LEE COUNTY, GEORGIA

Annual Financial Report

For the Year Ended June 30, 2013

LEE COUNTY, GEORGIA
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For the Year Ended June 30, 2013

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LEE COUNTY, GEORGIA
PRINCIPAL OFFICIALS
June 30, 2013

ELECTED

Rick Muggridge, Chairman

Dennis Roland, Vice Chairman

Luke Singletary, County Commissioner

Ed Duffy, County Commissioner

Greg Frich, County Commissioner

STAFF

Ron Rabun, County Administrator

Heather Kittrell, Finance Director

Christi Dockery, County Clerk

Jimmy Skipper, County Attorney

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Lee County Health Department, which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Lee County Health Department is based on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Development Authority of Lee County, which represent 40%, 40%, and 39%, respectively, of the assets, fund balances, and revenues of the nonmajor governmental funds. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority of Lee County, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A to the financial statements, in 2013 the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013, on our consideration of Lee County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee County, Georgia's internal control over financial reporting and compliance.

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

Tifton, Georgia
December 13, 2013

Basic Financial Statements

LEE COUNTY, GEORGIA
STATEMENT OF NET POSITION
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	$ 2,369,452	$ 1,532,350	$ 3,901,802	$ 340,476
Investments	2,623,699	1,259,406	3,883,105	-
Accounts receivable, net	677,079	120,949	798,028	-
Property tax receivable	243,326	-	243,326	-
Inventories	-	15,762	15,762	-
Prepaid expenses	342,362	568	342,930	-
Other assets	117,151	-	117,151	-
Due from other governments	429,520	-	429,520	38,016
Interfund balances	1,500,148	(1,500,148)	-	-
Restricted assets:				
Cash and cash equivalents	429,906	1,144,512	1,574,418	-
Investments	2,298,644	-	2,298,644	-
Sales tax receivable	777,638	-	777,638	-
Capital assets:				
Land	3,552,377	2,776,762	6,329,139	-
Construction in progress	3,967,927	-	3,967,927	-
Other capital assets, net of accumulated depreciation	37,377,785	22,699,179	60,076,964	33,129
Total assets	56,707,014	28,049,340	84,756,354	411,621
LIABILITIES				
Accounts payable	349,641	12,120	361,761	11,560
Accrued expenses	424,637	311,316	735,953	5,028
Due to other governments	-	-	-	-
Liabilities payable from restricted assets	-	378,822	378,822	-
Long-term liabilities:				
Due within one year	3,368,452	835,073	4,203,525	-
Due in more than one year	5,695,316	22,617,615	28,312,931	-
Closure and post closure care		751,736	751,736	-
Compensated absences	668,701	59,781	728,482	45,253
Total liabilities	10,506,747	24,966,463	35,473,210	61,841
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	94,508	94,508	-
NET POSITION				
Net investment in capital assets	35,834,321	2,023,253	37,857,574	33,129
Restricted for:				
Capital projects	2,701,617	-	2,701,617	-
Other uses	961,500	816,908	1,778,408	276,387
Unrestricted	6,702,829	148,208	6,851,037	40,264
Total net position	$ 46,200,267	$ 2,988,369	$ 49,188,636	$ 349,780

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental activities:					
General government	$ 6,443,379	$ 991,715	$ 175,265	$ -	$ (5,276,399)
Public safety	12,608,316	1,109,740	7,000	-	(11,491,576)
Court system	1,685,446	32,912	-	-	(1,652,534)
Public works	7,460,846	5,906,904	1,173,412	-	(380,530)
Public health and welfare	357,246	-	-	-	(357,246)
Public education	-	-	-	-	-
Recreation	544,064	51,687	-	-	(492,377)
Library	2,231,493	-	-	-	(2,231,493)
Economic development	1,233,438	-	356,737	-	(876,701)
Interest on long-term debt	484,768	-	-	-	(484,768)
Total governmental activities	33,048,996	8,092,958	1,712,414	-	(23,243,624)
Business-type activities:					
Water and sewer	3,580,976	3,271,989	178,000	-	(130,987)
Solid waste	222,142	123,250	-	-	(98,892)
Golf and recreation	821,059	798,628	-	-	(22,431)
Total business-type activities	4,624,177	4,193,867	178,000	-	(252,310)
Total primary government	37,673,173	12,286,825	1,890,414	-	(23,495,934)
Component unit:					
Lee County Health Department	762,598	354,865	457,917	-	50,184
Total component units	$ 762,598	$ 354,865	$ 457,917	$ -	$ 50,184

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES (continued)

For the Year Ended June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
Change in net position:				
Net (expense) revenue	$ (23,243,624)	$ (252,310)	$ (23,495,934)	$ 50,184
General revenues:				
Taxes:				
Property taxes	12,109,600	-	12,109,600	-
Local option sales taxes	6,188,909	-	6,188,909	-
Other taxes	1,458,291	-	1,458,291	-
Grants and contributions not restricted to specific programs	3,358	-	3,358	-
Investment income	29,296	24,039	53,335	-
Gain on sale of capital assets	-	-	-	-
Other revenues	216,674	113,712	330,386	-
Transfers	(73,674)	73,674	-	-
Total general revenues and transfers	19,932,454	211,425	20,143,879	-
Change in net position	(3,311,170)	(40,885)	(3,352,055)	50,184
Net position, beginning of year (restated)	49,511,437	3,029,254	52,540,691	299,596
Net position, end of year	$ 46,200,267	$ 2,988,369	$ 49,188,636	$ 349,780

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,197,227	$ -	$ -	$ 1,164,638	$ 2,361,865
Investments	2,608,943	953	-	13,803	2,623,699
Accounts receivable, net	602,137	-	-	74,942	677,079
Property tax receivable	243,326	-	-	-	243,326
Prepaid expenditures	342,362	-	-	-	342,362
Due from other governments	429,520	-	-	-	429,520
Due from other funds	2,622,803	258,726	-	4,674	2,886,203
Restricted assets:					
Cash and cash equivalents	366,961	-	-	62,945	429,906
Investments	-	-	2,298,644	-	2,298,644
Sales tax receivable	-	-	777,638	-	777,638
Total assets	$ 8,413,279	$ 259,679	$ 3,076,282	$ 1,321,002	$ 13,070,242
LIABILITIES					
Accounts payable	$ 162,139	$ 13,258	$ -	$ 1,947	$ 177,344
Accrued expenses	346,679	1,738	9,156	67,064	424,637
Due to other governments	-	-	-	-	-
Due to other funds	4,840	339,697	286,161	617,187	1,247,885
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	513,658	354,693	295,317	686,198	1,849,866
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	180,223	-	-	-	180,223
FUND BALANCES					
Nonspendable					
Prepaid expenditures	342,362	-	-	-	342,362
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	-	-	2,780,965	592,383	3,373,348
Unassigned, reported in:					
General fund	7,377,036	-	-	-	7,377,036
Capital projects funds	-	(95,014)	-	(51,214)	(146,228)
Special revenue funds	-	-	-	93,635	93,635
Total fund balances	7,719,398	(95,014)	2,780,965	634,804	11,040,153
Total liabilities, deferred inflows of resources and fund balances	$ 8,413,279	$ 259,679	$ 3,076,282	$ 1,321,002	$ 13,070,242

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2013

Total governmental fund balances	$ 11,040,153
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,898,089
Net pension assets are not financial resources and, therefore, are not reported in the funds.	117,151
Certain property tax revenues are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	180,223
Liabilities not due and payable in the current period and therefore not reported in the funds:	
Bonds payable	(5,565,247)
Installment agreement	(330,000)
Capital leases	(1,045,904)
Notes payable	(2,122,617)
Compensated absences	(668,701)
An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(302,880)
Net position of governmental activities	$ 46,200,267

