from Other Funds	4,001.76			4,001.76
Due from Other Governments	637,951.27	185,235.44	269,679.24	1,092,865.95
Property Tax Receivable	14,310,206.00		1,260,528.39	15,570,734.39
Inventories	12,886.60	18,294.90		31,181.50
Prepaid Expenses	5,643.46			5,643.46
Total Assets	27,364,937.18	3,070,689.26	10,978,961.31	41,414,587.75
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	314,669.21	105,228.74	164,646.68	584,544.63
Wages and Fringes Payable	1,039,113.76	152,277.29	71,685.52	1,263,076.57
Deferred Revenue			349,208.51	349,208.51
Due to Other Funds	2,849.71		1,152.05	4,001.76
Due to Other Government Funds	165,078.24	55,000.00		220,078.24
Estimated Liability for Compensated Absences	56,256.17	8,880.23	1,480.52	66,616.92
Total Liabilities	1,577,967.09	321,386.26	588,173.28	2,487,526.63
Deferred Inflows of Resources				
Unavailable Revenue Property Taxes	14,137,634.00		1,260,528.48	15,398,162.48
Revenue Received in Advance - Motor Vehicles Taxes	810,405.00			810,405.00
Total Deferred Inflows of Resources	14,948,039.00	0.00	1,260,528.48 #	16,208,567.48
Fund Balances				
Nonspendable	18,530.00	18,294.00		36,824.00
Restricted	1,470,141.00		9,130,259.55	10,600,400.55
Committed	1,257,927.00			1,257,927.00
Assigned	3,655,646.00	2,731,009.00		6,386,655.00
Unassigned	4,436,687.09			4,436,687.09
Total Fund Balance	10,838,931.09	2,749,303.00	9,130,259.55	22,718,493.64
Total Liabilities and Fund Balance	$27,364,937.18	$3,070,689.26	$10,978,961.31	$41,414,587.75

The accompanying Notes to the Financial Statements are an integral part of this Statement.

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2016

UNAUDITED

Total Fund Balances - Governmental Funds (Exhibit # 3)			$22,718,493.64
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds. These assets consist of:			
Land		2,781,736.70	
Infrastructure		27,965,626.35	
Buildings		55,001,635.63	
Equipment and Furniture		25,708,242.85	
Construction in Progress		1,931,288.05	
Less: Accumulated Depreciation		(45,432,568.34)	
Total Capital Assets:			67,955,961.24
Deferred Outflows of Resources for Pension Related Costs			2,312,005.00
Certain liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:			
	Liabilities		
	Current	NonCurrent	
Warrants Payable	1,635,000.00	22,230,000.00	
Premium on Warrants	52,933.45	512,530.90	
Accrued Interest Payable	275,176.83		
Estimated Liability for Comp Abs		1,450,139.63	
Estimated Liability for Retiree Health Plan		2,599,617.00	
Net Pension Liability		10,348,887.00	
Total Long-Term Liabilities	1,963,110.28	37,141,174.53	(39,104,284.81)
Deferred Inflows of Resources From Pension Related Activities			(103,777.00)
Total Net Position - Governmental Activities (Exhibit 1)			$53,778,398.07

The accompanying Notes to the Financial Statements are an integral part of this statement.

Lee County
Commission

Exhibit # 4

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2016

UNAUDITED

	General Fund	Gasoline Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$18,336,109.75		$1,197,585.07	$19,533,694.82
Licenses and Fees	757,188.33			757,188.33
Intergovernmental	1,887,476.44	2,464,664.35	6,349,716.62	10,701,857.41
Fees & Charges for Services	8,192,602.66	5,690.80	456,764.92	8,655,058.38
Miscellaneous	481,585.56	2,988.95	25,018.26	509,592.77
Total Revenues	29,654,962.74	2,473,344.10	8,029,084.87	40,157,391.71
Expenditures				
Current:				
General Government	$7,550,358.90		$1,524,793.85	9,075,152.75
Public Safety	13,118,942.56		25,000.00	13,143,942.56
Road & Bridge		3,872,318.54	3,439,730.09	7,312,048.63
Sanitation	2,815,870.16			2,815,870.16
Health	216,804.18			216,804.18
Welfare	4,327.56			4,327.56
Culture and Recreation	32,693.86			32,693.86
Education	36,029.89			36,029.89
Capital Outlay	1,190,625.06	2,031,123.65	3,901,289.77	7,123,038.48
Debt Service:				
Principal Retirement			1,605,000.00	1,605,000.00
Interest and Fiscal Agent Fees			1,023,372.58	1,023,372.58
Total Expenditures	24,965,652.17	5,903,442.19	11,519,186.29	42,388,280.65
Excess (Deficiency) of Revenues Over Expenditures	4,689,310.57	(3,430,098.09)	(3,490,101.42)	(2,230,888.94)
Other Resources				
Sale from Capital Assets	226,740.92	1,304,023.63	14.00	1,530,778.55
Transfer In		2,400,000.00	3,039,866.38	5,439,866.38
Proceeds from Debt Issue				0.00
Payments to Fiscal Agent				0.00
Transfer Out	(4,235,162.38)	(35,000.00)	(1,169,704.00)	(5,439,866.38)
Unrealized Gain / (Loss) on Investments	(3,875.92)		(9,265.35)	(13,141.27)
Total Other Financing Sources (Uses)	(4,012,297.38)	3,669,023.63	1,860,911.03	1,517,637.28
Net Change in Fund Balances	677,013.19	238,925.54	(1,629,190.39)	(713,251.66)
BEGINNING FUND BALANCE	**10,161,917.90**	**2,510,377.46**	**10,759,449.94**	**23,431,745.30**
ENDING FUND BALANCE	**$10,838,931.09**	**$2,749,303.00**	**$9,130,259.55**	**$22,718,493.64**

The accompanying Notes to the Financial Statements are an integral part of this Statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

		UNAUDITED
Net Change in Fund Balances - Total Governmental Funds (Exhibit 5)		(713,251.66)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as an expenditure. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($7,123,038.48) exceeds annual depreciation ($4,638,073.29)		2,484,965.19
Difference between economic gain/loss and funds received for sale of disposed assets		(781,122.49)
Repayment of principal on debt that is reflected as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,605,000.00
Some Items Reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. These consist of:		
Net Increase in Long-Term Compensated Absences	(124,936.39)	
Net Increase in Long-Term Retiree Health Plan Benefits	(271,509.00)	
Net Increase in Accrued Interest Payable	(6,914.95)	(403,360.34)
Amortization of Premium on Bond Issue		52,933.45
Recognition of Annual Pension Expense as of Measurement Date 9/30/2015		(1,158,113.00)
Increase of Deffered Outflow of Resources for Contributions subsequent to Measurement Date 9/30/2015		1,182,325.00
Total Change in Net Position - Governmental Activities (Exhibit 2)		2,269,376.15

The accompanying Notes to the Financial Statements are an integral part of this statement.

Lee County
Commission

Exhibit # 6

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2016

	UNAUDITED
	Private - Purpose Trust Funds
Assets	
Current Assets	
Cash and Cash Equivalents	2,308,799.82
Total Assets	2,308,799.82
Liabilities	
Current Liabilities	
Payable to External Parties	2,088,657.34
Total Liabilities	2,088,657.34
Net Assets	
Held in Trust for Other Purposes	220,142.48

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended September 30, 2016

	UNAUDITED
	Private - Purpose Trust Funds
Additions	
Contributions:	
Probate Court	37,730.62
Total Additions	37,730.62
Deductions	
Payment to Beneficiaries	79,196.50
Total Deductions	79,196.50
Changes in Net Position	(41,465.88)
Net Position - Beginning of Year	261,608.36
Net Position - End of Year	220,142.48

The accompanying Notes to the Financial Statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The Commission is a general purpose local government governed by separately elected commissioners. Generally Accepted Accounting Principles (GAAP) requires that the financial statements present the Commission (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of the above criteria, the following entity is a component unit that has been included in the accompanying financial statements as blended presented component unit.

Blended Presentation Unit - Act 2009-330 created the Lee County Alternative Sentencing Board. A legally separate entity to oversee and operate all programs related to alternative sentencing as specified in the act. The board is comprised of seven members with five as permanent members. The five members are the presiding circuit judge for the 37th Judicial Circuit, a district judge appointed by the presiding circuit judge, the Lee County Sheriff, the District Attorney for the 37th Judicial Circuit, and the Lee County Circuit Clerk. The two non-permanent members are appointed by the Lee County Commission and serve four year terms.

