

Lee County, Georgia

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014



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RIGGS &
INGRAM

CPAs and Advisors

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June 30, 2014

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ELECTED

Rick Muggridge, Chairman

Dennis Roland, Vice Chairman

Luke Singletary, County Commissioner

Ed Duffy, County Commissioner

Greg Frich, County Commissioner

Staff

Ron Rabun, County Manager

Heather Jones, 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, 2014, 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 18%, 18%, and 13%, 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, 2014, and the respective changes in financial position, the respective budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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 January 6, 2015, 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
January 6, 2015

Lee County, Georgia
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
ASSETS				
Cash and cash equivalents	\$ 2,680,411	\$ 1,708,833	\$ 4,389,244	\$ 349,538
Investments	3,264,481	-	3,264,481	-
Accounts receivable, net	607,903	83,988	691,891	-
Property tax receivable	372,074	-	372,074	-
Inventories	-	13,793	13,793	-
Prepaid expenses	358,437	568	359,005	-
Other assets	63,647	-	63,647	-
Due from other governments	1,192,742	-	1,192,742	47,405
Interfund balances	1,799,109	(1,799,109)	-	-
Restricted assets:				
Cash and cash equivalents	614,697	1,143,776	1,758,473	-
Investments	-	1,310,114	1,310,114	-
Sales tax receivable	-	-	-	-
Capital assets:				
Land	3,552,377	2,776,762	6,329,139	-
Construction in progress	4,862,623	-	4,862,623	-
Other capital assets, net of accumulated depreciation	34,416,486	21,552,643	55,969,129	31,404
Total assets	53,784,987	26,791,368	80,576,355	428,347
LIABILITIES				
Accounts payable	597,935	58,470	656,405	11,321
Accrued expenses	272,822	193,333	466,155	-
Due to other governments	-	-	-	-
Liabilities payable from restricted assets	7,000	382,790	389,790	-
Long-term liabilities:				
Due within one year	1,116,471	926,098	2,042,569	-
Due in more than one year	4,397,415	21,709,273	26,106,688	-
Closure and post closure care	-	751,736	751,736	-
Compensated absences	764,105	67,576	831,681	53,361
Total liabilities	7,155,748	24,089,276	31,245,024	64,682
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	86,898	86,898	-
NET POSITION				
Net investment in capital assets	37,317,600	(1,561,985)	35,755,615	31,404
Restricted for:				
Capital projects	2,798,817	3,256,019	6,054,836	-
Other uses	937,509	-	937,509	257,506
Unrestricted	5,575,313	921,160	6,496,473	74,755
Total net position	\$ 46,629,239	\$ 2,615,194	\$ 49,244,433	\$ 363,665

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

Lee County, Georgia
Statement of Activities
For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	6,324,185	\$ 386,957	174,142	472,747	\$ (5,290,339)
Public safety	11,832,553	990,360	8,489	-	(10,833,704)
Court system	1,689,933	1,103,159	-	-	(586,774)
Public works	3,904,767	3,031,031	441,824	-	(431,912)
Public health and welfare	449,316	20,961	-	-	(428,355)
Public education	19,585	-	-	-	(19,585)
Recreation	438,450	43,828	-	-	(394,622)
Library	645,729	-	-	-	(645,729)
Economic development	986,674	-	-	121,810	(864,864)
Intergovernmental	325,299	-	-	-	(325,299)
Interest on long-term debt	314,588	-	-	-	(314,588)
Total governmental activities	26,931,079	5,576,296	624,455	594,557	(20,135,771)
Business-type activities:					
Water and sewer	3,519,677	3,253,106	-	-	(266,571)
Solid waste	246,632	143,742	-	-	(102,890)
Golf and recreation	844,789	714,129	-	-	(130,660)
Total business-type activities	4,611,098	4,110,977	-	-	(500,121)
Total primary government	31,542,177	9,687,273	624,455	594,557	(20,635,892)
Component unit:					
Lee County Health Department	816,664	349,683	480,866	-	13,885
Total component units	\$ 816,664	\$ 349,683	\$ 480,866	\$ -	\$ 13,885

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

Lee County, Georgia
Statement of Activities
For the Year Ended June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Health Department
Change in net position:				
Net (expense) revenue	\$ (20,135,771)	\$ (500,121)	\$ (20,635,892)	\$ 13,885
General revenues:				
Taxes:				
Property taxes	13,305,275	-	13,305,275	-
Local option sales taxes	5,659,862	-	5,659,862	-
Other taxes	1,505,986	-	1,505,986	-
Grants and contributions not restricted to specific programs	-	-	-	-
Investment income	38,149	13,685	51,834	-
Gain on sale of capital assets	-	-	-	-
Other revenues	168,732	-	168,732	-
Transfers	(113,261)	113,261	-	-
Total general revenues and transfers	20,564,743	126,946	20,691,689	-
Change in net position	428,972	(373,175)	55,797	13,885
Net position, beginning of year	46,200,267	2,988,369	49,188,636	349,780
Net position, end of year	\$ 46,629,239	\$ 2,615,194	\$ 49,244,433	\$ 363,665