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 12,176,935	$ -	$ -	$ 2,776	$ 12,179,711
Local option sales taxes	2,827,794	-	3,358,339	-	6,186,133
Other taxes	1,458,291	-	-	-	1,458,291
Charges for services	3,884,200	-	-	446,147	4,330,347
Fines and forfeitures	831,588	-	-	90,823	922,411
Investment income	17,394	488	3,064	8,350	29,296
Intergovernmental	3,358	395,122	135,924	356,737	891,141
Other revenues	202,181	-	-	14,493	216,674
Total revenues	21,401,741	395,610	3,497,327	919,326	26,214,004
EXPENDITURES					
Current:					
General government	5,232,025	-	-	-	5,232,025
Public safety	9,928,550	-	-	2,145,276	12,073,826
Court system	1,614,409	-	-	-	1,614,409
Public works	2,095,811	-	645,427	457	2,741,695
Public health and welfare	422,654	-	-	-	422,654
Culture and recreation	360,714	-	-	309,669	670,383
Library	591,849	-	-	1,221,359	1,813,208
Housing and development	927,924	-	418,285	-	1,346,209
Intergovernmental	-	-	520,382	192,019	712,401
Capital projects	-	-	-	37,300	37,300
Debt service:					
Principal	307,787	-	2,390,000	2,280,782	4,978,569
Interest	197,619	-	174,553	107,050	479,222
Fiscal agent fees	-	-	-	1,500	1,500
Total expenditures	21,679,342	-	4,148,647	6,295,412	32,123,401
Excess (deficiency) of revenues over expenditures	(277,601)	395,610	(651,320)	(5,376,086)	(5,909,397)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	39,620	-	-	205,828	245,448
Transfers to other funds	(279,502)	-	-	(39,620)	(319,122)
Sale of capital assets	-	-	-	-	-
Long-term debt issued	343,536	-	-	2,122,617	2,466,153
Total other financing sources (uses)	103,654	-	-	2,288,825	2,392,479
Net change in fund balances	(173,947)	395,610	(651,320)	(3,087,261)	(3,516,918)
Fund balances, beginning of year	7,893,345	(490,624)	3,432,285	3,722,065	14,557,071
Fund balances, end of year	$ 7,719,398	$ (95,014)	$ 2,780,965	$ 634,804	$ 11,040,153

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	$ (3,516,918)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital asset purchases capitalized	1,294,213
Depreciation expense	(3,269,585)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt issued	(2,466,154)
Debt payments made	4,894,257
Amortization of bond premiums	80,266
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.	
Unavailable revenues - property taxes	(67,334)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in pension asset	20,406
Compensated absences	(95,632)
An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The net revenues (expenses) the internal service fund is reported with governmental activities in the statement of net position.	(184,689)
Change in net position of governmental activities	$ (3,311,170)

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Property taxes	$ 11,951,250	$ 11,951,250	$ 12,176,935	$ 225,685
Local option sales taxes	2,864,150	2,864,150	2,827,794	(36,356)
Other taxes	1,399,154	1,399,154	1,458,291	59,137
Charges for services	3,924,205	3,924,205	3,884,200	(40,005)
Fines and forfeitures	811,335	811,335	831,588	20,253
Investment income	14,500	14,500	17,394	2,894
Intergovernmental	26,827	26,827	3,358	(23,469)
Other revenues	115,021	130,021	202,181	72,160
Total revenues	21,106,442	21,121,442	21,401,741	280,299
EXPENDITURES				
Current:				
General government				
County commissioners	979,277	979,277	945,692	33,585
County Administrator	528,182	528,182	519,894	8,288
Elections	242,194	242,194	216,465	25,729
Information technology	193,168	193,168	200,269	(7,101)
Tax commissioner	364,957	364,957	356,928	8,029
Tax assessor	539,531	539,531	515,845	23,686
Building and grounds	280,195	280,195	280,807	(612)
Utility billing	2,496,219	2,496,219	2,196,125	300,094
Total general government	5,623,723	5,623,723	5,232,025	391,698
Public safety				
Sheriff	3,251,406	3,251,406	3,501,096	(249,690)
Jail	1,859,260	1,859,260	1,981,851	(122,591)
Fire fighting	2,110,307	2,110,307	2,004,288	106,019
Emergency management	2,171,654	2,171,654	2,161,805	9,849
Coroner	28,939	28,939	29,074	(135)
Animal control	243,013	243,013	250,436	(7,423)
Total public safety	9,664,579	9,664,579	9,928,550	(263,971)
Court system				
Superior court	454,728	454,728	455,094	(366)
District attorney	75,669	75,669	75,669	-
Magistrate court	583,212	583,212	567,028	16,184
Probate court	228,930	228,930	233,995	(5,065)
Juvenile court	59,616	59,616	33,611	26,005
Court services	-	-	25,933	(25,933)
Public defender	273,353	273,353	223,079	50,274
Total court system	1,675,508	1,675,508	1,614,409	61,099

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public works				
Roads and bridges	1,730,803	1,730,803	2,095,811	(365,008)
Total public works	1,730,803	1,730,803	2,095,811	(365,008)
Public health and welfare				
Health	318,040	318,040	319,512	(1,472)
Welfare	21,250	21,250	21,000	250
Extension service	77,642	77,642	82,142	(4,500)
Total public health and welfare	416,932	416,932	422,654	(5,722)
Culture and recreation	363,945	363,945	360,714	3,231
Library	596,729	596,729	591,849	4,880
Housing and development				
Code enforcement	247,608	247,608	248,227	(619)
Community development	44,790	44,790	39,050	5,740
Planning and engineering	441,030	441,030	435,729	5,301
Economic development	205,197	205,197	204,918	279
Total housing and development	938,625	938,625	927,924	10,701
Capital projects	-	-	-	-
Debt service				
Principal	440,267	440,267	307,787	132,480
Interest	147,740	147,740	197,619	(49,879)
Total expenditures	21,598,851	21,598,851	21,679,342	(80,491)
Excess (deficiency) of revenues over expenditures	(492,409)	(477,409)	(277,601)	199,808
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	39,620	39,620	39,620	-
Transfers to other funds	(508,950)	(508,950)	(279,502)	229,448
Sale of capital assets	-	-	-	-
Long-term debt issued	959,577	959,577	343,536	(616,041)
Total other financing sources (uses)	490,247	490,247	103,654	(386,593)
Net change in fund balances	(2,162)	12,838	(173,947)	(186,785)
Fund balances, beginning of year	7,893,345	7,893,345	7,893,345	-
Fund balances, end of year	$ 7,891,183	$ 7,906,183	$ 7,719,398	$ (186,785)

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Business Type Activities - Enterprise Funds				Governmental Activity
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,490,675	$ 38,368	$ 3,307	$ 1,532,350	$ 7,587
Restricted assets - cash	1,144,512	-	-	1,144,512	-
Investments	-	-	-	-	-
Restricted assets - investments	1,259,406	-	-	1,259,406	-
Accounts receivable, net	65,942	53,759	1,248	120,949	-
Due from other funds	-	166	-	166	745,615
Due from component unit	-	-	-	-	-
Inventories	-	15,762	-	15,762	-
Other current assets	-	-	568	568	-
Total current assets	3,960,535	108,055	5,123	4,073,713	753,202
Non - current assets					
Restricted assets - cash	-	-	-	-	-
Other assets	-	-	-	-	-
Capital assets:	-	-	-	-	-
Land	77,310	2,536,452	163,000	2,776,762	-
Construction in progress	-	-	-	-	-
Other capital assets, net of accumulated depreciation	21,951,511	740,181	7,487	22,699,179	-
Total non - current assets	22,028,821	3,276,633	170,487	25,475,941	-
Total assets	25,989,356	3,384,688	175,610	29,549,654	753,202
LIABILITIES					
Current liabilities					
Accounts payable	4,798	6,719	603	12,120	172,297
Accrued expenses	298,445	6,642	6,229	311,316	-
Lines of credit	-	-	-	-	-
Current portion of long - term debt	778,347	56,726	-	835,073	-
Customer deposits	378,822	-	-	378,822	-
Due to other governments	-	-	-	-	-
Due to other funds	1,317,312	70,986	112,016	1,500,314	883,785
Liabilities payable from restricted assets					
Current portion of long - term debt	-	-	-	-	-
Total current liabilities	2,777,724	141,073	118,848	3,037,645	1,056,082
Noncurrent liabilities					
Long - term debt, net of current portion	22,501,160	116,455	-	22,617,615	-
Compensated absences	40,346	19,435	-	59,781	-
Other liabilities - closure and post closure care	-	-	751,736	751,736	-
Total liabilities	25,319,230	276,963	870,584	26,466,777	1,056,082
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	94,508	-	-	94,508	-
NET POSITION					
Invested in capital assets, net of related debt	(1,250,686)	3,103,452	170,487	2,023,253	-
Restricted for debt service	816,908	-	-	816,908	-
Unrestricted	1,009,396	4,273	(865,461)	148,208	(302,880)
Total net position	$ 575,618	$ 3,107,725	$ (694,974)	$ 2,988,369	$ (302,880)