The board has the authority over its personnel; set fees for its programs; buy, sell, lease personal and real property; entering contracts; and exercise incidental powers to carry out the intent and purposes of Act 2009-330. Currently, the Commission provides about 20% of the funding for the board. The Commission is also closely related to the Board by providing participation of the Board's employees in retirement, heath insurance and worker's compensation programs of the Commission. In addition, the Commission provides office space, administrative services and general liability insurance coverage to the Board and its employees. The Board's programs provide benefits to the Commission by diverting certain non-violent individuals from occupying space in the county's jail. For these reasons, the Lee County Alternative Sentencing Board financial information has been blended into the Commission's financial statements and is included as a special revenue fund in the Other Governmental Funds column.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Commission. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Commission's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The Commission does not allocate indirect expenses to the various functions. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in the other governmental funds' column.
The Commission reports the following major governmental funds:

General Fund - The general fund is the primary operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund. The Commission primarily receives revenues from collections of property taxes and revenues collected by the State of Alabama and shared with the Commission. Also, the fund is used to account for the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges as well as the expenditure of solid waste disposal fees for environmental services provided to the citizens of the county.

Gasoline Fund – This fund is used to account for the expenditures of Commission's share of the 7-cent gasoline tax restricted to roads.

The Commission reports the following columns:

Other Government Funds:

- ***Special Revenue Funds*** – These funds are used to account for financial resources that are restricted, committed, or assigned for specific purposes other than capital outlay, debt service, and private-purpose trusts. The restricted or committed resources are expected to comprise a substantial portion of the financial inflows of the fund. Lee County Commission has defined a substantial portion has at least forty-percent within three consecutive fiscal years. Any funds failing to meet this definition, whether legally required or established by resolution of the County Commission, are combined with the General Fund for reporting purposes.

- ***Capital Projects Funds*** – These funds are used to account for financial resources that are restricted, committed, or assigned for capital expenditures in the acquisition and/or construction of capital facilities and other capital assets.

- ***Debt Service Funds*** – These funds are used to account for financial resources that are restricted, committed, or assigned for current and future principal and interest payments on debt.

The Commission reports the following fiduciary fund types

Fiduciary Fund Types

- ***Private-Purpose Trust Funds*** - These funds are used to report all trust agreements under which principal and income benefit individuals, private organizations, or other governments.

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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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

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 Commission considers revenues to be available if they are collected within thirty (30) days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

D. Assets, Liabilities, and Net Position/Fund Balances

1. Deposits and Investments

Cash and cash equivalents include 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 Commission to invest in obligations of the U. S. Treasury, securities of federal agencies, obligations of certain governmental units of Alabama and certificates of deposit.

Investments are reported at fair value, based on quoted market prices, except for money market investments and repurchase agreements, which are reported at amortized cost. The Commission reports all money market investments – U.S. Treasury bills and bankers' acceptances having a remaining maturity at time of purchase of one year or less – at amortized cost.

2. Receivables

All ad valorem tax and sales tax receivables are shown net of an allowance for uncollectibles. Sales tax receivables are based on the amounts collected within 30 days after year end. The allowance for uncollectibles for ad valorem taxes is based on past collection experience.

Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 30 days.

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year. However, since the amounts are not available to fund current year operations, the revenue is deferred and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations. Property tax revenue deferred is reported as a deferred inflow of resources.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects. There are amounts due from State shared tax and fee revenues like gasoline taxes and motor vehicle fees. In addition, there are amounts due from local cities for consolidated services like the detention center.

3. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. 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.

5. Restricted Assets

Certain general obligation warrants proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable warrant covenants. The Alternative Sentencing Board cash is restricted by local law.

6. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer systems, and similar items), are reported in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated fixed assets are valued at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over the assets estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	$ 800	40 years
Equipment and Furniture	$ 800	5-7 years
Roads	$250,000	15 years
Bridges	$ 50,000	50 years

The majority of governmental activities infrastructure assets are roads and bridges. The Association of County Engineers has determined that due to the climate and materials used in road construction, the base of the roads in the county will not deteriorate and therefore should not be depreciated. The remaining part of the road, the surface, will deteriorate and will be depreciated. The entire costs of bridges in the county will be depreciated.

7. ***Deferred Outflows of Resources***

Deferred outflow of resources is reported in the statement of financial position. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets.

8. **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond/Warrant premiums and discounts are deferred and amortized over the life of the bonds. Bonds/Warrants payable are reported net of the applicable bond/warrant premium or discount. Bond/Warrant issuance costs are reported as an expense in the period incurred.

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 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.

9. **Compensated Absences**

The Commission has a standard leave policy for its full-time employees as to sick leave, annual leave, and compensatory leave time.

Annual Leave

Annual (vacation) leave accrues to permanent full-time employees at the following rates:

Continuous Years of Service	Per Year
Less than six years	10 days
Six to ten years	12 days
Eleven to fifteen years	15 days
Sixteen years and over	18 days

Earned leave will be for each full month worked. No more than two hundred eighty-eight hours (36 days) of annual leave may be accrued and carried forward into the next year; however, the first sixty hours over the maximum carryover is paid to the employee as some point in February. Upon separation from County service, employees may be paid for all unused annual leave at the employee's current rate of pay or required to take his/her leave, at the discretion of the department head and the Lee County Commission.

Sick Leave

Sick leave is earned at the rate of one day per full month worked. No employee may accumulate more than 130 days total sick leave. Sick days shall not be accrued while an employee is in a non-pay status. Upon separation from County service, an employee's accrued sick leave shall not be paid; however, all individuals who are separated in good standing shall receive up to 120 days credit for unused sick leave accrued from their prior Lee County employment, if they are reinstated within twelve calendar months from the effective date of their separation.

Based on the fact that payments for sick leave are not made upon termination or retirement, no accruals for sick leave are reflected in the accompanying financial statements.

Compensatory Time

Compensatory Time is granted in lieu of overtime at the discretion of the employee. This time may be taken by the employee at a later date in the same manner as annual leave. Employees are also paid for all unused compensatory leave time at the employee's current rate of pay or required to take his/her leave, at the discretion of the department head and the Lee County Commission. Non-exempted employees are allowed to accumulate a maximum of 240 hours (earned at time and a half). Public safety employees are allowed to accumulate a maximum of 480 hours (earned at time and a half). Exempted employees are allowed to accumulate a maximum of 160 hours (earned hour for hour).

10. *Deferred Inflows of Resources*

Deferred inflows of resources are reported in the statement of financial position. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources decrease net position, similar to liabilities.

11. *Pensions*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

12. Net Position/Fund Equity

Net position is reported on the government-wide and proprietary fund financial statements and are required to be classified for accounting and reporting purposes into the following net asset categories:

- ***Net Investment in Capital Assets*** – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows or resources and deferred inflows or resources attributable to acquisition, construction and improvement of those assets should also be included in this component. Any significant unspent related debt proceeds, or deferred inflows of resources attributable to the unspent amount at year-end related to capital assets are not included in this calculation. Debt proceeds or deferred inflows of resources at the end of the

reporting period should be included in the same net position amount (restricted, unrestricted) as the unspent amount.

- ***Restricted*** **–** Constraints imposed on net position by external creditors, grantors, contributors, laws or regulations of other governments, or law through constitutional provision or enabling legislation.
- ***Unrestricted*** – is the net amount of assets, deferred outflows or resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restriction components of net position. Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission. (GASB Cod. 1800.162-.164)

Fund equity is reported in governmental funds on the fund financial statements and is required to be classified for accounting and reporting purposes into the following fund balance categories:

- Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Examples of non-spendable fund balance reserves for which fund balance shall not be available for financing general operating expenditures include: inventories, prepaid items, and long-term receivables.

- Restricted fund balances consist of amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

- Committed fund balances consist of amounts that are subject to a purpose constraint imposed by formal resolution of the County Commission, which is the highest level of decision making authority, before the end of the fiscal year and that require the same level of formal resolution to remove or modify the constraint.

- Assigned fund balances consist of amounts that are intended to be used by the County Commission for specific purposes. The County Commission adopted a policy on September 26, 2011 to authorize the County Administrator to make a determination of the assigned amounts of fund balance. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. Assigned fund balances require the same level of authority to remove the constraint.

- Unassigned fund balances include all spendable amounts not contained in one of the other classifications. This portion of the total fund balance in the general fund is available to finance operating expenditures.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended are as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

13. Minimum Fund Balance Policy

The Commission adopted a fund balance policy in order to establish financial reserves for its operating funds, funds from which personnel and operational costs are expended for day to day operations. The policy requires each operational fund to maintain, in addition to all other required reserves or designations of fund balances, a minimum of 15% committed fund balance for the current year expenditure budget less capital outlay.