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

Lee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	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	1,487,663	-	-	1,154,429	2,642,092
Investments	1,683,286	44	-	963,071	2,646,401
Accounts receivable, net	543,865	-	-	64,038	607,903
Property tax receivable	372,074	-	-	-	372,074
Prepaid expenditures	358,437	-	-	-	358,437
Due from other governments	437,468	-	-	755,274	1,192,742
Due from other funds	3,103,584	682,085	-	-	3,785,669
Restricted assets:					
Cash and cash equivalents	603,084	-	-	11,613	614,697
Investments	-	-	618,080	-	618,080
Sales tax receivable	-	-	-	-	-
Total assets	\$ 8,589,461	\$ 682,129	\$ 618,080	\$ 2,948,425	\$ 12,838,095
Liabilities					
Accounts payable	412,119	7,271	\$ -	\$ 794	\$ 420,184
Accrued expenses	199,422	1,738	9,157	62,505	272,822
Due to other governments	-	-	-	-	-
Due to other funds	-	339,697	709,520	618,684	1,667,901
Liabilities payable from restricted assets	7,000	-	-	-	7,000
Total liabilities	618,541	348,706	718,677	681,983	2,367,907
Deferred Inflows of Resources					
Unavailable revenue - property taxes	184,801	-	-	-	184,801
Fund Balances					
Nonspendable					
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	-	333,423	-	2,810,301	3,143,724
Unassigned, reported in:					
General fund	7,786,119	-	-	-	7,786,119
Capital projects funds	-	-	(100,597)	-	(100,597)
Special revenue funds	-	-	-	(543,859)	(543,859)
Total fund balances	7,786,119	333,423	(100,597)	2,266,442	10,285,387
Total liabilities, deferred inflows of resources and fund balances	\$ 8,589,461	\$ 682,129	\$ 618,080	\$ 2,948,425	\$ 12,838,095

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

Lee County, Georgia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
June 30, 2014

Total governmental fund balances	\$ 10,285,387
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.	42,831,486
Net pension assets are not financial resources and, therefore, are not reported in the funds.	63,647
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.	184,801
Liabilities not due and payable in the current period and therefore not reported in the funds:	
Bonds payable	(2,929,981)
Capital leases	(673,133)
Notes payable	(1,910,772)
Compensated absences	(764,105)
An internal service fund is used by management to charge the costs of the County's medical benefit plan to individual funds. The assets and liabilities of the internal service fund are included governmental activities in the statement of net position.	(458,091)
Net position of governmental activities	\$ 46,629,239

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

Lee County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2014

	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	\$ 13,300,697	\$ -	\$ -	\$ -	\$ 13,300,697
Local option sales taxes	2,721,875	-	512,899	2,626,925	5,861,699
Other taxes	1,301,648	-	-	2,501	1,304,149
Charges for services	4,021,684	-	-	466,668	4,488,352
Fines and forfeitures	993,953	-	-	109,206	1,103,159
Investment income	33,404	299	1,872	5,446	41,021
Intergovernmental	305,001	426,609	-	469,315	1,200,925
Other revenues	167,203	1,529	-	-	168,732
Total revenues	22,845,465	428,437	514,771	3,680,061	27,468,734
Expenditures					
Current:					
General government	5,857,446	-	-	-	5,857,446
Public safety	10,240,965	-	-	823,251	11,064,216
Court system	1,642,808	-	-	8,552	1,651,360
Public works	1,817,018	-	6,640	-	1,823,658
Public health and welfare	433,406	-	-	-	433,406
Culture and recreation	360,864	-	-	-	360,864
Library	640,729	-	-	-	640,729
Housing and development	877,374	-	-	221,385	1,098,759
Intergovernmental	-	-	40,007	285,292	325,299
Capital projects	-	-	930,541	57,991	988,532
Debt service:					
Principal	470,686	-	2,360,000	786,230	3,616,916
Interest	81,359	-	59,145	107,050	247,554
Fiscal agent fees	-	-	-	1,500	1,500
Total expenditures	22,422,655	-	3,396,333	2,291,251	28,110,239
Excess (Deficiency) of Revenues Over Expenditures	422,810	428,437	(2,881,562)	1,388,810	(641,505)
Other Financing Sources (Uses)					
Transfers from other funds	28,794	-	-	271,622	300,416
Transfers to other funds	(384,883)	-	-	(28,794)	(413,677)
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing sources (uses)	(356,089)	-	-	242,828	(113,261)
Net change in fund balances	66,721	428,437	(2,881,562)	1,631,638	(754,766)
Fund balances, beginning of year	7,719,398	(95,014)	2,780,965	634,804	11,040,153
Fund balances, end of year	\$ 7,786,119	\$ 333,423	\$ (100,597)	\$ 2,266,442	\$ 10,285,387

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

Lee County, Georgia

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

June 30, 2014

Net change in fund balances - total governmental funds	\$ (754,766)
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	1,041,969
Depreciation expense	(3,108,572)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Debt payments made	3,469,616
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	4,578
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	(53,504)
Compensated absences	(95,404)
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.	
	(155,211)
Change in net position of governmental activities	\$ 428,972