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Business Type Activities - Enterprise Funds				Governmental Activity
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
OPERATING REVENUES					
Utility revenues	$ 3,271,989	$ -	$ 123,251	$ 3,395,240	$ -
Charges for services	-	798,628		798,628	2,879,541
Miscellaneous	89,701	11,334	12,676	113,711	-
Intergovernmental	-	-		-	-
Total operating revenues	3,361,690	809,962	135,927	4,307,579	2,879,541
OPERATING EXPENSES					
Salaries and wages	651,660	408,534	76,777	1,136,971	-
Operating, administrative and maintenance	902,361	322,828	144,518	1,369,707	3,066,495
Depreciation	1,125,813	85,700	847	1,212,360	-
Total operating expenses	2,679,834	817,062	222,142	3,719,038	3,066,495
Operating income (loss)	681,856	(7,100)	(86,215)	588,541	(186,954)
NON - OPERATING INCOME (EXPENSES)					
Interest income	23,808	186	45	24,039	265
Interest expense	(839,909)	(3,997)	-	(843,906)	-
Net decrease in the fair value of investments	(61,233)	-	-	(61,233)	-
Income (loss) before contributions and transfers	(195,478)	(10,911)	(86,170)	(292,559)	(186,689)
Capital contributions	178,000	-	-	178,000	-
Transfers from other funds	-	-	73,674	73,674	2,000
Transfers to other funds	-	-	-	-	-
Change in net position	(17,478)	(10,911)	(12,496)	(40,885)	(184,689)
Net position, beginning of year (restated)	593,096	3,118,636	(682,478)	3,029,254	(118,191)
Net position, end of year	$ 575,618	$ 3,107,725	$ (694,974)	$ 2,988,369	$ (302,880)

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Business Type Activities - Enterprise Funds				Governmental Activity
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$ 3,265,388	$ 782,636	$ 123,250	$ 4,171,274	$ 2,879,541
Other operating receipts	89,701	11,334	12,676	113,711	-
Cash payments to employees	(648,796)	(408,103)	(76,601)	(1,133,500)	-
Cash payments to suppliers	(941,457)	(332,137)	(154,986)	(1,428,580)	(2,996,782)
New customer utility deposits	53,565	-	-	53,565	-
Net cash provided (used) by operating activities	1,818,401	53,730	(95,661)	1,776,470	(117,241)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	73,674	73,674	2,000
Transfers to other funds	-	-	-	-	-
Net change in due from other funds	46,115	-	-	46,115	5,025,830
Net change in due from component unit	-	-	-	-	-
Net change in due to other funds	192,220	84	21,300	213,604	(4,931,365)
Net cash provided (used) by noncapital financing activities	238,335	84	94,974	333,393	96,465
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Change in deferred charges	-	-	-	-	-
Proceeds from issuance of long - term debt	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Proceeds from capital contributions	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	-
Principal payments on long - term debt	(698,320)	(52,762)	-	(751,082)	-
Interest paid	(890,310)	(3,997)	-	(894,307)	-
Net cash provided (used) by capital and related financing activities	(1,588,630)	(56,759)	-	(1,645,389)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale of investment securities	-	-	-	-	-
Purchase of investments	(126,316)	-	-	(126,316)	-
Loan disbursements	-	-	-	-	-
Interest received	23,808	186	45	24,039	265
Net cash provided (used) by investing activities	(102,508)	186	45	(102,277)	265
Net increase (decrease) in cash and cash equivalents	365,598	(2,759)	(642)	362,197	(20,511)
Cash and cash equivalents, beginning of year	2,269,589	41,127	3,949	2,314,665	28,098
Cash and cash equivalents, end of year	$ 2,635,187	$ 38,368	$ 3,307	$ 2,676,862	$ 7,587

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Business Type Activities - Enterprise Funds				Governmental Activity
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ 681,856	$ (7,100)	$ (86,215)	$ 588,541	$ (186,954)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,125,813	85,700	847	1,212,360	-
New customer utility deposits	53,565	-	-	53,565	-
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(6,601)	(15,827)	-	(22,428)	-
Inventories	-	(3,457)	-	(3,457)	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Accounts payable	(39,096)	(6,017)	(10,469)	(55,582)	69,713
Accrued expenses	2,864	431	176	3,471	-
Net cash provided (used) by operating activities	$ 1,818,401	$ 53,730	$ (95,661)	$ 1,776,470	$ (117,241)
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt refinancing	-	136,488	-	136,488	-
Intergovernmental capital contribution	178,000	-	-	178,000	-
Total non-cash capital and related financing activities	$ 178,000	$ 136,488	$ -	$ 314,488	$ -

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Pension Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	$ 8,612	$ 624,448
Investments:		
Mutual funds	260,750	-
Receivables:		
Accounts receivable, net	-	733,290
Employer and employee's contribution	-	-
Accrued investment income	567	-
Other assets	-	-
Total assets	269,929	1,357,738
LIABILITIES		
Accrued expenses	-	-
Due to others	-	1,357,738
Total liabilities	-	1,357,738
NET POSITION		
Held in trust for pension benefits (a schedule of funding progress is presented in the notes to financial statements)	$ 269,929	$ -

See accompanying notes to financial statements.

LEE COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
For the Year Ended June 30, 2013

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	$ -
Participants	-
Total contributions	-
Investment income	
Net appreciation in fair value of investments	8,394
Interest and dividends	12,419
Less - investment expenses	-
Net investment income	20,813
Total additions	20,813
DEDUCTIONS	
Net depreciation in fair value of investments	-
Pension benefits paid	3,780
Administrative expenses	-
Total deductions	3,780
Net increase	17,033
Net assets held in trust for pension benefits	
Beginning of year	252,896
End of Year	$ 269,929

See accompanying notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

I. Reporting Entity

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

Blended Component Units

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

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

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

Discretely Presented Component Unit

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

II. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Changes in Net Position) report information on all non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is accountable.

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

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

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

Government – Wide Financial Statements

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary funds:

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

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

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

Additionally the County reports the following fund types:

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

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

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

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

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

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

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

Cash and Investments

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

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

Receivables

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

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

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

Inventories

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

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

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

Major outlays for capital improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of assets constructed. No interest expense was capitalized during the fiscal year ending June 30, 2013.

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

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

Deferred Inflows of Resources

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

Compensated Absences

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

Long-Term Obligations, Debt Premiums and Discounts

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

Fund Equity

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

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Use of Estimates

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

Subsequent Events

Subsequent events were evaluated through December 13, 2013, which is the date the financial statements were available to be issued.

Implementation of GASB Statement Nos. 63 and 65

The County implemented GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and early implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2013. These statements require changes in account captions in the statement of net position. In addition, the requirements for acquisition costs to be capitalized and charged to expense in proportion to premium revenue recognized were eliminated. Instead, acquisition costs are expensed in the period incurred.

As a result, the effect is as follows:

	Beginning of Year	Prior Period Adjustment	Restated
Utility Authority			
Net position	$ 1,658,177	$ (1,065,081)	$ 593,096
Governmental Activities			
Net position	49,689,947	(178,510)	49,511,437
Business-type Activities			
Net position	4,094,335	(1,065,081)	3,029,254

NOTE B - BUDGETS AND BUDGETARY ACCOUNTING

I. Budget Process

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

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

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

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

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

II. Capital Projects Budget

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

III. Excess of Expenditures Over Appropriations in the General Fund

The following General Fund departments incurred actual expenditures in excess of budgeted amounts for the year ended June 30, 2013:

Department	Excess of Expenditures Over Budgeted Amounts
Public safety	$ 263,971
Public works	365,008
Public health and welfare	5,722

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

IV. Excess of Expenditures Over Appropriations in Individual Funds

The following funds incurred actual expenditures in excess of budgeted amounts for the year ended June 30, 2013:

Department	Excess of Expenditures Over Budgeted Amounts
Drug Abuse Treatment & Education Fund	$ 11,264
District Attorney Forfeiture Fund	40,370
E-911 Fund	61,025
Special Assessment Fund	341,188
Development Authority	2,284,492

NOTE C - DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2013, are summarized as follows:

Primary Government		
Amounts as presented on the entity-wide Statement of Net Position:		
Cash and cash equivalents	$	3,901,802
Investments		3,883,105
Restricted cash and cash equivalents		1,574,418
Restricted investments		2,298,644
Amounts as presented on the Statement of Fiduciary Net Position:		
Cash and cash equivalents		633,060
Investments		260,750
Total	$	12,551,779
Deposits with financial institutions	$	7,375,406
Deposits with Georgia Fund 1		4,915,623
Investment in mutual funds		260,750
Total	$	12,551,779
Lee County Board of Health:		
Cash and cash equivalents	$	340,476
Cash deposited with financial institutions	$	340,476

The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks.

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depositor insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2013, the County's bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

NOTE D – RECEIVABLES AND TAX REVENUE

I. Property Tax

Property taxes are levied on property values assessed as of January 1. State law requires that property taxes be based on assessed value, which is 40% of market value. The levy date and payment due date for fiscal year 2013 property taxes were September 27, 2012 and December 20, 2012, respectively. The billings are considered past due 60 days after the billing date and penalties and interest are assessed. The applicable property is subject to lien after the billings are 90 days delinquent.