Note 2 – Stewardship, Compliance, and Accountability

Budgets

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP) with the exception of salaries and benefits, which are budgeted only to the extent expected to be paid rather than on the modified accrual basis of accounting. Also, ad valorem taxes and sales and use taxes are budgeted only to the extent expected to be received rather than on the modified accrual basis of accounting. Capital projects funds adopt project-length budgets. All appropriations lapse at fiscal year-end.

The present statutory basis for county budgeting operations is the County Financial Control Act of 1935, as amended by Act 2007-488, Acts of Alabama. According to the terms of the law, at some meeting in September of each year, but in any event not later than October 1, the Commission must estimate the anticipated revenues, estimated expenditures and appropriations for the respective amounts that are to be used for each of such purposes. The appropriations must not exceed the total revenues available for appropriation plus any balances on hand. Expenditures may not legally exceed appropriations.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Note 3 - Deposits and Investments

Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Commission will not be able to cover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's deposits at year-end were entirely covered by federal depository insurance or by the Security for Alabama Funds Enhancement Program (SAFE Program). The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the ***Code of Alabama 1975,*** Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Cash with Fiscal Agent

The Commission has deposits totaling $166,524 in the debt service funds (other governmental funds) which is shown as cash with fiscal agents on the fund financial statements and as restricted assets on the government-wide financial statements. These funds are invested in Federated Treasury Obligations Funds. This money market fund invests primarily in U. S. Treasury securities maturing in 397 days or less. These investments include repurchase agreements collateralized fully by U. S. Treasury obligations. Federated Treasury Obligations Funds are rated AAA by Standard & Poor's with a dollar-weighted average portfolio maturity of 51 days or less.

Investments

The ***Code of Alabama 1975***, Section 11-8-11, Section 11-81-19, Section 11-81-20 and Section 11-81-21, authorizes the Commission to invest in obligations, including any common trust fund or other collective investment fund, of the U. S. Treasury and federal agency securities along with certain pre-refunded public obligation such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local government unit of any such state.

At September 30, 2016, the Commission had the following investments on the government-wide financial statements and on the fund financial statements:

Mutual Fund Investments	Cost	Fair Value
Franklin U. S. Government Securities Class A	1,700,000	1,613,497
Franklin Alabama Tax-Free Income Fund Class A	500,000	483,060
Franklin Adj U. S. Government Securities Class A	500,000	457,818
	2,700,000	2,554,375

Overall, the Commission has recognized an unrealized loss on investments of $145,625 as of September 30, 2016. The funds used for these investments are funds that aren't anticipated to be utilized in the future. These investments were purchased for income production and not speculation.

The Franklin U. S. Government Securities fund invests substantially in Government National Mortgage Association securities or other securities backed by the full faith and credit of the U. S. government.

The Franklin Alabama Tax-Free Income Fund invests in Alabama municipal securities rated in one of the top four rating categories by one or more U.S. nationally recognized rating services.

The Franklin Adjusted U. S. Government Securities fund investment seeks a high level of current income, while providing lower volatility of principal than a fund that invests in fixed-rate securities. The fund normally invests at least 80% of its net assets in "adjustable-rate U.S. government mortgage securities." "Adjustable-rate U.S. government mortgage securities" include adjustable-rate mortgage securities (ARMS) and other mortgage-backed securities with interest rates that adjust periodically to reflect prevailing market interest rates.

Interest Rate Risk, **-** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increased interest rates.

Custodial Credit Risk, **-** The shares of the mutual funds are held in the name of the Commission. The actual securities, which are bought and sold based on the objectives of the fund by the fund managers, are held by the mutual fund.

Concentrations of Credit Risk **-** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Commission does not have an investment policy that limits an investment in any one issuer that is in excess of five percent of the Commission's total investments.

Note 4 – Unearned Revenues

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At September 30, 2016, the various components of unearned revenue reported in the governmental funds were as follows:

	Unearned
Build American Bonds Subsidy	$ 54,319
Grants Received but Unearned at 9/30/16	$ 110,219
Reappraisal Fund Balance	$ 184,670
Total Unearned Revenue for Governmental Funds	$ 349,208

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental Activities:	**Balance** 10/1/2015	Additions	Retirements	**Balance** 9/30/2016
Capital Assets, not being depreciated				
Land	2,753,737	28,000		2,781,737
Construction in Progress	341,088	1,590,200		1,931,288
Capital Assets being Depreciated:	3,094,825	1,618,200		4,713,025
Infrastructure	26,399,358	1,566,269		27,965,626
Buildings	54,178,533	823,102		55,001,636
Equipment and Furniture	24,948,232	3,115,467	(2,355,457)	25,708,243
Total Capital Assets being depreciated	105,526,123	5,504,838	(2,355,457)	108,675,505
Buildings	(16,177,248)	(1,863,343)		(18,040,591)
Infrastructure	(7,617,188)	(966,964)		(8,584,152)
Equipment and Furniture	(18,574,393)	(1,807,767)	1,574,334	(18,807,825)
Total Accumulated Depreciation	(42,368,830)	(4,638,073)	1,574,334	(45,432,568)
Total Capital Assets, Being Depreciated, Net	63,157,294	866,765	(781,122)	63,242,936
Governmental Activities Capital Assets, Net	66,252,118	2,484,965	(781,122)	67,955,961

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

Governmental Activities:	Current Year Depreciation Expense
General Government	**$1,034,566**
Public Safety	**1,602,589**
Highway and Roads	**1,684,422**
Sanitation	**310,573**
Health	**426**
Recreation	**2,932**
Education	**2,566**
Total Depreciation Expense – Governmental Activities	**$4,638,073**

Note 6 - Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State

Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
    a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a county, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. Two vested active employees of an employer participating in ERS pursuant to **Code of Alabama 1975,** Section 36-27-6.20

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method. Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of state police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-

service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 876 local participating employers. These participating employers include 294 cities, 65 counties, and 517 other public entities. The ERS membership includes approximately 83,874 participants. As of September 30, 2015, membership consisted of:

Retirees and beneficiaries currently receiving benefits	22,211
Terminated employees entitled to but not yet receiving benefits	1,353
Terminated employees not entitled to a benefit	5,451
Active Members	55,378
Total	**84,393**

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members. Lee County Commission opted to not increase the contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2016, the County's active employee contribution rate was 5.37% of covered employee payroll, and the County's average contribution rate to fund the normal and accrued liability costs was 8.25% of covered employee payroll.

County's contractually required contribution rate for the year ended September 30, 2016 was 8.22% of pensionable pay for Tier 1 employees, and 5.91% of pensionable pay for Tier 2 employees. These

required contribution rates are based upon the actuarial valuation dated September 30, 2013, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the System were $1,272,069 for the year ended September 30, 2016.

B. Net Pension Liability

The County's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown in the following table:

	Expected	Actual
Total Pension Liability as of 9/30/2014	$40,889,159	$40,776,783
Entry Age Normal Cost for 10/1/2014 through 9/30/2015	1,176,947	1,176,947
Actual Benefit Payments and Refunds for the Period 10/1/2014 through 9/30/2015	(2,280,653)	(2,280,653)
Total Pension Liability as of 9/30/2015 =[(a) x (1.08)] +(b) - [© x (1.04)]	42,965,360	42,843,994
Difference between Expected and Actual Experience (Gain)/Loss		($121,366)

***Actuarial assumptions*.** The total pension liability in the September 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2016 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	
Fixed Income	25.00%	5.00%
U.S. Large Stocks	34.00%	9.00%
U.S. Mid Stock	8.00%	12.00%
U.S. Small Stocks	3.00%	15.00%
International Developed Market Stocks	15.00%	11.00%
International Emerging Market Stocks	3.00%	16.00%
Real Estate	10.00%	7.50%
Cash	2.00%	1.50%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

C. Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a)-(b)**
Balances at 9/30/2014	$40,889,159	$32,529,799	$8,359,360
Changes for the year:			
Service cost	1,176,947		1,176,947
Interest	3,179,907		3,179,907
Differences- expected and actual experience	(121,366)		(121,366)
Contributions--employer		1,094,045	(1,094,045)
Contributions--employee		787,510	(787,510)
Net investment income		383,446	(383,446)
Benefit payments, including refunds of			0
employee contributions	(2,280,653)	(2,280,653)	0
Administrative expense			0
Transfers Among Employers		(19,040)	19,040
Net changes	1,954,835	(34,692)	1,989,527
Balances at 9/30/2015	$42,843,994	$32,495,107	$10,348,887

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the County's net pension liability calculated using the discount rate of 8%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Plan's Net Pension Liability (Asset)	$15,613,971	$10,348,887	$5,922,377

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated October 17, 2015 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

The ERS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms

of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report. (**Note:** GASB 68 paragraph .43 requires the disclosure of the aforementioned ERS information if the elements of the pension plan's basic financial statements are available in a stand-alone report and information is provided about how to obtain the report.)