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

Lee County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – General Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property taxes	\$ 12,194,975	\$ 12,194,975	13,300,697	\$ 1,105,722
Local option sales taxes	3,218,675	3,218,675	2,721,875	(496,800)
Other taxes	1,264,150	1,264,150	1,301,648	37,498
Charges for services	4,237,800	4,237,800	4,021,684	(216,116)
Fines and forfeitures	810,597	810,597	993,953	183,356
Investment income	12,350	12,350	33,404	21,054
Intergovernmental	15,527	15,527	305,001	289,474
Other revenues	107,621	107,621	167,203	59,582
Total revenues	21,861,695	21,861,695	22,845,465	983,770
Expenditures				
Current:				
General government				
County commissioners	976,600	976,600	1,253,318	(276,718)
County Manager	524,036	524,036	502,451	21,585
Elections	187,345	187,345	175,248	12,097
Information technology	194,447	194,447	183,693	10,754
Tax commissioner	366,687	366,687	353,250	13,437
Tax assessor	520,423	520,423	520,239	184
Building and grounds	298,000	298,000	300,152	(2,152)
Utility billing	2,454,009	2,454,009	2,569,095	(115,086)
Total general government	5,521,547	5,521,547	5,857,446	(335,899)
Public safety				
Sheriff	3,234,250	3,234,250	3,497,110	(262,860)
Jail	2,005,979	2,005,979	2,148,284	(142,305)
Fire fighting	2,064,553	2,064,553	2,094,048	(29,495)
Emergency management	2,182,648	2,182,648	2,236,360	(53,712)
Coroner	26,507	26,507	23,580	2,927
Animal control	237,765	237,765	241,583	(3,818)
Total public safety	9,751,702	9,751,702	10,240,965	(489,263)
Court system				
Superior court	462,959	462,959	460,158	2,801
District attorney	81,386	81,386	81,386	-
Magistrate court	589,834	589,834	542,645	47,189
Probate court	219,900	219,900	229,590	(9,690)
Juvenile court	55,971	55,971	43,720	12,251
Court services	-	-	34,775	(34,775)
Public defender	248,600	248,600	250,534	(1,934)
Total court system	\$ 1,658,650	\$ 1,658,650	\$ 1,642,808	\$ 15,842

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

Lee County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – General Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget
Public works				
Roads and bridges	\$ 1,748,991	\$ 1,748,991	\$ 1,817,018	\$ (68,027)
Total public works	1,748,991	1,748,991	1,817,018	(68,027)
Public health and welfare				
Health	318,495	318,495	321,860	(3,365)
Welfare	16,000	16,000	16,000	-
Extension service	92,100	92,100	95,546	(3,446)
Total public health and welfare	426,595	426,595	433,406	(6,811)
Culture and recreation	359,103	359,103	360,864	(1,761)
Library	640,472	640,472	640,729	(257)
Housing and development				
Code enforcement	278,729	278,729	275,198	3,531
Community development	19,153	19,153	14,043	5,110
Planning and engineering	439,046	439,046	373,661	65,385
Economic development	214,710	214,710	214,472	238
Total housing and development	951,638	951,638	877,374	74,264
Capital projects	-	-	-	-
Debt service				
Principal	471,115	471,115	470,686	429
Interest	78,921	78,921	81,359	(2,438)
Total expenditures	21,608,734	21,608,734	22,422,655	(813,921)
Excess (deficiency) of Revenues Over Expenditures	252,961	252,961	422,810	169,849
Other Financing Sources (Uses)				
Transfers from other funds	28,794	28,794	28,794	-
Transfers to other funds	(433,476)	(433,476)	(384,883)	48,593
Long-term debt issued	151,721	151,721	-	(151,721)
Total other financing sources (uses)	(252,961)	(252,961)	(356,089)	(103,128)
Net change in fund balances	-	-	66,721	66,721
Fund balances, beginning of year	7,719,398	7,719,398	7,719,398	-
Fund balances, end of year	\$ 7,719,398	\$ 7,719,398	\$ 7,786,119	\$ 66,721

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

Lee County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business Type Activities - Enterprise Funds				Governmental
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
Assets					
Current assets					
Cash and cash equivalents	\$ 1,666,272	\$ 36,323	\$ 6,238	\$ 1,708,833	\$ 38,319
Restricted assets - cash	1,143,776	-	-	1,143,776	-
Investments	-	-	-	-	-
Restricted assets - investments	1,310,114	-	-	1,310,114	-
Accounts receivable, net	48,124	34,616	1,248	83,988	-
Due from other funds	-	-	-	-	910,689
Due from component unit	-	-	-	-	-
Inventories	-	13,793	-	13,793	-
Other current assets	-	-	568	568	-
Total current assets	4,168,286	84,732	8,054	4,261,072	949,008
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	20,877,422	668,581	6,640	21,552,643	-
Total non - current assets	20,954,732	3,205,033	169,640	24,329,405	-
Total assets	25,123,018	3,289,765	177,694	28,590,477	949,008
Liabilities					
Current liabilities					
Accounts payable	30,457	15,696	12,317	58,470	177,751
Accrued expenses	188,597	4,736	-	193,333	-
Lines of credit	-	-	-	-	-
Customer deposits	382,790	-	-	382,790	-
Due to other governments	-	-	-	-	-
Due to other funds	1,556,111	150,134	92,864	1,799,109	1,229,348
Liabilities payable from restricted assets	-	-	-	-	-
Current portion of long - term debt	904,950	21,148	-	926,098	-
Total current liabilities	3,062,905	191,714	105,181	3,359,800	1,407,099
Noncurrent liabilities					
Long - term debt, net of current portion	21,611,767	97,506	-	21,709,273	-
Compensated absences	40,346	21,918	5,312	67,576	-
Other liabilities - closure and post closure	-	-	751,736	751,736	-
Total liabilities	24,715,018	311,138	862,229	25,888,385	1,407,099
Deferred Inflows of Resources					
Unavailable revenue	86,898	-	-	86,898	-
Net Position					
Invested in capital assets	(1,561,985)	3,086,379	169,640	1,694,034	-
Restricted for debt service	-	-	-	-	-
Unrestricted	1,883,087	(107,752)	(854,175)	921,160	(458,091)
Total net position	\$ 321,102	\$ 2,978,627	\$ (684,535)	\$ 2,615,194	\$ (458,091)