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

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

II. Receivables

Receivables as of June 30, 2013 for the County's individual major funds, nonmajor funds, and fiduciary funds in the aggregate are as follows:

	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund	Nonmajor Governmental and Other Funds
Accounts receivable	$ 1,624,173	$ -	$ -	$ 75,509
Property tax receivable	415,768	-	-	733,290
Sales tax receivable	-	-	777,638	-
Due from other governments	429,520	-	-	-
Gross receivables	2,469,461	-	777,638	808,799
Less:				
Allowance for uncollectibles	(1,194,478)	-	-	-
Net total receivables	$ 1,274,983	$ -	$ 777,638	$ 808,799

	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total
Accounts receivable	$ 224,899	$ 174,047	$ 1,248	$ 2,099,876
Property tax receivable	-	-	-	1,149,058
Sales tax receivable	-	-	-	777,638
Due from other governments	-	-	-	429,520
Gross receivables	224,899	174,047	1,248	4,456,092
Less:				
Allowance for uncollectibles	(158,957)	(120,288)	-	(1,473,723)
Net total receivables	$ 65,942	$ 53,759	$ 1,248	$ 2,982,369

NOTE E – INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

I. Interfund Receivables and Payables

Generally, outstanding balances between funds include outstanding charges by one fund to another for services or goods and other miscellaneous receivables and payables between funds. The composition of interfund receivables and payables as of June 30, 2013 is as follows:

	Due From				
Due To	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund	Nonmajor Governmental Funds	Utility Authority
General Fund	$ -	$ 339,697	$ 27,435	$ 136,953	$ 1,182,500
1% SPLOST BONY Advance Fund	-	-	258,726	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	4,674	-	-	-	-
Utility Authority	-	-	-	-	-
Parks and Recreation Authority	166	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	-	-	-	480,234	134,812
Total	$ 4,840	$ 339,697	$ 286,161	$ 617,187	$ 1,317,312

	Due From			
Due To	Golf Complex	Solid Waste Fund	Internal Service Fund	Total
General Fund	$ 22,612	$ 29,821	$ 883,785	$ 2,622,803
1% SPLOST BONY Advance Fund	-	-	-	258,726
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	4,674
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	166
Solid Waste Fund	-	-	-	-
Internal Service Fund	48,374	82,195	-	745,615
Total	$ 70,986	$ 112,016	$ 883,785	$ 3,631,984

II. Interfund Transfers

Interfund transfers are used to move revenues from the fund that the Statute or budget requires to collect them to the fund that the Statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers for the year ended June 30, 2013 consisted of the following:

	Transfer To				
Transfer From	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects Fund	Nonmajor Governmental Funds	Utility Authority
General Fund	$ -			$ 205,828	$ -
1% SPLOST BONY Advance Fund	-	-		-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	39,620	-	-	-	-
Utility Authority	-	-	-	-	-
Parks and Recreation Authority		-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	-	-	-	-	-
Total	$ 39,620	$ -	$ -	$ 205,828	$ -

	Transfer To			
Transfer From	Parks and Recreation Authority	Solid Waste Fund	Internal Service Fund	Total
General Fund	$ -	$ 73,674	$ -	$ 279,502
1% SPLOST BONY Advance Fund	-	-	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	39,620
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	-
Solid Waste Fund	-	-	-	-
Internal Service Fund	-	-	-	-
Total	$ -	$ 73,674	$ -	$ 319,122

NOTE F – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2013:

Primary Government

Governmental activities:

	Balance June 30, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	$ 3,552,377	$ -	$ -	$ -	$ 3,552,377
Construction in progress	3,967,927	-	-	-	3,967,927
Total capital assets not being depreciated	7,520,304	-	-	-	7,520,304
Other capital assets:					
Buildings	18,281,059	-	-	-	18,281,059
Infrastructure	68,732,072	-	-	-	68,732,072
Improvements other than buildings	1,625,457	-	-	-	1,625,457
Machinery and equipment	9,479,471	1,294,213	-	-	10,773,684
Total other capital assets at cost	98,118,059	1,294,213	-	-	99,412,272
Less accumulated depreciation for:					
Buildings	(5,303,831)	(398,013)	-	-	(5,701,844)
Infrastructure	(45,695,873)	(1,848,425)	-	-	(47,544,298)
Improvements other than buildings	(662,022)	(82,939)	-	-	(744,961)
Machinery and equipment	(7,103,176)	(940,208)	-	-	(8,043,384)
Total accumulated depreciation	(58,764,902)	(3,269,585)	-	-	(62,034,487)
Other capital assets, net	39,353,157	(1,975,372)	-	-	37,377,785
Governmental activities capital assets, net	$ 46,873,461	$ (1,975,372)	$ -	$ -	$ 44,898,089

Business-type activities:

	Balance June 30, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	$ 2,776,762	$ -	$ -	$ -	$ 2,776,762
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	2,776,762	-	-	-	2,776,762
Other capital assets:					
Buildings and infrastructure	34,460,486	-	-	-	34,460,486
Improvements other than buildings	262,687	-	-	-	262,687
Machinery and equipment	1,033,447	178,000	-	-	1,211,447
Total other capital assets at cost	35,756,620	178,000	-	-	35,934,620
Less accumulated depreciation for:					
Buildings and infrastructure	(11,018,311)	(1,100,975)	-	-	(12,119,286)
Improvements other than buildings	(141,267)	(17,113)	-	-	(158,380)
Machinery and equipment	(863,503)	(94,272)	-	-	(957,775)
Total accumulated depreciation	(12,023,081)	(1,212,360)	-	-	(13,235,441)
Other capital assets, net	23,733,539	(1,034,360)	-	-	22,699,179
Business-type activities capital assets, net	$ 26,510,301	$ (1,034,360)	$ -	$ -	$ 25,475,941

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 257,770
Judicial	30,537
Public safety	677,165
Public works	2,190,326
Health and welfare	16,734
Culture and recreation	81,605
Housing and development	15,448
Total governmental activities depreciation expense	$ 3,269,585
Business-type activities	
Utility Authority	$ 1,125,813
Parks and Recreation Authority	85,700
Solid Waste	847
Total governmental activities depreciation expense	$ 1,212,360

Component Units

Capital asset activity for the Lee County Board of Health, a discretely presented component unit, for the year ended June 30, 2013 is as follows:

Governmental Activities:

	Balance June 30, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
Other capital assets:					
Building improvements	32,595	-	-	-	32,595
Equipment	6,222		-	-	6,222
Total other capital assets at cost	38,817	-	-	-	38,817
Total accumulated depreciation	(3,963)	(1,725)	-	-	(5,688)
Governmental activities capital assets, net	$ 34,854	$ (1,725)	$ -	$ -	$ 33,129

NOTE G – DEFICIT FUND BALANCES AND NET POSITION

The following funds reported deficit fund balances or net position at June 30, 2013:

Fund	Deficit Balance at June 30, 2013
1% SPLOST V BONY Advance Capital Projects Fund	$ 95,014
1% SPLOST VI Capital Projects Fund	51,214
E-911 Fund	485,430
Solid Waste Fund	694,974

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

NOTE H – LONG TERM DEBT

I. General Obligation Bonds

The County's general obligation bonds outstanding at June 30, 2013, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Lee County General Obligation Sales Tax Bonds Series 2007	$ 10,635,000	4.00 – 5.25%	2013	$ 2,030,000
Lee County General Obligation Sales Tax Bonds Series 2011	3,350,000	2.00 – 5.00%	2019	3,350,000
				5,380,000
			Unamortized discount / premium / loss	185,247
			Less current portion	(2,555,000)
				$ 3,010,247

On August 28, 2007, the County issued $10,635,000 in series 2007 general obligation sales tax bonds to finance certain capital outlay projects. Interest is payable semiannually on June 1 and December 1 at varying rates ranging from 4 percent to 5.25 percent beginning June 1, 2008 through 2013. Principal is paid on December 1 of each year beginning 2008.

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

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

Year Ending June 30	Principal	Interest	Total
2014	$ 2,555,000	$ 156,400	$ 2,711,400
2015	535,000	92,563	627,563
2016	550,000	79,150	629,150
2017	565,000	63,988	628,988
2018	580,000	38,450	618,450
2019-2023	595,000	42,687	637,687
	$ 5,380,000	$ 473,238	$ 5,853,238

In accordance with the requirements of the General Obligation Sales Tax Bonds, Series 2007, and pursuant to an Escrow Agreement, dated as of September 1, 2007, between the County and The Bank of New York Trust Company, N.A., the County is required to deposit 3.10% of the sales and use tax proceeds into the Smithville account until such time as there has been deposited therein $900,000. The remaining proceeds are to be deposited into the Debt Service account until such time as there is deposit therein the amount needed to pay the principal of and interest on the bonds coming due in the current bond year (December 2 of each year through the following December 1). After the Debt Service account is fully funded each bond year, the remaining County proceeds will be deposited into the County account.