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the County recognized pension expense of [see general ledger amount]. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$0	$103,777
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	1,060,377	
Employer contributions subsequent to the measurement date	1,251,628	
Total	$2,312,005	$103,777

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

Year ended September 30:

2016	$189,055
2017	189,055
2018	189,056
2020	422,855
2021	(17,589)
Thereafter	(15,832)

Note 7 - Other Postemployment Benefits (OPEB)

A. Plan Description – Lee County Commission's medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement.

The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier I members). Employees hired on and after January 1, 2013 (called "Tier II" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service. It is necessary to have 25 years of service with Lee County Commission for a retiree to have medical coverage paid by the employer.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

B. Fund Policy – Until 2009, the Lee County Commission recognized the cost of providing post-employment medical benefits (the Lee County Commission's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016, the Lee County Commission's portion of health care funding cost for retired employees totaled $166,073.

Effective October 1, 2009, the Lee County Commission implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

C. Annual Required Contribution – The Lee County Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

		2016
Normal cost	$	208,161
30-year UAL amortization amount		265,928
Annual required contribution (ARC)	$	474,089

Net Post-employment Benefit Obligation (Asset) – The table below shows the Lee County Commission's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending September 30:

		2016
Beginning Net OPEB Obligation	$	2,328,107
Annual required contribution		474,089
Interest on Net OPEB Obligation		81,896
ARC Adjustment		(118,401)
OPEB Cost		437,583
Contribution to Irrevocable Trust		-
Current year retiree premium		(166,073)
Change in Net OPEB Obligation		271,510
Ending Net OPEB Obligation	$	2,599,617

The following table shows the Lee County Commission's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (PEB) liability for this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
9/30/2016	**$437,583**	**37.95%**	**$2,599,617**
9/30/2015	**$437,583**	**35.85%**	**$2,328,108**
9/30/2014	**$448,056**	**30.80%**	**$2,047,389**
9/30/2013	**$448,056**	**29.82%**	**$1,737,558**

D. Funded Status and Funding Progress – In 2016, the Lee County Commission made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the October 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year September 30, 2015 was $4,782,451 which is defined as that portion, as determined by a particular actuarial cost method (the Lee County Commission uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	$	4,782,451
Actuarial Value of Plan Assets (AVP)		-
Unfunded Act. Accrued Liability (UAAL)	$	4,782,451
Funded Ratio (AVP/AAL)		0.00%
Covered Payroll (active plan members)	$	15,427,668
UAAL as a percentage of covered payroll		31.00%

E. Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service

by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Lee County Commission and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Lee County Commission and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Lee County Commission and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 9%.

Post-employment Benefit Plan Eligibility Requirements – Based on past experience and because of the requirement of 25 years of service for a retiree to receive medical coverage, it has been assumed that entitlement to benefits will commence at actual retirement after the earliest of the following: attainment of age 50 and completion of 30 years of service; attainment of age 55 and completion of 28 years of service; and, attainment of age 60 and completion of 25 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retiree, but does not pay for dependents. The rates provided are "unblended" rates as required by GASB Codification Section P50. Retiree health coverage ceases upon Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	FY 2014	FY 2015	FY 2016
OPEB Cost	$ 448,056	$ 437,583	$ 437,583
Contribution	0	0	0
Retiree premium	138,225	156,864	166,073
Total contribution and premium	138,225	156,864	166,073
Change in net OPEB obligation	$ 309,831	$ 280,719	$ 271,509
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	30.85%	35.85%	31.00%

Note 8 – Long-Term Debt

Outstanding Long-term as of September 30, 2016 was as follows:

During Fiscal Year 2015, the Commission issued a $2,185,000 three year note to the Compass Mortgage Corporation for the purpose of refunding the remaining $2,150,000 on the General Obligation Warrants Series 2004, which were called at 100% of par value. The refunding decreased the total debt service over the next three years by $72,107 resulting in an economic gain of $70,645 based on the net present value of the future savings.
On August 28, 2013, the Commission issued an $8 Million General Obligation Warrants Series 2013 for the purpose of (i) constructing a 40,871 square foot addition for the T. K. Davis Justice Center to house the circuit clerk, district attorney and a future courtroom (ii) paying the costs of issuing the Series 2013 Warrants.

The Commission issued $10 Million in General Obligation Warrants Series 2012 with an average interest rate of 2.3809% to advance refund $9.345 Million of the $13.835 Million outstanding warrants in a partial refunding of the General Obligation Warrants Series 2004 with an outstanding average interest rate of 4.7833%. The net proceeds of $10,394,038 (which included a $549,985 net original issue premium less underwriter's fee of $65,000 and issuance costs of $90,947) were used to purchase U.S. government securities. These securities have been placed in an irrevocable trust to provide future debt service payments and future call (August 1, 2015) for $345,000 of the $805,000 in warrants payable in 2017 and the remaining $9 Million of the original issue maturity though 2025. As a result $9.345 Million of the General Obligation Warrants Series 2004 are considered defeased and the related liability has been removed from the financial statements. The refunding decreased the total debt service over the next thirteen years by $891,648 resulting in an economic gain of $771,255 based on the net present value of the future savings.

The Commission issued an $8.12 Million General Obligation Warrants Series 2010 for the purpose of (i) replacing fourteen to sixteen bridge structures throughout the County (ii) paying the costs of issuing the Series 2010 Warrants.

Long-term liabilities associated with employees' benefits are associated with:

Accrued obligations for future payment of unpaid annual leave and unpaid compensatory time as outlined in Note 1.

Accrued obligations for future payment of the County Commission’s Net Pension Liability as disclosed in Note 6.

Accrued obligations for future payment of County Commission provided retiree insurance as disclosed in Note 7.

	Debt Outstanding 10/1/2015	Issued/ Increased	Repaid/ Decreased	Amount Refunded	Debt Outstanding 9/30/2016	Amounts Due Within One Year
						-
General Obligation Note Compass - 2014	1,320,000		870,000		450,000	450,000
General Obligation - Series 2013	8,000,000		305,000		7,695,000	315,000
General Obligation - Series 2012 Refunding	9,660,000		85,000		9,575,000	515,000
General Obligation - Series 2010	6,490,000		345,000		6,145,000	355,000
Unamortized Premium	629,626		52,933		576,693	52,933
Estimated Liability for Retiree Health Insurance	2,328,108	437,583	166,074		2,599,617	
Net Pension Liability (See Note 6)	8,359,360	4,375,894	2,386,367		10,348,887	
Estimated Liability for Compensated Absences	1,380,145	148,286			1,528,431	66,617
Totals:	38,167,240	4,961,763	4,210,374	0	38,918,629	1,754,550

Payments on the three year note to the Compass Mortgage Corporation are made by the General Fund.

Payments on the warrants payable that pertain to the General Obligation Warrants Series 2013 are made with a local court designated for such a purpose; however, the debt service will be serviced by the General Fund if such court fee is inadequate at any-time during the outstanding debt.

Payments on the warrants payable that pertain to the General Obligation Refunding Warrants Series 2012 are made by the General Fund and the Debt Service Fund, which both cities are contributing an annual appropriation for the debt service on $10 Million of the $17.98 Million principal

Payments on the warrants payable that pertain to the General Obligation Warrants Series 2010 are made by the General Fund.

The retiree health insurance liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds on a pay-as-you-go basis.

The net pension liability attributable to governmental activities will be liquidated by the annual employer contribution rate on covered payroll as determined by actuarial assumptions provided by the Employees' Retirement System of Alabama.

The compensated absences liability attributable to the governmental activities will be liquidated by several of the Commission's governmental funds on a pay-as-you-go basis.