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

Lee County, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
June 30, 2014

	Business Type Activities - Enterprise Funds				Governmental
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Activity Internal Service Fund
Operating Revenues					
Utility revenues	\$ 3,208,616	\$ -	\$ 129,443	\$ 3,338,059	\$ -
Charges for services	-	714,129	-	714,129	2,880,867
Miscellaneous	44,490	1,370	14,299	60,159	2,500
Intergovernmental	-	-	-	-	-
Total operating revenues	3,253,106	715,499	143,742	4,112,347	2,883,367
Operating Expenses					
Salaries and wages	634,216	441,497	66,009	1,141,722	-
Operating, administrative and maintenance	1,018,426	328,762	179,776	1,526,964	3,038,788
Depreciation	1,089,089	71,601	847	1,161,537	-
Total operating expenses	2,741,731	841,860	246,632	3,830,223	3,038,788
Operating income (loss)	511,375	(126,361)	(102,890)	282,124	(155,421)
Non - Operating Income (Expenses)					
Interest income	12,055	192	68	12,315	210
Interest expense	(773,779)	(2,929)	-	(776,708)	-
Net decrease in the fair value of investments	(4,167)	-	-	(4,167)	-
Income (loss) before contributions and transfers	(254,516)	(129,098)	(102,822)	(486,436)	(155,211)
Capital contributions	-	-	-	-	-
Transfers from other funds	-	-	113,261	113,261	-
Transfers to other funds	-	-	-	-	-
Change in net position	(254,516)	(129,098)	10,439	(373,175)	(155,211)
Net position, beginning of year	575,618	3,107,725	(694,974)	2,988,369	(302,880)
Net position, end of year	\$ 321,102	\$ 2,978,627	\$ (684,535)	\$ 2,615,194	\$ (458,091)

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

Lee County, Georgia
Statement of Cash Flows
Proprietary Funds
June 30, 2014

	Business Type Activities - Enterprise Funds				Governmental
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Internal Service Fund
Cash Flows From Operating Activities					
Cash received from customers and users	\$ 3,211,238	\$ 733,272	\$ 129,443	\$ 4,073,953	\$ 2,883,367
Other operating receipts	44,490	1,370	14,299	60,159	-
Cash payments to employees	(634,095)	(440,920)	(66,926)	(1,141,941)	-
Cash payments to suppliers	(992,767)	(272,058)	(168,062)	(1,432,887)	(3,033,334)
New customer utility deposits	11,554	-	-	11,554	-
Net cash provided (used) by operating activities	1,640,420	21,664	(91,246)	1,570,838	(149,967)
Cash Flows From Noncapital Financing Activities					
Transfers from other funds	-	166	113,261	113,427	-
Transfers to other funds	-	-	-	-	-
Net change in due from other funds	-	-	(7,835)	(7,835)	(165,074)
Net change in due from component unit	-	-	-	-	-
Net change in due to other funds	238,799	79,148	(11,317)	306,630	345,563
Net cash provided (used) by noncapital financing activities	238,799	79,314	94,109	412,222	180,489
Cash Flows From Capital And Related Financing Activities					
Change in deferred charges	15,650	-	-	15,650	-
Proceeds from issuance of long - term debt	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Proceeds from capital contributions	-	-	-	-	-
Acquisition and construction of capital assets	(15,001)	-	-	(15,001)	-
Principal payments on long - term debt	(735,666)	(54,527)	-	(790,193)	-
Interest paid	(926,521)	(48,688)	-	(975,209)	-
Net cash provided (used) by capital and related financing activities	(1,661,538)	(103,215)	-	(1,764,753)	-
Cash Flows From Investing Activities					
Sale of investment securities	-	-	-	-	-
Purchase of investments	(50,708)	-	-	(50,708)	-
Loan disbursements	-	-	-	-	-
Interest received	7,888	192	68	8,148	210
Net cash provided (used) by investing activities	(42,820)	192	68	(42,560)	210
Net increase (decrease) in cash and cash equivalents	174,861	(2,045)	2,931	175,747	30,732
Cash and cash equivalents, beginning of year	2,635,187	38,368	3,307	2,676,862	7,587
Cash and cash equivalents, end of year	\$ 2,810,048	\$ 36,323	\$ 6,238	\$ 2,852,609	\$ 38,319

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

Lee County, Georgia
Statement of Cash Flows
Proprietary Funds
June 30, 2014

	Business Type Activities - Enterprise Funds				Governmental
	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total	Activity Internal Service Fund
Reconciliation of Net Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 511,375	\$ (126,361)	\$ (102,890)	\$ 282,124	\$ (155,421)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,089,089	71,601	847	1,161,537	-
New customer utility deposits	11,554	-	-	11,554	-
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	10,232	19,143	-	29,375	-
Inventories	-	1,969	-	1,969	-
Other current assets	-	-	-	-	-
Increase (decrease) in:					
Accounts payable	25,659	8,977	11,714	46,350	5,454
Accrued expenses	(7,489)	577	(917)	(7,829)	-
Net cash provided (used) by operating activities	\$ 1,640,420	\$ (24,094)	\$ (91,246)	\$ 1,525,080	\$ (149,967)
Non-Cash Capital and Related Financing Activities					
Debt refinancing	-	-	-	-	-
Intergovernmental capital contribution	-	-	-	-	-
Total non-cash capital and related financing activities	\$ -	\$ -	\$ -	\$ -	\$ -