II. Revenue Bonds

Description	Original Amount	Interest Rate	Due Date	Amount
Lee County Utilities Authority Revenue Bonds Series 2010	$ 22,070,000	2.00 – 5.00%	2032	$ 21,215,000
				21,215,000
			Unamortized discount	(176,876)
			Less current portion	(515,000)
				$ 20,523,124

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

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 515,000	$ 809,561	$ 1,324,561
2015	575,000	798,661	1,373,661
2016	635,000	784,018	1,419,018
2017	650,000	765,374	1,415,374
2018	700,000	722,980	1,422,980
2019-2023	4,285,000	2,684,765	6,969,765
2024-2028	6,140,000	2,500,379	8,640,379
2029-2033	7,715,000	1,201,194	8,916,194
	$ 21,215,000	$ 10,266,932	$ 31,481,932

III. Other Long-Term Debt

During 2013, the Development Authority of Lee County issued notes payable for land acquisitions. The current note with an original amount of $2,122,617 bears interest at 2.85% with semi-annual installments of $261,230 each, through December 2018, with a balloon payment of $1,079,434 due December 31, 2018. The balance outstanding as June 30, 2012 was $2,122,617.

Debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 211,845	$ 49,385	$ 261,230
2015	206,773	54,457	261,230
2016	212,666	48,564	261,230
2017	218,727	42,503	261,230
2018	224,961	36,269	261,230
2019	1,047,645	31,789	1,079,434
	$ 2,122,617	$ 262,967	$ 2,385,584

The Lee County Parks & Recreation Authority refinanced a note payable at Colony Bank to fund renovations at the golf course. The current note is dated July 2, 2012 with an original amount of $136,488 with an interest rate of 2.75%. The total balance outstanding as of June 30, 2012 was $117,097.

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Notes payable debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 21,785	$ 2,947	$ 24,732
2015	22,392	2,340	24,732
2016	23,016	1,717	24,733
2017	23,657	1,076	24,733
2018	26,247	417	26,664
	$ 117,097	$ 8,497	$ 125,594

The Lee County Utility Authority entered into a loan agreement with the Georgia Environmental Facilities Authority to finance wastewater treatment facility improvements. The loan is dated February 29, 2004 at 3% interest in the amount of $3,362,356 with payments beginning June 1st, 2007 to be repaid monthly, at $18,996 over a sixteen year period. The balance outstanding as of June 30, 2013 was $1,981,307.

The Lee County Utility Authority received a $740,000 loan from Sumter Electric Membership Corporation, the recipient of a USDA Rural Economic Development Loan, to be used for the sewer extension along U.S. Highway 82. The note will be repaid in monthly installments of $7,708 over an eight year period, with no interest, beginning two years after May 8, 2007, the date of the note. The total amount outstanding as of June 30, 2013 was $354,583. The County has recognized imputed interest at a rate of 4.15 percent on the loan.

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

Year Ending June 30	Principal	Interest	Total
2014	$ 263,352	$ 57,105	$ 320,457
2015	268,549	51,909	320,458
2016	273,830	46,628	320,458
2017	264,071	40,970	305,041
2018	228,380	35,832	264,212
2019-2023	1,037,708	84,912	1,122,620
	$ 2,335,890	$ 317,356	$ 2,653,246

Description	Original Amount	Interest Rate	Due Date	Amount
Installment Agreement – Lee County, Georgia Certificates of Participation Series 2002	$ 6,965,000	1.30 – 3.55%	2013	$ 330,000
				330,000
			Less current portion	(330,000)
				$ - -

On September 1, 2002 the County entered into an installment lease-purchase agreement with the Association of County Commissioners of Georgia in the amount of $6,965,000. The County used $4,040,499 to pay off the existing jail obligation and $1,497,459 to purchase land for the industrial park. The remainder is being used to construct an administration building and pay costs associated with the debt. Interest payments will be made semi-annually and principal payments annually in varying amounts from $469,000 to $1,051,000 per year through September 1, 2013 if the agreement is renewed annually. These payments will be made from the proceeds of the Special Local Option Sales Tax. The balance outstanding as of June 30, 2013 was $330,000.

Installment sale agreement debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2014	$ 330,000	$ 5,858	$ 335,858
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
	$ 330,000	$ 5,858	$ 335,858

IV. Capital Leases

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

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

Year Ending June 30	Governmental Activities	Business-type Activities	Total
2014	$ 407,900	$ 40,446	$ 448,346
2015	404,674	23,595	428,269
2016	28,501	-	28,501
2017	28,501	-	28,501
2018	240,332	-	240,332
Total minimum lease payments	1,109,908	64,041	1,173,949
Less amount representing interest	(64,004)	(7,956)	(71,960)
Present value of future minimum lease payments	$ 1,045,904	$ 56,085	$ 1,101,989

V. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds	$ 7,320,000	$ -	$ (1,940,000)	$ 5,380,000	$ 2,555,000
Unamortized premium	265,513	-	(80,266)	185,247	-
Total bonds payable	7,585,513	-	(2,020,266)	5,565,247	2,555,000
Notes payable	2,196,470	2,122,617	(2,196,470)	2,122,617	211,845
Installment agreement	780,000	-	(450,000)	330,000	330,000
Capital leases	1,010,155	343,536	(307,787)	1,045,904	271,607
Compensated absences	573,069	95,632	-	668,701	-
Governmental activities long-term liabilities	$ 12,145,207	$ 2,561,785	$ (4,974,523)	$ 9,732,469	$ 3,368,452

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Business-type activities:					
Revenue bonds	$ 21,655,000	$ -	$ (440,000)	$ 21,215,000	$ 515,000
Less: Unamortized discount	(184,916)	8,040	-	(176,876)	-
Total bonds payable	21,470,084	8,040	(440,000)	21,038,124	515,000
Notes payable	2,732,921	136,488	(416,422)	2,452,987	285,137
Less: Unamortized discount	(102,118)	7,610	-	(94,508)	-
Total notes payable	2,630,803	144,098	(416,422)	2,358,479	285,137
Capital leases	89,443	-	(33,358)	56,085	34,936
Customer deposits	325,257	53,565	-	378,822	-
Closure and post closure costs	751,736	-	-	751,736	-
Compensated absences	65,093	-	(5,312)	59,781	-
Business-type activities long-term liabilities	$ 25,332,416	$ 205,703	$ (895,092)	$ 24,643,027	$ 835,073

NOTE I – RESTRICTIONS OF FUND BALANCES

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

Fund balance restrictions at June 30, 2013 include:

Special Revenue Funds	
Reserve for restricted purposes to reflect resources legally restricted for specific purposes	$ 540,686
Capital Projects Funds	
Reserve for specific purposes to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	$ 2,832,662

NOTE J – BENEFIT PLANS

Primary Government

I. Closed Single-Employer Defined Benefit Plan

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

The County's Closed Single-Employer Defined Plan, administered by Southern Actuarial Services provides retirement and death benefits to plan members and beneficiaries. All persons eligible to receive benefits under this plan are no longer active employees of the County. The benefit provisions of the plan are established by the County ordinance and may be amended by County ordinance. The financial statements of the plan are prepared using the accrual basis of accounting. Plan contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair value. Securities traded on a national exchange are reported at the last reported sales price on the County's balance sheet date. Securities without an estimated established market are reported at estimated fair value.

A financial report that includes financial statements and required supplementary information for the plan may be obtained by writing to Southern Actuarial Services, 7878 Roswell Road, Sandy Springs, Georgia 30350.

Funding Policy

Retired or terminated County employees are not required to contribute to the Plan. The County is required to contribute at an actuarially determined rate. All contribution requirements of plan members and the County are established by County ordinance.

Annual Pension Cost

For the year ended June 30, 2013, the County's annual pension cost of $0 was equal to the County's required contributions. The required contribution was determined as part of the July 1, 2013, actuarial valuation using the terminal funding method. Under this method, the entire actuarial present value of benefits for each individual is contributed to the plan's fund at the time of withdrawal, retirement or benefit commencement. The actuarial assumptions included (a) 5% investment rate of return and (b) the 1983 individual annuity mortality tables (c) no inflation rate assumption due to the fact all participants are no longer employees of the County. The actuarial value of Plan assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments.

Three – Year Trend Information

Year Ended, June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	- -	100%	- -
2012	- -	100%	- -
2013	- -	100%	- -

Schedule of Funding Progress

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)
7/1/2009	204,080	81,080	- -	251.7%	N/A	N/A
7/1/2010	204,080	81,080	- -	251.7%	N/A	N/A
7/1/2011	245,575	79,640	- -	308.4%	N/A	N/A
7/1/2012	245,575	79,640	- -	308.4%	N/A	N/A
7/1/2013	269,362	64,628	- -	416.8%	N/A	N/A

Actuarial Valuation Information

Current Valuation Date	July 1, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	9
Actuarial Assumptions:	
Discount Rate	5.00%
Projected Salary Increases	None

II. ACCG Defined Benefit Plan

Plan Description

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

The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. The plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document.