The following is a schedule of debt service requirements to maturity:

	Governmental Activities									
	General Obligation Note 2014 - Compass Mortgage		2013-A General Obligation Warrants - Justice Center		2012-A General Obligation Refunding Warrants		2010-A General Obligation Warrants - Bridge Program		Totals	
Fiscal Year Ended	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	450,000	7,695	315,000	341,875	515,000	294,663	355,000	333,045	1,635,000	977,278
2018			325,000	332,425	1,005,000	288,225	360,000	317,780	1,690,000	938,430
2019			335,000	319,425	1,025,000	273,150	375,000	301,220	1,735,000	893,795
2020			355,000	304,350	1,060,000	232,150	385,000	283,220	1,800,000	819,720
2021			370,000	286,600	1,115,000	179,150	400,000	263,777	1,885,000	729,527
2022			390,000	268,100	1,175,000	123,400	410,000	243,177	1,975,000	634,677
2023			410,000	248,600	1,195,000	96,375	425,000	221,652	2,030,000	566,627
2024			430,000	228,100	1,225,000	66,500	440,000	198,830	2,095,000	493,430
2025-2033			4,765,000	1,146,291	1,260,000	34,650	2,995,000	637,068	9,020,000	1,818,009
Total	450,000	7,695	7,695,000	3,475,766	9,575,000	1,588,263	6,145,000	2,799,767	23,865,000	7,871,491

Bond (Warrant) Premiums

The Commission has bond premiums in connection with the issuance of its 2013 General Obligation Warrants. The bond premium is being amortized using the straight-line method. The premium for the 2013 Warrants will be amortized over the life of the issue which will be through August 1, 2033.

The Commission has bond premiums in connection with the issuance of its 2004 General Obligation Warrants and the related 2012 General Obligation Refunding Warrants. The bond premium is being amortized using the straight-line method. The 2004 Warrants have been adjusted for the amount defeased as of September 30, 2016 with the balance of the premium to be amortized over the remaining debt service of the un-refunding warrants. The premium for the 2012 Warrants will be amortized over the life of the issue which will be through August 1, 2025.

	2013-A General Obligation Bonds - Justice Center	2012-A General Obligation Refunding Bonds
Total Issuance Premium	233,689	549,985
Amount Amortized Prior Years	(24,344)	(140,934)
Balance Issuance Premium	209,346	409,051
Current Amount Amortized	(11,685)	(41,249)
Amount Associated with Refunded Debt		
Balance Issuance Premium	197,661	367,802

Note 9 - Conduit Debt Obligations

The Commission has issued Series 2009 Limited Obligation School Warrants to provide financial assistance to the Lee County Board of Education for the construction and improvements of the system's facilities. These warrants are limited obligations of the Commission and are payable solely from the funding agreement with payments made by the Lee County Board of Education. The warrants do not constitute a debt pledge of the faith and credit of the Commission and accordingly, have not been reported in the accompanying financial statements. Upon repayment of the warrants, ownership of the acquired property transfers to the Lee County School Board.

As of September 30, 2016, the aggregate principal amount payable for the Series 2009 Limited Obligation Warrants was $18,625,000.

Note 10 - Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission has general liability insurance through the Association of County Commissions of Alabama (ACCA) Liability Self Insurance Fund, a public entity risk pool. The Fund is self-sustaining through member contributions. The Commission pays an annual premium based on the Commission's individual claims experience and the experience of the Fund as a whole. Coverage is provided up to $500,000 per claim for a maximum total coverage of $2,000,000 and unlimited defense costs. Employment-related practices damage protection is limited to $100,000 per incident with a $5,000 deductible and unlimited defense costs. County specific coverages and limits can be added by endorsement.

The Commission has workers' compensation insurance through the Association of County Commissions of Alabama (ACCA) Workers' Compensation Self Insurance Fund, a public entity risk pool. The premium level for the fund is calculated to adequately cover the anticipated losses and expenses of the Fund. Fund rates are calculated for each job class based on the current NCCI Alabama loss costs and a loss cost modifier to meet the required premiums of the Fund. Member premiums are then calculated on a rate per $100 of estimated remuneration for each job class, which is adjusted by an experience modifier for the individual county. The Commission may qualify for additional discounts based on losses and premium size. Pool participants are eligible to receive refunds of unused premiums and the related investment earnings.

The Commission purchases commercial insurance for its other risks of loss, including property and casualty insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission has employee health insurance coverage through the Local Government Health Insurance Program, administered by the State Employee's Health Insurance Board (SEHIB). The program functions as a public entity risk pool. This program is self-sustaining through member premiums. Monthly premiums are determined annually by the program's actuary and are based on the pool's claims experience, considering any remaining fund balance on hand available for claims.

Note 11–Interfund Transactions

Interfund Transfers

The amounts of interfund transfers during the fiscal year ending September 30, 2016 were as follows:

	Transfers Out			
	General Fund	Gasoline Tax	Other Governmental Funds	Totals
Transfer In:				
Gasoline Tax Fund	2,400,000.00			2,400,000.00
Other Governmental Funds	1,835,162.39	35,000.00	1,169,703.99	3,039,866.38
Totals	4,235,162.39	35,000.00	1,169,703.99	5,439,866.38

The Commission typically used transfers to fund ongoing operating subsidies and to transfer the portion from operational funds to the Debt Service Funds to service current-year debt requirements.

Note 12 - Aggregated Fund Balance Amounts and Classification

The components of non-spendable, restricted, committed, and assigned fund balances aggregated on the face of the financial statements are as follows:

Fund Balance Classification Detail from Exhibit #3
As of September 30, 2016

	General Fund	Gasoline Fund	Other Governmental Funds	Totals
Nonspendable:				
Inventory	12,887	18,294		31,181
Prepaid Expenses	5,643			5,643
Total Nonspendable:	18,530	18,294	0	36,824
Restricted for:				
Sherriff Office - School Resource	287,165			287,165
Bridge Bond Program			3,684,826	3,684,826
Recreational Programs	1,182,976			1,182,976
Road & Bridge Resurface, Repair and Rehabilitation			3,290,677	3,290,677
County Facilities, Repair and Construction			1,676,641	1,676,641
Debt Service Trustee Account			166,539	166,539
Alternative Sentencing Board			203,373	203,373
Revenue Commission Office Funds			108,204	108,204
Total Restricted:	1,470,141	0	9,130,259	10,600,400
Committed to:				
Airport FAA Projects Match	89,696			89,696
Beulah Senior Center Project	355,297			355,297
Joint Road Project with the City of Opelika	250,000			250,000
Recreational Programs	562,935			562,935
Total Committed:	1,257,927	0	0	1,257,927
Assigned to:				
Operational Reserve	1,000,000			1,000,000
Procurement Program	63,161			63,161
Road & Bridge Maintenance		809,009		809,009
Facilities Improvement Program		1,165,000		1,165,000
Building Inspection (use for Capital)	52,000			52,000
Chairman Expense Issue	39,600			39,600
Equipment Expenditures for FY 2016	2,500,885	757,000		3,257,885
Total Assigned:	3,655,646	2,731,009	0	6,386,655
Unassigned:	4,436,687			4,436,687
Total Fund Balances	10,838,931	2,749,303	9,130,259	22,718,494

Note 13– Related Organizations

Several agencies are considered related organizations of the Lee County Commission. For each agency, a majority of the members are appointed by the Lee County Commission. The Commission, however, is not financially accountable because it does not impose its will and does not have a financial benefit or burden relationship; therefore, they are not considered part of the Commission's financial reporting entity. The following is a list of the related organizations:

Southwest Lee County Fire Protection Authority
Beulah Utilities District
E-911 Communications District
Lee County Cemetery Preservation Committee
Lee County Public Building Authority
Industrial Development Board
Loachapoka Water Authority
East Alabama Health Care Authority
Beauregard Water Authority
Smiths Water Authority

Lee County Commission
Schedule of Revenues,Expenditures, and Changes in Fund Balance
Budget Actual - General Fund
For the Year Ended September 30, 2016