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

Lee County, Georgia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 8,833	\$ 1,129,693
Investments:		
Mutual funds	280,150	-
Receivables:		
Accounts receivable, net	-	1,084,641
Employer and employee's contribution	-	-
Accrued investment income	486	-
Other assets	-	-
Total assets	289,469	2,214,334
Liabilities		
Accrued expenses	-	-
Due to others	-	2,214,334
Total liabilities	-	2,214,334
Net Position		
Held in trust for pension benefits (a schedule of funding progress is presented in the notes to financial statements)	\$ 289,469	\$ -

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

Lee County, Georgia
Statement of Changes Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Pension Trust Fund
Additions	
Contributions	
Employer	\$ -
Participants	-
<hr/>	
Total contributions	-
<hr/>	
Investment income	
Net appreciation in fair value of investments	15,555
Interest and dividends	7,765
Less - investment expenses	-
<hr/>	
Net investment income	23,320
<hr/>	
Total additions	23,320
<hr/>	
Deductions	
Net depreciation in fair value of investments	-
Pension benefits paid	3,780
Administrative expenses	-
<hr/>	
Total deductions	3,780
<hr/>	
Net increase	19,540
<hr/>	
Net assets held in trust for pension benefits	
Beginning of year	269,929
<hr/>	
End of Year	\$ 289,469
<hr/>	

The accompanying notes are an integral part of these 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.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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.

Proprietary Funds are reported using the *economic resources measurement focus* and the *accrual basis of*

accounting and are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise Funds account for activities that are usually self-sustaining, principally through user charges for services rendered.

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

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

Additionally the County reports the following fund types:

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

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

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

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

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

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.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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

Cash and Investments

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

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

Investments are reported at fair value. Short term investments are reported at cost, which approximates fair value. The fair values of investments in external investment pools are the same as the value of the pool shares.

Receivables

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

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

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

Inventories

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

Prepaid Items

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

Restricted Assets

Proceeds from certain revenues and other resources in the General Fund, Special Revenue Funds, and

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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 which are imposed by a formal action of the County Commission through adoption of a resolution. Only the County Commission may modify or rescind the commitment;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Use of Estimates

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

Subsequent Events

Subsequent events were evaluated through January 6, 2015, which is the date the financial statements were available to be issued.

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, 2014:

<u>Department</u>	<u>Excess of Expenditures Over Budgeted Amounts</u>
General government	\$ 335,899
Public safety	489,263
Public works	68,027
Public health and welfare	6,811
Culture and recreation	1,761
Library	257

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

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014:

<u>Department</u>	<u>Excess of Expenditures Over Budgeted Amounts</u>
Drug Abuse Treatment & Education Fund	\$ 1,410
E-911 Fund	56,996
Special Assessment Fund	26,485
Development Authority	271,655

NOTE C - DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2014, are summarized as follows:

Primary Government

Amounts as presented on the entity-wide Statement of Net Position:

Cash and cash equivalents	\$ 4,389,244
Investments	3,264,481
Restricted cash and cash equivalents	1,758,473
Restricted investments	1,310,114

Amounts as presented on the Statement of Fiduciary Net Position:

Cash	1,138,526
Investments	280,150

Total	\$12,140,988
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Deposits with financial institutions	\$ 8,670,377
Deposits with Georgia Fund 1	3,190,461
Investment in mutual funds	280,150

Total	\$12,140,988
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Lee County Board of Health:

Cash and cash equivalents	\$ 349,538
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Cash deposited with financial institutions	\$ 349,538
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Lee County, Georgia
Notes to Financial Statements
June 30, 2014

The County does not have a formal investment policy for interest rate, credit, concentration of credit, or custodial credit risks. As of June 30, 2014 the credit rating for the County's investment in mutual funds was unavailable.

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

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2014, 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 2014 property taxes were September 27, 2013 and December 20, 2013, 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.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014 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	\$ 1,519,669	\$ -	\$ -	\$ 64,038
Property tax receivable	474,196	-	-	-
Sales tax receivable		-	-	754,774
Due from other governments	437,468	-	-	500
Gross receivables	2,431,333	-	-	819,312
Less:				
Allowance for uncollectibles	(1,077,926)	-	-	-
Net total receivables	\$ 1,353,407	\$ -	\$ -	\$ 819,312

	Utility Authority	Parks and Recreation Authority	Solid Waste Fund	Total
Accounts receivable	207,081	178,115	1,248	\$ 1,970,151
Property tax receivable	-	-	-	474,196
Sales tax receivable	-	-	-	754,774
Due from other governments	-	-	-	437,968
Gross receivables	207,081	178,115	1,248	3,637,089
Less:				
Allowance for uncollectibles	(158,957)	(143,499)	-	(1,380,382)
Net total receivables	\$ 48,124	\$ 34,616	\$ 1,248	\$ 2,256,707

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014 is as follows:

Due To	Due From				
	General Fund	1% SPLOST V BONY Advance Capital Projects Fund	1% SPLOST V Tax Proceeds Capital Projects to birng	Nonmajor Governmental Funds	Utility Authority
General Fund	\$ -	\$ 339,697	\$ 27,435	\$ -	\$ 1,414,099
1% SPLOST BONY Advance Fund	-	-	682,085	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	-	-	-	-	-
Utility Authority	-	-	-	-	-
Parks and Recreation Authority	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	-	-	-	618,684	142,012
Total	\$ -	\$ 339,697	\$ 709,520	\$ 618,684	\$ 1,556,111

Due To	Due From			Total
	Parks and Recreation Authority	Solid Waste Fund	Internal Service Fund	
General Fund	\$ 92,886	\$ 119	\$ 1,229,348	\$ 3,103,584
1% SPLOST BONY Advance Fund	-	-	-	682,085
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	-
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	-
Solid Waste Fund	-	-	-	-
Internal Service Fund	57,248	92,745	-	910,689
Total	\$ 150,134	\$ 92,864	\$ 1,229,348	\$ 4,696,358