The Association of County Commissioners Deferred Benefit Plan issues a publically available financial report that includes financial statements and required supplementary information for the statewide plan. That report may be obtained by contacting the Pension Service Company at 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

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

Funding Policy

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

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the current year were determined as follows:

Derivation of Net Pension (Asset) Obligation:

	2013	2012
Net pension (asset) obligation as of the beginning of prior year	$ (96,745)	$ (69,428)
Annual pension cost for prior year	450,694	437,311
Actual contributions to Plan for prior year	(471,100)	(464,628)
Net change	(20,406)	(27,317)
Net pension (asset) obligation as of the beginning of year	$ (117,151)	$ (96,745)

Derivation of Annual Pension Cost:

	2013	2012
Annual required contribution	$ 536,218	$ 450,170
Interest on net pension obligation	(9,079)	(7,498)
Amortization of net pension obligation	9,715	8,022
Annual pension cost	$ 536,854	$ 450,694

Basis of Valuation

Current valuation date	January 1, 2013
Annual return on invested plan assets	7.75%
Projected annual salary increases	3.5% - 6.0%
Expected annual inflation	3.00%
Actuarial value of assets	Market value
Actuarial funding method	Projected unit credit
Amortization method	Level percent of pay (closed)

Trend Information for the Plan

Fiscal Year Beginning January 1	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2013	$ 536,854	N/A	N/A	$ (117,151)
2012	450,694	471,100	105%	(96,745)
2011	437,311	464,628	106%	(69,428)
2010	374,576	362,200	97%	(81,804)
2009	302,200	340,169	113%	(43,835)

Schedule of Funding Progress

Fiscal Year Ending December 31	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 Percent of Covered Payroll [(b-a)/c]
2012	$ 2,826,011	$ 3,589,811	$ 763,800	78.7%	$ 9,060,101	8.4%
2011	2,164,541	3,039,634	875,093	71.2%	8,591,823	10.2%
2010	1,611,899	2,794,652	1,182,753	57.7%	7,890,944	15.0%
2009	568,507	1,597,731	1,029,224	35.6%	6,868,118	15.0%
2008	268,181	1,373,916	1,105,735	19.5%	6,059,777	18.2%

III. Component Units

Lee County Board of Health

Retirement Plan

The employees of the Lee County Health Department are covered by the Employee's Retirement System of the State of Georgia. Total retirement contributions for the year ended June 30, 2013 were $68,605 based on qualifying salaries of $429,663. Ten year historical information may be obtained from the Employee's Retirement System of Georgia.

NOTE K – RISK MANAGEMENT

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

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

The County has an employee benefit plan designed to protect employees covered against catastrophic health expenses. The plan is a self-funded welfare plan consisting of an insured part and a self-funded part. Under the plan, the self-funded part provides medical coverage for employees and their dependents up to a maximum of $80,000 per participant per plan year. The insured part provides insurance coverage for claims in excess of the coverage provided by the self-funded part, providing the County with protection from risk of loss. The total amount of the County's liability for a contract year, which begins February 1 and ends January 31, is the premium for each employee per month plus the maximum claim liability of $80,000 per employee per year not to exceed an estimated annual maximum cost of $3,077,136. The total claims incurred for the year ending June 30, 2013 by the County totaled $3,066,495. The County contracts with the plan administrator to examine, review, determine benefits, calculate payments, approve or disapprove all claims for the plan.

NOTE L – JOINT VENTURES

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

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

NOTE M – RELATED ORGANIZATIONS

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

Lee County Housing Authority

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

NOTE N – COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE O – LANDFILL POST CLOSURE CARE COSTS

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for five years after closure of landfills prior to April 1994 and thirty years for all other landfills. For the County's landfill, which was closed prior to April 1994, the estimated liability for post closure care cost is $751,736, which is based on 100% of landfill capacity used to date. Actual costs may be higher due to inflation, deflation, revisions to laws or regulations, or changes in technology.

NOTE P – HOTEL/MOTEL TAX

The County imposes a 5% hotel/motel tax on lodging facilities within the County. Revenues collected during the fiscal year ended June 30, 2013, were $2,776. The funds were expended by the County for tourism as required by O.C.G.A 48-13-51.

Supplementary Information

LEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	1% SPLOST VI Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,164,638	$ -	$ -	$ 1,164,638
Investments	8,052	3,935	1,816	13,803
Accounts receivable, net	74,942	-	-	74,942
Property tax receivable	-	-	-	-
Prepaid expenditures	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	4,674	-	-	4,674
Restricted assets:	-	-	-	-
Cash and cash equivalents	15,183	47,762	-	62,945
Sales tax receivable	-	-	-	-
Total assets	1,267,489	51,697	1,816	1,321,002
LIABILITIES				
Accounts payable	$ 1,947	$ -	$ -	$ 1,947
Accrued expenses	14,134	-	52,930	67,064
Unearned revenue	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	617,087	-	100	617,187
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	633,168	-	53,030	686,198
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Public services	-	-	-	-
Debt service	-	-	-	-
Specific purposes	540,686	51,697	-	592,383
Unassigned	93,635	-	(51,214)	42,421
Total fund balances	634,321	51,697	(51,214)	634,804
Total liabilities, deferred inflows of resources and fund balances	$ 1,267,489	$ 51,697	$ 1,816	$ 1,321,002

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	1% SPLOST VI Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Property taxes	$ 2,776	$ -	$ -	$ 2,776
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	446,147	-	-	446,147
Fines and forfeitures	90,823	-	-	90,823
Investment income	8,162	80	108	8,350
Intergovernmental	356,737	-	-	356,737
Other revenues	14,487	-	6	14,493
Total revenues	919,132	80	114	919,326
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	1,190,977	-	954,299	2,145,276
Court system	-	-	-	-
Public works	-	-	457	457
Public health and welfare	-	-	-	-
Culture and recreation	207,924	-	101,745	309,669
Library	-	-	1,221,359	1,221,359
Economic development	-	-	-	-
Intergovernmental	-	192,019	-	192,019
Capital outlay	37,300	-	-	37,300
Debt service:	-	-	-	-
Principal	2,280,782	-	-	2,280,782
Interest	-	-	107,050	107,050
Fiscal agent fees	-	-	1,500	1,500
Total expenditures	3,716,983	192,019	2,386,410	6,295,412
Excess (deficiency) of revenues over expenditures	(2,797,851)	(191,939)	(2,386,296)	(5,376,086)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	205,828	-	-	205,828
Transfers to other funds	(39,620)	-	-	(39,620)
Sale of capital assets	-	-	-	-
Long-term debt issued	2,122,617	-	-	2,122,617
Total other financing sources (uses)	2,288,825	-	-	2,288,825
Net change in fund balances	(509,026)	(191,939)	(2,386,296)	(3,087,261)
Fund balances, beginning of year	1,143,347	243,636	2,335,082	3,722,065
Fund balances, end of year	$ 634,321	$ 51,697	$ (51,214)	$ 634,804

See independent auditors' report.

LEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	Drug Abuse Treatment & Education Fund	Jail Fund	Building Inspection Fund	District Attorney Forfeiture Fund	Law Library Fund
ASSETS					
Cash and cash equivalents	$ 42,409	$ 22,427	$ 232	$ 9,419	$ 39,324
Investments	8,052	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Property tax receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Sales tax receivable	-	-	-	-	-
Total assets	$ 50,461	$ 22,427	$ 232	$ 9,419	$ 39,324
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 1,940	$ -
Accrued expenses	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	899	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	899	-	-	1,940	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	-	-	-	-	-
Unassigned	49,562	22,427	232	7,479	39,324
Total fund balances	49,562	22,427	232	7,479	39,324
Total liabilities, deferred inflows of resources and fund balances	$ 50,461	$ 22,427	$ 232	$ 9,419	$ 39,324

LEE COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2013

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Development Authority	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and cash equivalents	$ 5,370	$ 505,172	$ 14,782	$ 525,503	$ 1,164,638
Investments	-	-	-	-	8,052
Accounts receivable, net	74,942	-	-	-	74,942
Property tax receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	4,674	-	-	-	4,674
Restricted assets:					-
Cash and cash equivalents	15,183	-	-	-	15,183
Sales tax receivable	-	-	-	-	-
Total assets	$ 100,169	$ 505,172	$ 14,782	$ 525,503	$ 1,267,489
LIABILITIES					
Accounts payable	$ 7	$ -	$ -	$ -	$ 1,947
Accrued expenses	8,673	5,461	-	-	14,134
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	576,919	39,269	-	-	617,087
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	585,599	44,730	-	-	633,168
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	15,183	-	-	525,503	540,686
Unassigned	(500,613)	460,442	14,782	-	93,635
Total fund balances	(485,430)	460,442	14,782	525,503	634,321
Total liabilities, deferred inflows of resources and fund balances	$ 100,169	$ 505,172	$ 14,782	$ 525,503	$ 1,267,489

See independent auditors' report.