UNAUDITED

	Budgetary Amount			
	Original	**Final**	**Actual Amounts**	**Excess / (Deficit)**
Revenues				
Taxes	$17,597,915.00	$17,815,865.00	$18,336,109.75	$520,244.75
Licenses and Fees	$668,000.00	$668,000.00	$757,188.33	89,188.33
Intergovernmental	$1,765,684.00	$1,765,684.00	$1,887,476.44	121,792.44
Fees & Charges for Services	$8,143,500.00	$8,143,500.00	$8,192,602.66	49,102.66
Miscellaneous	$355,000.00	$355,000.00	$481,585.56	126,585.56
Total Revenues	**28,530,099.00**	**28,748,049.00**	**29,654,962.74**	**906,913.74**
Expendiutres				
General Government	$7,701,976.08	$7,926,416.08	$7,550,358.90	376,057.18
Public Safety	$13,135,187.13	$13,616,344.15	$13,118,942.56	497,401.59
Sanitation	$3,022,307.00	$3,038,629.00	$2,815,870.16	222,758.84
Health	$241,465.00	$246,465.00	$216,804.18	29,660.82
Welfare	$6,100.00	$6,100.00	$4,327.56	1,772.44
Culture and Recreation	$202,000.00	$202,000.00	$32,693.86	169,306.14
Education	$33,000.00	$33,000.00	$36,029.89	(3,029.89)
Capital Outlay	$2,695,096.00	$2,348,449.00	$1,190,625.06	1,157,823.94
Total Expendiutres	27,037,131.21	27,417,403.23	24,965,652.17	2,451,751.06
Excess (Deficiency) of Revenues Over Expenditures	1,492,967.79	1,330,645.77	4,689,310.57	3,358,664.80
Other Financing Sources (Uses)				
Sale of Fixed Assets			$226,740.92	226,740.92
Transfer Out	($3,910,063.28)	($4,340,563.28)	($4,235,162.38)	105,400.90
Unrealized Loss on Investments			($3,875.92)	(3,875.92)
Total Other Financing Sources (Uses)	(3,910,063.28)	(4,340,563.28)	(4,012,297.38)	328,265.90
Net Changes in Fund Balance	(2,417,095.49)	(3,009,917.51)	677,013.19	3,686,930.70
BEGINNING FUND BALANCE	**10,161,917.90**	**10,161,917.90**	**$10,161,917.90**	
ENDING FUND BALANCE	**$7,744,822.41**	**$7,152,000.39**	**$10,838,931.09**	**$3,686,930.70**

Lee County Commission
Schedule of Revenues,Expenditures, and Changes in Fund Balance
Budget Actual - Gasoline Tax
For the Year Ended September 30, 2016

UNAUDITED

	Budgetary Amount			
	Original	**Final**	**Actual Amounts**	**Excess / (Deficit)**
Revenues				
Intergovernmental	$2,096,610.00	$2,096,610.00	$2,464,664.35	$368,054.35
Fees & Charges for Services	$5,000.00	$5,000.00	$5,690.80	$690.80
Miscellaneous	$11,500.00	$11,500.00	$2,988.95	($8,511.05)
Total Revenues	$2,113,110.00	$2,113,110.00	$2,473,344.10	$360,234.10
Expendiutres				
Road & Bridge	$4,513,110.00	$4,513,110.00	$3,872,318.54	$640,791.46
Capital Outlay	$1,766,210.00	$1,995,810.00	$2,031,123.65	($35,313.65)
Total Expendiutres	$6,279,320.00	$6,508,920.00	$5,903,442.19	$605,477.81
Excess (Deficiency) of Revenues Over Expenditures	($4,166,210.00)	($4,395,810.00)	($3,430,098.09)	$965,711.91
Other Financing Sources (Uses)				
Sale of Fixed Assets	$1,074,210.00	$1,303,810.00	$1,304,023.63	$213.63
Transfer In	$2,400,000.00	$2,400,000.00	$2,400,000.00	$0.00
Transfer Out		($35,000.00)	($35,000.00)	$0.00
Total Other Financing Sources (Uses)	$3,474,210.00	$3,668,810.00	$3,669,023.63	$213.63
Net Changes in Fund Balance	($692,000.00)	($727,000.00)	$238,925.54	$965,925.54
BEGINNING FUND BALANCE	**$2,510,377.46**	**$2,510,377.46**	**$2,510,377.46**	
ENDING FUND BALANCE	**$1,818,377.46**	**$1,783,377.46**	**$2,749,303.00**	**$965,925.54**

Schedule of Changes in the Net Pension Liability**
Defined Benefit Pension Plan
For the Year Ended September 30, 2016

UNAUDITED

	2015	2014
Total pension liability		
Service cost	$ 1,176,947	$ 1,135,547
Interest	3,179,907	3,031,378
Changes of benefit terms	0	0
Differences beween expected and actual experience	(121,366)	0
Changes of assumptions	0	0
Benefit payments, including refunds of employee contributions	(2,280,653)	(2,339,994)
Net change in total pension liability	1,954,835	1,826,931
Total pension liability - beginning	40,889,159	39,062,228
Total pension liability - ending (a)	42,843,994	40,889,159
Plan fiduciary net position		
Contributions - employer	$ 1,094,045	$ 1,032,249
Contributions - employee	787,510	780,522
Net investment income	383,446	3,507,792
Benefit payments, including refunds of employee contributions	(2,280,653)	(2,339,994)
Administrative expense	-	-
Other (Transfers among employers)	(19,040)	101,166
Net change in plan fiduciary net position	(34,692)	3,081,735
Plan fiduciary net positions - beginning	32,529,799	29,448,064
Plan fiduciary net positions - ending (b)	$ 32,495,107	$ 32,529,799
County's net pension liability - ending (a) - (b)	$ 10,348,887.00	$ 8,359,360.00
Plan fiduciary net position as a percentage of the total pension liability	75.85%	79.56%
Covered-employee payroll *	14,530,046.61	13,942,354.02
County's net pension liability as a percentage of covered-employee payroll	71.22%	59.96%

Notes to Schedule:
**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Lee County
Commission

Exhibit # 11

Schedule of County Contributions*
Defined Benefit Pension Plan
For the Year Ended September 30, 2016

UNAUDITED

	2016	2015	2014
Actuarially determined contribution	1,272,069	1,094,045	1,032,249
Contributions in relation to the actuarially determined contribution	1,272,069	1,094,045	1,032,249
Contribution deficiency (excess)	0	0	0
Covered-employee payroll	15,427,668	14,530,047	13,942,354
Contributions as a percentage of covered-employee payroll	8.25%	7.53%	7.40%

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2016 were based on the September 30, 2013 actuarial valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	27 years
Asset valuation method	Five year smothed market
Inflation	3%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8%, net of pension plan investment expense, including inflation

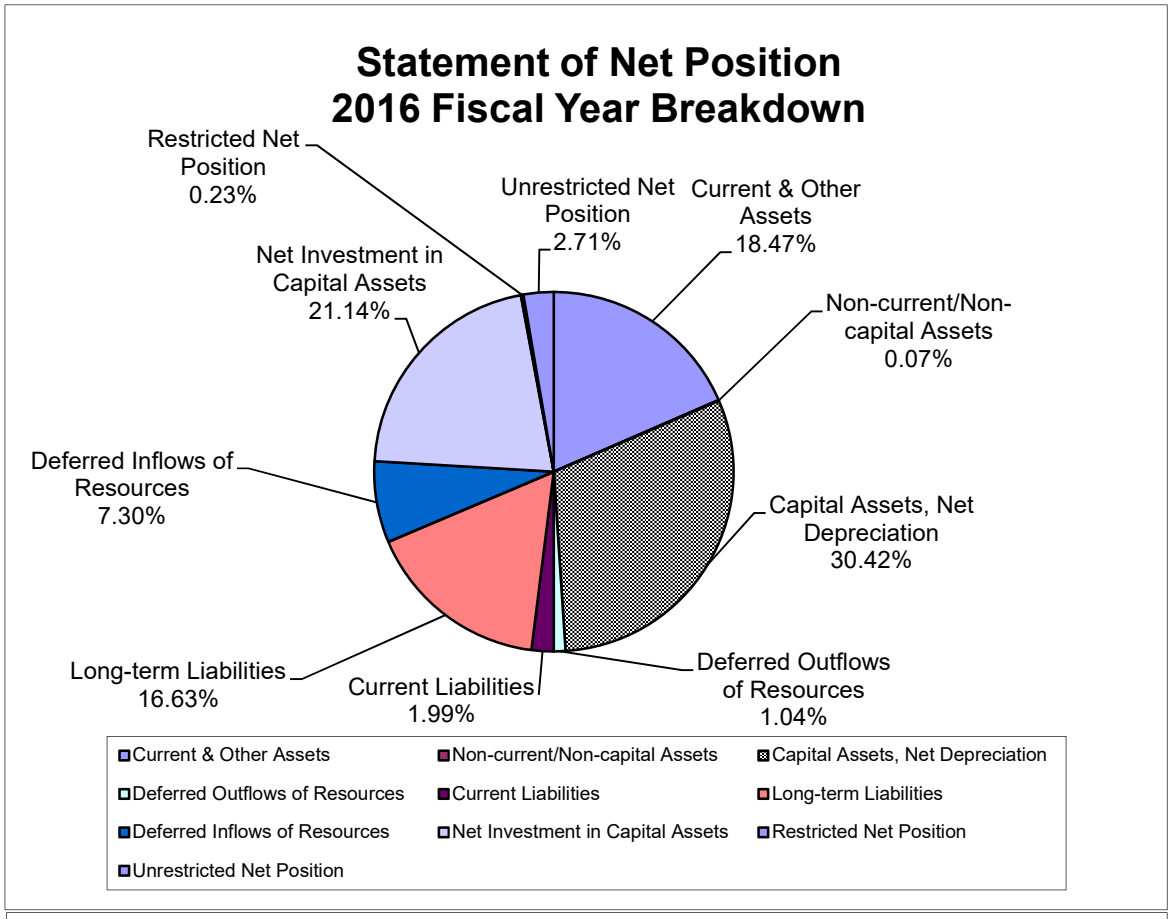
*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