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014 consisted of the following:

Transfer From	Transfer 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	\$ -	\$ -	\$ -	\$ 271,622	\$ -
1% SPLOST BONY Advance Fund	-	-	-	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-	-
Nonmajor Governmental Funds	28,794	-	-	-	-
Utility Authority	-	-	-	-	-
Parks and Recreation Authority	-	-	-	-	-
Solid Waste Fund	-	-	-	-	-
Internal Service Fund	-	-	-	-	-
Total	\$ 28,794	\$ -	\$ -	\$ 271,622	\$ -

Transfer From	Transfer To			
	Parks and Recreation Authority	Solid Waste Fund	Internal Service Fund	Total
General Fund	\$ -	\$ 113,261	\$ -	\$ 384,883
1% SPLOST BONY Advance Fund	-	-	-	-
1% SPOST V Tax Proceeds Fund	-	-	-	-
Nonmajor Governmental Funds	-	-	-	28,794
Utility Authority	-	-	-	-
Parks and Recreation Authority	-	-	-	-
Solid Waste Fund	-	-	-	-
Internal Service Fund	-	-	-	-
Total	\$ -	\$ 113,261	\$ -	\$ 413,677

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

NOTE F – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2014:

Governmental activities:

	Balance June 30, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 3,552,377	\$ -	\$ -	\$ -	\$ 3,552,377
Construction in progress	3,967,927	894,696	-	-	4,862,623
Total capital assets not being depreciated	7,520,304	894,696	-	-	8,415,000
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	10,773,684	147,273	-	-	10,920,957
Total other capital assets at cost	99,412,272	147,273	-	-	99,559,545
Less accumulated depreciation for:					
Buildings	(5,701,844)	(398,013)	-	-	(6,099,857)
Infrastructure	(47,544,298)	(1,843,643)	-	-	(49,387,941)
Improvements other than buildings	(744,961)	(82,939)	-	-	(827,900)
Machinery and equipment	(8,043,384)	(783,977)	-	-	(8,827,361)
Total accumulated depreciation	(62,034,487)	(3,108,572)	-	-	(65,143,059)
Other capital assets, net	37,377,785	(2,961,299)	-	-	34,416,486
Governmental activities capital assets, net	\$ 44,898,089	\$ (2,066,603)	\$ -	\$ -	\$ 42,831,486

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

Business-type activities:

	Balance June 30, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
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	1,211,447	15,001	-	-	1,226,448
Total other capital assets at cost	35,934,620	15,001	-	-	35,949,621
Less accumulated depreciation for:					
Buildings and infrastructure	(12,119,286)	(1,075,684)	-	-	(13,194,970)
Improvements other than buildings	(158,380)	(17,113)	-	-	(175,493)
Machinery and equipment	(957,775)	(68,740)	-	-	(1,026,515)
Total accumulated depreciation	(13,235,441)	(1,161,537)	-	-	(14,396,978)
Other capital assets, net	22,699,179	(1,146,536)	-	-	21,552,643
Business-type activities capital assets, net	\$ 25,475,941	\$ (1,146,536)	\$ -	\$ -	\$ 24,329,405

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 245,076
Judicial	29,033
Public safety	643,818
Public works	2,082,462
Health and welfare	15,910
Culture and recreation	77,586
Housing and development	14,687
<hr/>	
Total government activities depreciation expense	<u><u>\$ 3,108,572</u></u>
Business-type activities	
Utility Authority	\$ 1,089,089
Parks and Recreation Authority	71,601
Solid Waste	847
<hr/>	
Total business-type activities depreciation expense	<u><u>\$ 1,161,537</u></u>

Component Units

Capital asset activity for the Lee County Board of Health, a discretely presented component unit, for the year ended June 30, 2014 is as follows:

Governmental activities:

	Balance June 30, 2013	Increases	Decreases	Transfers	Balance June 30, 2014
Other capital assets:					
Building improvements	\$ 32,595	\$ -	\$ -	\$ -	\$ 32,595
Equipment	6,222		-	-	6,222
<hr/>					
Total other capital assets at cost	38,817	-	-	-	38,817
<hr/>					
Total accumulated depreciation	(5,688)	(1,725)	-	-	(7,413)
<hr/>					
Governmental activities capital assets, net	<u>\$ 33,129</u>	<u>\$ (1,725)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,404</u>

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

NOTE G – DEFICIT FUND BALANCES AND NET POSITION

The following funds reported deficit fund balances or net position at June 30, 2014:

Fund	Deficit Balance at June 30, 2014	
1% SPLOST V Tax Proceeds	\$	100,597
E-911 Fund		543,859
Solid Waste Fund		684,535

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, 2014, are as follows:

Description	Original Amount	Interest Rate	Due Date	Amount
Lee County General Obligation Sales Tax Bonds Series 2011	\$ 3,350,000	2.00 - 5.00%	2019	\$ 2,825,000
				2,825,000
		Unamortized Discount/premium/loss		104,981
		Less current portion		(535,000)
				\$ 2,394,981

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

I. General Obligation Bonds (Continued)

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

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

Fiscal Year Ending,	Principal	Interest	Total
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	580,000	38,450	618,450
2020-2023	15,000	4,237	19,237
	\$2,825,000	\$316,838	\$3,141,838

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

II. Revenue Bonds

Description	Original Amount	Interest Rate	Due Date	Amount
Lee County Utilities Authority Revenue Bonds Series 2011	\$ 22,070,000	2.00 - 5.00%	2032	\$ 20,700,000
				20,700,000
			Unamortized Discount	(168,836)
			Less current portion	(575,000)
				<u>\$ 19,956,164</u>

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:

Fiscal Year Ending,	Principal	Interest	Total
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	745,124	1,445,124
2019	800,000	718,624	1,518,624
2020-2024	4,435,000	3,073,345	7,508,345
2025-2029	6,615,000	2,019,579	8,634,579
2030-2033	6,290,000	552,646	6,842,646
	<u>\$ 20,700,000</u>	<u>\$ 9,457,371</u>	<u>\$ 30,157,371</u>

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2013 was \$1,910,772.