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

	Drug Abuse Treatment & Education Fund	Jail Fund	Building Inspection Fund	District Attorney Forfeiture Fund	Law Library Fund
REVENUES					
Property taxes	$ -	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	21,466	36,445	-	22,582	10,330
Investment income	188	184	2	62	84
Intergovernmental	-	-	-	-	-
Other revenues	-	-	-	14,487	-
Total revenues	21,654	36,629	2	37,131	10,414
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	21,614	-	-	24,600	-
Court system	-	-	-	-	-
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Library	-	-	-	-	-
Economic development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Capital outlay	-	-	-	15,900	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total expenditures	21,614	-	-	40,500	-
Excess (deficiency) of revenues over expenditures	40	36,629	2	(3,369)	10,414
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(39,620)	-	-	-
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing sources (uses)	-	(39,620)	-	-	-
Net change in fund balances	40	(2,991)	2	(3,369)	10,414
Fund balances (deficit), beginning of year	49,522	25,418	230	10,848	28,910
Fund balances (deficit), end of year	$ 49,562	$ 22,427	$ 232	$ 7,479	$ 39,324

See independent auditors' report.

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Development Authority	Total Nonmajor Special Revenue Funds
REVENUES					
Property taxes	$ -	$ -	$ 2,776	$ -	$ 2,776
Local option sales taxes	-	-	-	-	-
Other taxes	-	-	-	-	-
Charges for services	382,208	63,939	-	-	446,147
Fines and forfeitures	-	-	-	-	90,823
Investment income	125	4,241	76	3,200	8,162
Intergovernmental	-	-	-	356,737	356,737
Other revenues	-	-	-	-	14,487
Total revenues	382,333	68,180	2,852	359,937	919,132
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	719,075	425,688	-	-	1,190,977
Court system	-	-	-	-	-
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	-	-	2,980	204,944	207,924
Library	-	-	-	-	-
Economic development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Capital outlay	21,400	-	-	-	37,300
Debt service:					
Principal	-	-	-	2,280,782	2,280,782
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total expenditures	740,475	425,688	2,980	2,485,726	3,716,983
Excess (deficiency) of revenues over expenditures	(358,142)	(357,508)	(128)	(2,125,789)	(2,797,851)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	205,828	-	-	-	205,828
Transfers to other funds	-	-	-	-	(39,620)
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	2,122,617	2,122,617
Total other financing sources (uses)	205,828	-	-	2,122,617	2,288,825
Net change in fund balances	(152,314)	(357,508)	(128)	(3,172)	(509,026)
Fund balances (deficit), beginning of year	(333,116)	817,950	14,910	528,675	1,143,347
Fund balances (deficit), end of year	$ (485,430)	$ 460,442	$ 14,782	$ 525,503	$ 634,321

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DRUG ABUSE TREATMENT & EDUCATION FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	10,350	10,350	21,466	11,116
Investment income	-	-	188	188
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	10,350	10,350	21,654	11,304
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	10,350	10,350	21,614	(11,264)
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	10,350	10,350	21,614	(11,264)
Excess (deficiency) of revenues over expenditures	-	-	40	40
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	40	40
Fund balances (deficit), beginning of year	49,522	49,522	49,522	-
Fund balances (deficit), end of year	$ 49,522	$ 49,522	$ 49,562	$ 40

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JAIL FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	39,450	39,450	36,445	(3,005)
Investment income	170	170	184	14
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	39,620	39,620	36,629	(2,991)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	39,620	39,620	36,629	(2,991)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(39,620)	(39,620)	(39,620)	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	(39,620)	(39,620)	(39,620)	-
Net change in fund balances	-	-	(2,991)	(2,991)
Fund balances, beginning of year	25,418	25,418	25,418	-
Fund balances, end of year	$ 25,418	$ 25,418	$ 22,427	$ (2,991)

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING INSPECTION FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	2	2
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	2	2
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	2	2
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	2	2
Fund balances, beginning of year	230	230	230	-
Fund balances, end of year	$ 230	$ 230	$ 232	$ 2

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DISTRICT ATTORNEY FORFEITURE FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	22,582	22,582
Investment income	130	130	62	(68)
Intergovernmental	-	-	-	-
Other revenues	-	-	14,487	14,487
Total revenues	130	130	37,131	37,001
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	130	130	24,600	(24,470)
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	15,900	(15,900)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	130	130	40,500	(40,370)
Excess (deficiency) of revenues over expenditures	-	-	(3,369)	(3,369)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(3,369)	(3,369)
Fund balances, beginning of year	10,848	10,848	10,848	-
Fund balances, end of year	$ 10,848	$ 10,848	$ 7,479	$ (3,369)

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for servies	-	-	-	-
Fines and forfeitures	9,900	9,900	10,330	430
Investment income	54	54	84	30
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	9,954	9,954	10,414	460
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	9,954	9,954	-	9,954
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	9,954	9,954	-	9,954
Excess (deficiency) of revenues over expenditures	-	-	10,414	10,414
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	10,414	10,414
Fund balances, beginning of year	28,910	28,910	28,910	-
Fund balances, end of year	$ 28,910	$ 28,910	$ 39,324	$ 10,414

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
E-911 FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	343,967	343,967	382,208	38,241
Fines and forfeitures	-	-	-	-
Investment income	215	215	125	(90)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	344,182	344,182	382,333	38,151
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	679,450	679,450	719,075	(39,625)
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	21,400	(21,400)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	679,450	679,450	740,475	(61,025)
Excess (deficiency) of revenues over expenditures	(335,268)	(335,268)	(358,142)	(22,874)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	324,744	324,744	205,828	(118,916)
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	324,744	324,744	205,828	(118,916)
Net change in fund balances	(10,524)	(10,524)	(152,314)	(141,790)
Fund balances, beginning of year	(333,116)	(333,116)	(333,116)	-
Fund balances, end of year	$ (343,640)	$ (343,640)	$ (485,430)	$ (141,790)

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL ASSESSMENT FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	80,425	80,425	63,939	(16,486)
Fines and forfeitures	-	-	-	-
Investment income	4,075	4,075	4,241	166
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	84,500	84,500	68,180	(16,320)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	84,500	84,500	425,688	(341,188)
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	84,500	84,500	425,688	(341,188)
Excess (deficiency) of revenues over expenditures	-	-	(357,508)	(357,508)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(357,508)	(357,508)
Fund balances, beginning of year	817,950	817,950	817,950	-
Fund balances, end of year	$ 817,950	$ 817,950	$ 460,442	$ (357,508)

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOTEL/MOTEL TAX FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 2,900	$ 2,900	$ 2,776	$ (124)
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	80	80	76	(4)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	2,980	2,980	2,852	(128)
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	2,980	2,980	2,980	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	2,980	2,980	2,980	-
Excess (deficiency) of revenues over expenditures	-	-	(128)	(128)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(128)	(128)
Fund balances, beginning of year	14,910	14,910	14,910	-
Fund balances, end of year	$ 14,910	$ 14,910	$ 14,782	$ (128)

See independent auditors' report.

LEE COUNTY, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	-	-	3,200	3,200
Intergovernmental	198,572	198,572	356,737	158,165
Other revenues	-	-	-	-
Total revenues	198,572	198,572	359,937	161,365
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	201,234	201,234	204,944	(3,710)
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	2,280,782	(2,280,782)
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	201,234	201,234	2,485,726	(2,284,492)
Excess (deficiency) of revenues over expenditures	(2,662)	(2,662)	(2,125,789)	(2,123,127)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	2,122,617	2,122,617
Total other financing sources (uses)	-	-	2,122,617	2,122,617
Net change in fund balances	(2,662)	(2,662)	(3,172)	(510)
Fund balances, beginning of year	528,675	528,675	528,675	-
Fund balances, end of year	$ 526,013	$ 526,013	$ 525,503	$ (510)

See independent auditors' report.