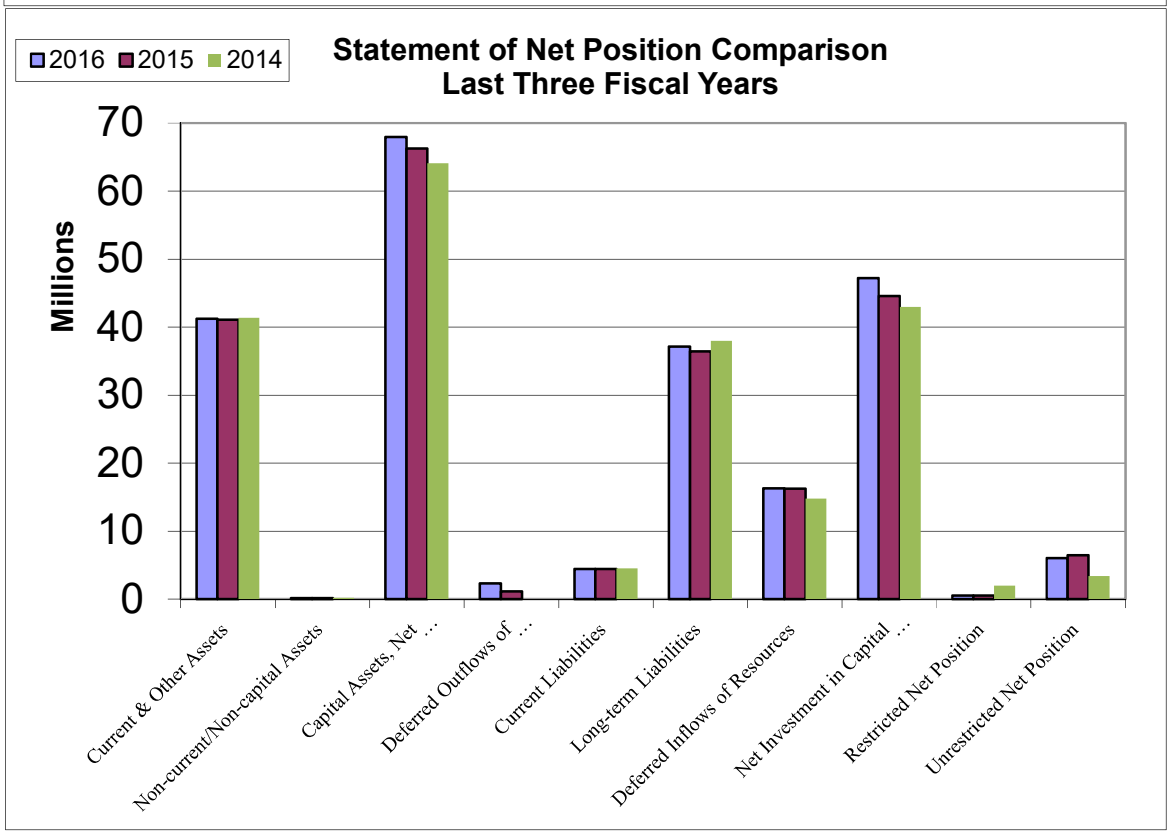
Schedule of Funding Progress Other Postemployment Benefits
Retiree Health Care Plan
For the Year Ended September 30, 2016