Debt service requirements to maturity are as follows:

Fiscal Year Ending,	Principal	Interest	Total
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
	\$ 1,910,772	\$ 213,582	\$ 2,124,354

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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, 2014 was \$97,506.

Notes payable debt service requirements to maturity are as follows:

Fiscal Year Ending,	Principal	Interest	Total
2015	\$ 22,392	\$ 2,340	\$ 24,732
2016	23,016	1,717	24,733
2017	23,657	1,076	24,733
2018	28,441	417	28,858
2019	-	-	-
	\$ 97,506	\$ 5,550	\$ 103,056

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, 2014 was \$1,810,366.

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, 2014 was \$262,084. 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:

Fiscal Year Ending,	Principal	Interest	Total
2015	\$ 329,950	\$ 51,909	\$ 381,859
2016	273,830	46,628	320,458
2017	264,071	40,970	305,041
2018	228,380	35,832	264,212
2019	198,389	29,991	228,380
2020-2023	777,830	54,921	832,751
	\$ 2,072,450	\$ 260,251	\$ 2,332,701

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

III. 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.

<u>Fiscal Year Ending,</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
2015	\$ 404,674	\$ 29,104	\$ 433,778
2016	28,501	-	28,501
2017	28,501	-	28,501
2018	263,458	-	263,458
2019	-	-	-
<hr/>			
Total minimum lease payments	725,134	29,104	754,238
Less amount representing interest	(52,001)	(7,956)	(59,957)
<hr/>			
Present value of future minimum lease payments	\$ 673,133	\$ 21,148	\$ 694,281

The following is an analysis of equipment leased under capital leases as of June 30, 2014:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Equipment	1,184,417	134,136	1,318,553
Less accumulated depreciation	(752,852)	(91,021)	(843,873)
<hr/>			
Carrying value	431,565	43,115	474,680

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

IV. Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental activities:</i>					
General obligation bonds	\$ 5,380,000	\$ -	\$ (2,555,000)	\$ 2,825,000	\$ 535,000
Unamortized premium	185,247	-	(80,266)	104,981	-
Total bonds payable	5,565,247	-	(2,635,266)	2,929,981	535,000
Notes payable	2,122,617	-	(211,845)	1,910,772	206,773
Installment agreement	330,000	-	(330,000)	-	-
Capital leases	1,045,904	-	(372,771)	673,133	374,698
Compensated absences	668,701	95,404	-	764,105	-
Total Governmental activities long-term liabilities	\$ 9,732,469	\$ 95,404	\$ (3,549,882)	\$ 6,277,991	\$ 1,116,471

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Business-type activities:</i>					
Revenue bonds	\$ 21,215,000	\$ -	\$ (515,000)	\$ 20,700,000	\$ 575,000
Less: Unamortized discount	(176,876)	8,040	-	(168,836)	-
Total bonds payable	21,038,124	8,040	(515,000)	20,531,164	575,000
Notes payable	2,452,987	-	(283,030)	2,169,957	285,137
Less: Unamortized discount	(94,508)	7,610	-	(86,898)	-
Total notes payable	2,358,479	7,610	(283,030)	2,083,059	285,137
Capital leases	56,085	-	(34,937)	21,148	34,936
Customer deposits	378,822	-	3,968	382,790	-
Closure and post closure costs	751,736	-	-	751,736	-
Compensated absences	59,781	7,795	-	67,576	-
Total Business-type activities long-term liabilities	\$ 24,643,027	\$ 23,445	\$ (828,999)	\$ 23,837,473	\$ 895,073

Compensated absences are liquidated by the General Fund and Enterprise funds for which the liability is incurred.

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, 2014 include:

Special Revenue Funds

Reserve for restricted purposes to reflect resources legally restricted for specific purposes	\$ 1,154,189
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Capital Projects Funds

Reserve for specific purposes to reflect resources funded by Special Purpose Local Option Sales Tax and Federal grants	\$ 1,989,535
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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.

Primary Government (Continued)

I. Closed Single-Employer Defined Benefit Plan (Continued)

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, 2014, 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.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

Three – Year Trend Information

Year Ended, June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	--	100%	--
2013	--	100%	--
2014	--	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)
7/1/2010	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.