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended June 30, 2013

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Total Agency Funds
ASSETS						
Restricted assets:						
Cash and cash equivalents	$ 132,117	$ 13,623	$ 331,566	$ 20,089	$ 127,053	$ 624,448
Property tax receivable	-	-	733,290	-	-	733,290
Total assets	132,117	13,623	1,064,856	20,089	127,053	1,357,738
LIABILITIES						
Due to others	132,117	13,623	1,064,856	20,089	127,053	1,357,738
Total liabilities	$ 132,117	$ 13,623	$ 1,064,856	$ 20,089	$ 127,053	$ 1,357,738

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended June 30, 2013

CLERK OF SUPERIOR COURT	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 361,599	$ 1,145,110	$ (1,374,592)	$ 132,117
Property tax receivable	-	-	-	-
Total assets	361,599	1,145,110	(1,374,592)	132,117
LIABILITIES				
Due to others	361,599	132,117	(361,599)	132,117
Total liabilities	$ 361,599	$ 132,117	$ (361,599)	$ 132,117

PROBATE COURT	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 33,652	$ 515,506	$ (535,535)	$ 13,623
Property tax receivable	-	-	-	-
Total assets	33,652	515,506	(535,535)	13,623
LIABILITIES				
Due to others	33,652	13,623	(33,652)	13,623
Total liabilities	$ 33,652	$ 13,623	$ (33,652)	$ 13,623

TAX COMMISSIONER	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 208,131	$ 24,112,850	$ (23,989,415)	$ 331,566
Property tax receivable	-	733,290	-	733,290
Total assets	208,131	24,846,140	(23,989,415)	1,064,856
LIABILITIES				
Due to others	208,131	1,064,856	(208,131)	1,064,856
Total liabilities	$ 208,131	$ 1,064,856	$ (208,131)	$ 1,064,856

LEE COUNTY, GEORGIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
For the Year Ended June 30, 2013

MAGISTRATE COURT	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 50,585	$ 494,178	$ (524,674)	$ 20,089
Property tax receivable	-	-	-	-
Total assets	50,585	494,178	(524,674)	20,089
LIABILITIES				
Due to others	50,585	20,089	(50,585)	20,089
Total liabilities	$ 50,585	$ 20,089	$ (50,585)	$ 20,089

SHERIFF'S DEPARTMENT	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 77,999	$ 263,020	$ (213,966)	$ 127,053
Property tax receivable	-	-	-	-
Total assets	77,999	263,020	(213,966)	127,053
LIABILITIES				
Due to others	77,999	127,053	(77,999)	127,053
Total liabilities	$ 77,999	$ 127,053	$ (77,999)	$ 127,053

TOTAL	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 731,966	$ 26,530,664	$ (26,638,182)	$ 624,448
Property tax receivable	-	733,290	-	733,290
Total assets	731,966	27,263,954	(26,638,182)	1,357,738
LIABILITIES				
Due to others	731,966	1,357,738	(731,966)	1,357,738
Total liabilities	$ 731,966	$ 1,357,738	$ (731,966)	$ 1,357,738

Compliance Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lee County, Georgia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lee County, Georgia 's basic financial statements and have issued our report thereon dated December 13, 2013.

We did not audit the financial statements of the Development Authority of Lee County or the Lee County Health Department. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lee County Health Department, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (Findings 2013-1, 2013-2, 2013-3, 2013-4). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lee County, Georgia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Lee County, Georgia's Response to Findings

Lee County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Lee County, Georgia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Tifton, Georgia
December 13, 2013

FINANCIAL STATEMENT FINDINGS AND RESPONSES

Findings noted on the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in in Accordance with Government Auditing Standards.

2013 - 1

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

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

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

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

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

2013 - 2

Criteria:
Generally accepted accounting principles require Governmental Fund financial statements to be reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Condition:
The County's year end closing policies and procedures did not prevent a misstatement of accounts receivable in the General Fund.

Cause of Condition:
Two additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:
Two audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:
Management concurs with this finding and is developing additional policies and procedures and monitoring activities over finacial reporting.

2013 - 3

Criteria:
If a government finances a capital project from multiple funding sources and SPLOST is one of the funding sources, the SPLOST fund must be used for the total financing of the project.

Condition:
The County's SPLOST funds include interfund transactions with other governmental funds.

Cause of Condition:
SPLOST expenditures were paid by other funds.

Effect of Condition:
The County's SPLOST funds include interfund balances with other governmental funds.

Response of Management:
Management concurs with this finding and has developed additional policies and procedures and monitoring activities including the settlement of transactions on a monthly basis.

2013 - 4

Criteria:
Generally accepted accounting principles require the Lee County Utilities Authority financial statements to be reported using the economic resource measurement focus and the accrual basis of accounting.

Condition:
The Utilities Authority's year end closing policies and procedures did not prevent misstatements in the fund.

Cause of Condition:
Additional year end closing entries were required for reporting in accordance with generally accepted accounting principles.

Effect of Condition:
Audit adjustments were required for reporting in accordance with generally accepted accounting principles.

Response of Management:
Management concurs with this finding and is developing additional policies and procedures and monitoring activities over financial reporting.

LEE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX EXPENDITURES
For the Year Ended June 30, 2013

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Sales Tax Referendum SPLOST IV					
Road, street & bridge construction unincorporated areas	$ 5,534,500	$ 4,769,661	$ -	$ 4,769,661	86%
Smithville fire/ems station and equipment	600,000	690,778	-	690,778	100%
Leesburg fire/ems and equipment and general obligation debt	650,000	574,793	-	574,793	88%
Redbone fire/ems and equipment and general obligation debt	650,000	574,793	-	574,793	88%
Palmyra fire/ems station and equipment	300,000	299,720	-	299,720	100%
General obligation for Lee County criminal justice center	2,500,000	2,911,772	-	2,911,772	100%
Lee County courthouse renovation	500,000	256,668	-	256,668	51%
Lee County elementary school renovation and library renovation of Redbone fire station	1,700,000	1,782,698	-	1,782,698	100%
Recreation facilities construction	1,000,000	1,172,205	-	1,172,205	100%
General obligation debt for wastewater treatment plant	2,065,500	856,000	-	856,000	41%
Industrial park	1,000,000	1,016,369	-	1,016,369	100%
Road, street & bridge construction - Leesburg	50,000	38,200	11,800	50,000	100%
Water & sewer treatment facilities - Leesburg	700,000	662,222	30,594	692,816	99%
Road, street & bridge construction - Smithville	200,000	134,334	149,625	283,959	100%
Water & sewer treatment facilities - Smithville	300,000	355,749	-	355,749	100%
Historic facilities renovation - Smithville	200,000	304,661	-	304,661	100%
Public safety facilities - Smithville	50,000	20,093	-	20,093	40%
Total expenditures	$ 18,000,000	$ 16,420,716	$ 192,019	$ 16,612,735	

LEE COUNTY, GEORGIA
SCHEDULE OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX EXPENDITURES
For the Year Ended June 30, 2013

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
Sales Tax Referendum					
SPLOST V					
Retirement of previously incurred debt	$ 3,195,973	$ 7,671,830	$ 2,568,553	$ 10,240,383	100%
Sheriff's department vehicles	624,500	624,500	-	624,500	100%
Five (5) replacement ambulances for EMS	625,000	487,829	-	487,829	78%
City of Leesburg	5,000,000	5,000,000	-	5,000,000	100%
City of Smithville - road, street, bridges, water & sewer facilities	900,000	127,852	519,615	647,467	72%
Park Street recreation complex and capital outlay for recreation	300,000	13,510	-	13,510	5%
Courthouse square and Old Smithville Road	2,000,000	9,486	767	10,253	1%
Road, street and bridge construction and improvements in unincorporated areas	6,559,527	3,117,037	613,343	3,730,380	57%
Renovation of old high school	1,500,000	1,497,396	-	1,497,396	100%
Two (2) fire brush trucks for fire department	100,000	99,982	-	99,982	100%
Upgrade and expansion of Kinchafoonee wastewater treatment plant	8,000,000	2,687,846	-	2,687,846	34%
Ambulance for the Smithville fire/ems station	125,000	111,621	-	111,621	89%
Extension of water lines and systems	1,300,000	1,248,299	-	1,248,299	96%
Storm water improvements	1,000,000	330,820	28,084	358,904	36%
Palmyra fire/ems station	650,000	-	-	-	0%
Renovation and expansion of public works building	270,000	89,280	-	89,280	33%
Construction of a new headquarters library	2,000,000	3,722,026	418,285	4,140,311	100%
Fire tower, burn building and driver training course	500,000	40,238	-	40,238	8%
Total expenditures	$ 34,650,000	$ 26,879,552	$ 4,148,647	$ 31,028,199	
Sales Tax Referendum					
SPLOST VI					
Public safety capital projects and equipment	$ 3,570,000	$ 760,885	$ 954,299	$ 1,715,184	48%
Courthouse - security, renovations & records	500,000	-	-	-	0%
Water & sewersystem projects	2,250,000	-	-	-	0%
Roads, streets and bridges	10,738,760	144,921	102,202	247,123	2%
Oakland library project	1,200,000	-	1,160,891	1,160,891	97%
Leesburg/Smithville Library Projects	465,000	-	60,468	60,468	13%
Stormwater projects	500,000	-	-	-	0%
Public works - renovations and equipment	250,000	56,500	-	56,500	23%
Public facilities - renovations & GIS	250,000	23,378	-	23,378	9%
Recreation projects	1,750,000	-	-	-	0%
City of Leesburg	2,650,000	-	-	-	0%
City of Smithville	779,370	-	-	-	0%
Repayment of issuance of debt	3,350,000	129,649	108,550	238,199	7%
Total expenditures	$ 28,253,130	$ 1,115,333	$ 2,386,410	$ 3,501,743	