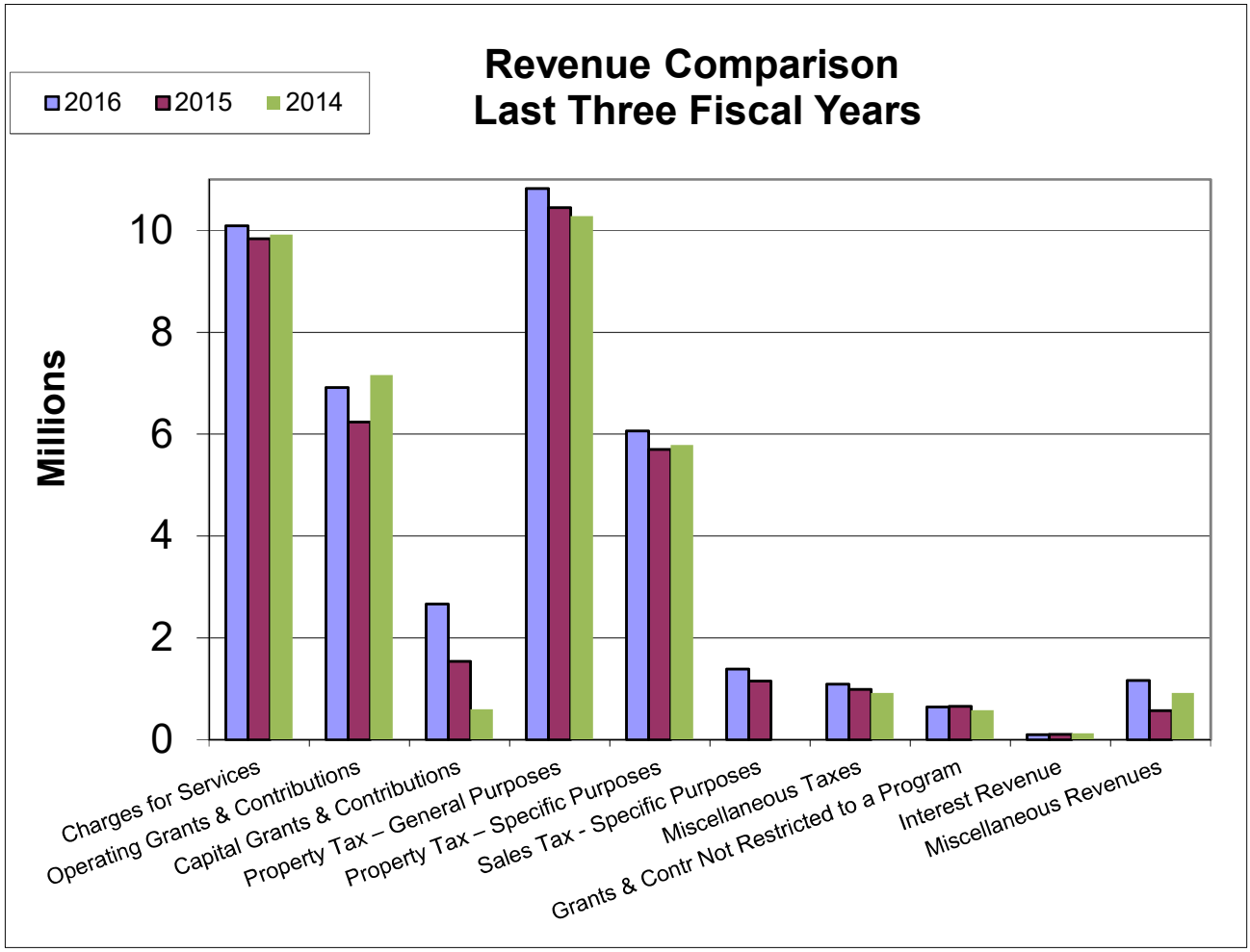
UNAUDITED

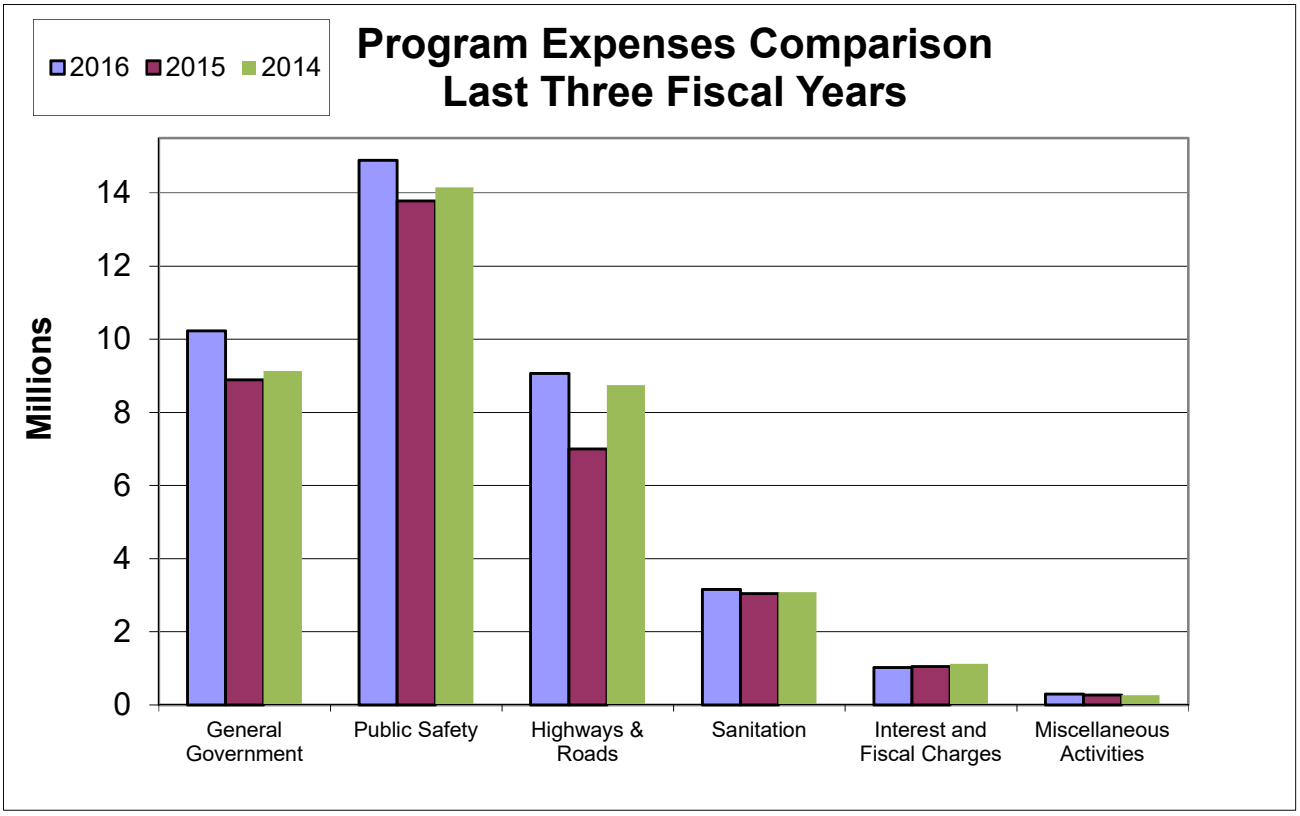
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
10/1/2014	0	4,782,451	4,782,451	0.00%	14,813,350	32.28%
10/1/2012	0	4,110,642	4,110,642	0.00%	12,352,344	33.28%
10/1/2010	0	3,952,540	3,952,540	0.00%	12,492,616	31.64%
10/1/2008	0	5,221,566	5,221,566	0.00%	12,610,905	41.40%

Actuarial Valuation required every two years for the Lee County Commission.

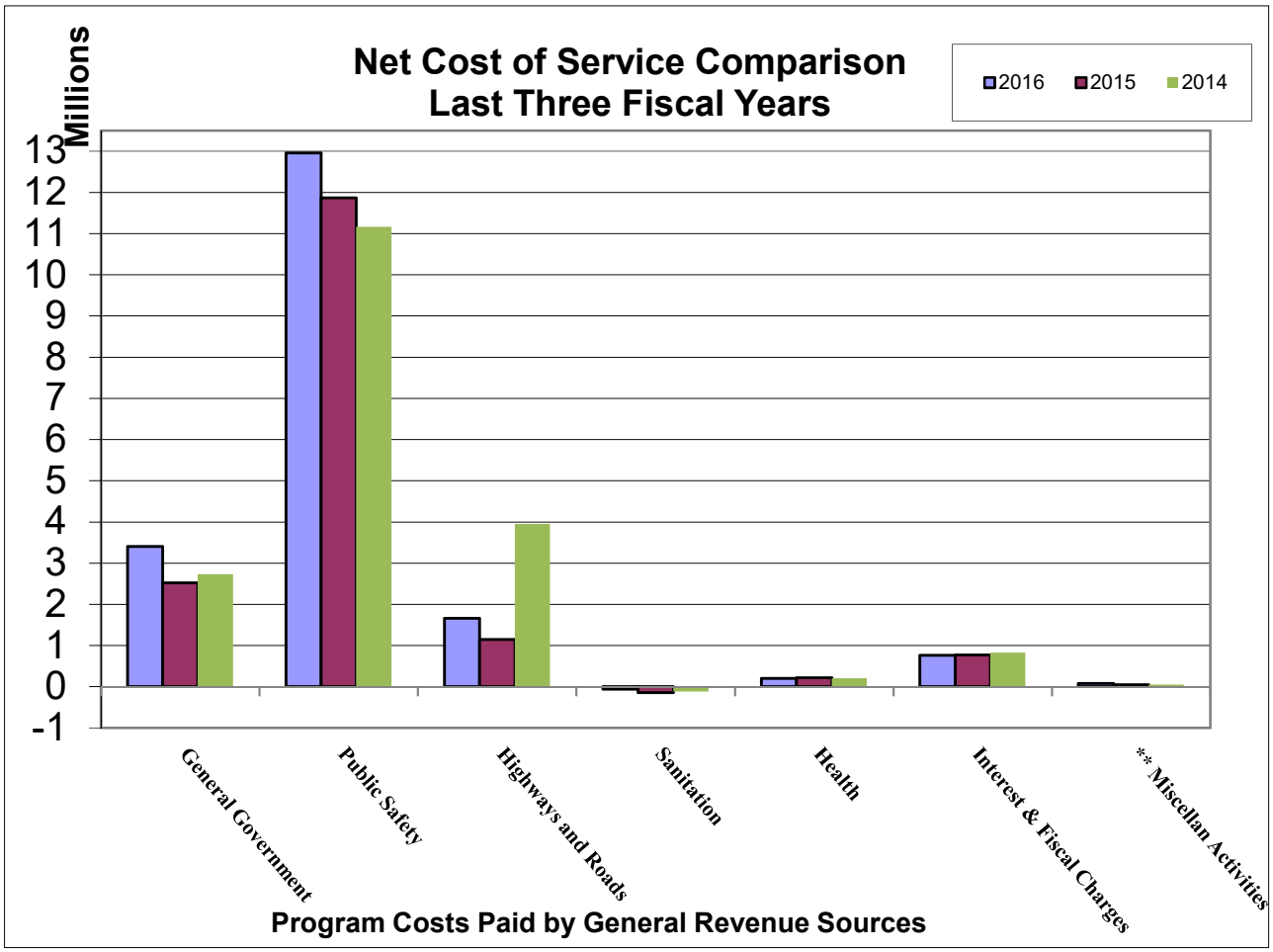

Statement of Net Position
2016 Fiscal Year Breakdown
Restricted Net Position 0.23%
Unrestricted Net Position 2.71%
Current & Other Assets 18.47%
Net Investment in Capital Assets 21.14%
Non-current/Non-capital Assets 0.07%
Deferred Inflows of Resources 7.30%
Capital Assets, Net Depreciation 30.42%
Long-term Liabilities 16.63%
Current Liabilities 1.99%
Deferred Outflows of Resources 1.04%
Current & Other Assets
Non-current/Non-capital Assets
Capital Assets, Net Depreciation
Deferred Outflows of Resources
Current Liabilities
Long-term Liabilities
Deferred Inflows of Resources
Net Investment in Capital Assets
Restricted Net Position
Unrestricted Net Position


2016
2015
2014
Statement of Net Position Comparison
Last Three Fiscal Years
Millions
70
60
50
40
30
20
10
0
Current & Other Assets
Non-current/Non-capital Assets
Capital Assets, Net …
Deferred Outflows of …
Current Liabilities
Long-term Liabilities
Deferred Inflows of Resources
Net Investment in Capital …
Restricted Net Position
Unrestricted Net Position





** Miscellanous Activities are Health, Welfare, Culture & Recreation and Education



** Miscellanous Activities are Health, Welfare, Culture & Recreation and Education