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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:

	2014	2013
Net pension (asset) obligation as of the beginning of prior year	\$ (117,151)	\$ (96,745)
Annual pension cost for prior year	536,854	450,694
Actual contributions to Plan for prior year	(483,350)	(471,100)
Net change	53,504	(20,406)
Net pension (asset) obligation as of the end of year	\$ (63,647)	\$ (117,151)

Derivation of Annual Pension Cost:

	2014	2013
Annual required contribution	\$ 611,182	\$ 536,218
Interest on net pension obligation	(4,774)	(9,079)
Amortization of net pension obligation	5,185	9,715
Annual pension cost	\$ 611,593	\$ 536,854

Current valuation date	January 1, 2014
Annual return on invested plan assets	7.50%
Projected annual salary increases	3.5% - 6.0% based on age
Expected annual inflation	3.00%
Actuarial value of assets	Market value
Actuarial funding method	Projected unit credit
Amortization method	Level percent of pay (closed)

Lee County, Georgia
Notes to Financial Statements
June 30, 2014

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)
2014	\$ 611,593	N/A	N/A	\$ (63,647)
2013	536,854	483,350	90%	(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 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]
2013	\$ 3,444,739	\$ 4,174,944	\$ 730,205	82.5%	\$ 9,691,135	7.5%
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, 2014 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, 2014 by the County totaled \$3,038,788. 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, 2014, were \$2,501. The funds were expended by the County for tourism as required by O.C.G.A 48-13-51.

Lee County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	1% SPLOST VI Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,154,429	\$ -	\$ -	\$ 1,154,429
Investments	8,061	51,891	903,119	963,071
Accounts receivable, net	64,038	-	-	64,038
Property tax receivable	-	-	-	-
Prepaid expenditures	-	-	-	-
Due from other governments	500	-	754,774	755,274
Due from other funds	-	-	-	-
Restricted assets:	-	-	-	-
Cash and cash equivalents	11,613	-	-	11,613
Sales tax receivable	-	-	-	-
Total assets	1,238,641	51,891	1,657,893	2,948,425
Liabilities				
Accounts payable	\$ 52	\$ -	742	\$ 794
Accrued expenses	9,575	-	52,930	62,505
Unearned revenue	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	618,684	-	-	618,684
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	628,311	-	53,672	681,983
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted for:				
Public services	-	-	-	-
Debt service	-	-	-	-
Specific purposes	1,154,189	51,891	1,604,221	2,810,301
Unassigned	(543,859)	-	-	(543,859)
Total fund balances	610,330	51,891	1,604,221	2,266,442
Total liabilities, deferred inflows of resources and fund balances	\$ 1,238,641	\$ 51,891	\$ 1,657,893	\$ 2,948,425

Lee County, Georgia
Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Nonmajor Governmental funds
June 30, 2014

	Special Revenue Funds	1% SPLOST IV Capital Projects Fund	1% SPLOST VI Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	2,626,925	2,626,925
Other taxes	2,501	-	-	2,501
Charges for services	466,668	-	-	466,668
Fines and forfeitures	109,206	-	-	109,206
Investment income	4,745	194	507	5,446
Intergovernmental	469,315	-	-	469,315
Other revenues	-	-	-	-
Total revenues	1,052,435	194	2,627,432	3,680,061
Expenditures				
Current:				
General government	-	-	-	-
Public safety	823,251	-	-	823,251
Court system	8,552	-	-	8,552
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	221,385	-	-	221,385
Intergovernmental	-	-	285,292	285,292
Capital outlay	4,836	-	53,155	57,991
Debt service:	-	-	-	-
Principal	261,230	-	525,000	786,230
Interest	-	-	107,050	107,050
Fiscal agent fees	-	-	1,500	1,500
Total expenditures	1,319,254	-	971,997	2,291,251
Excess (Deficiency) of Revenues Over Expenditures	(266,819)	194	1,655,435	1,388,810
Other Financing Sources (Uses)				
Transfers from other funds	271,622	-	-	271,622
Transfers to other funds	(28,794)	-	-	(28,794)
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	242,828	-	-	242,828
Net change in fund balances	(23,991)	194	1,655,435	1,631,638
Fund balances, beginning of year	634,321	51,697	(51,214)	634,804
Fund balances, end of year	\$ 610,330	\$ 51,891	\$ 1,604,221	\$ 2,266,442

Lee County, Georgia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Drug Abuse Treatment & Education Fund	Jail Fund	Building Inspection Fund	District Attorney Forfeiture Fund	Law Library Fund
Assets					
Cash and cash equivalents	\$ 52,382	\$ 29,401	\$ 233	\$ 27,216	\$ 49,285
Investments	8,061	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Property tax receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other governments	500	-	-	-	-
Due from other funds	-	-	-	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	-	-
Sales tax receivable	-	-	-	-	-
Total assets	\$ 60,943	\$ 29,401	\$ 233	\$ 27,216	\$ 49,285
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	60,943	29,401	233	27,216	49,285
Unassigned	-	-	-	-	-
Total fund balances	60,943	29,401	233	27,216	49,285
Total liabilities, deferred inflows of resources and fund balances	\$ 60,943	\$ 29,401	\$ 233	\$ 27,216	\$ 49,285

Lee County, Georgia
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2014

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Development Authority	Total Nonmajor Special Revenue Funds
Assets					
Cash and cash equivalents	\$ 8,801	\$ 456,195	\$ 14,484	\$ 516,432	\$ 1,154,429
Investments	-	-	-	-	8,061
Accounts receivable, net	64,038	-	-	-	64,038
Property tax receivable	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Due from other governments	-	-	-	-	500
Due from other funds	-	-	-	-	-
Restricted assets:					-
Cash and cash equivalents	11,613	-	-	-	11,613
Sales tax receivable	-	-	-	-	-
Total assets	\$ 84,452	\$ 456,195	\$ 14,484	\$ 516,432	\$ 1,238,641
Liabilities					
Accounts payable	52	\$ -	\$ -	\$ -	\$ 52
Accrued expenses	9,575	-	-	-	9,575
Unearned revenue	-	-	-	-	-
Due to other governments	-	-	-	-	-
Due to other funds	618,684	-	-	-	618,684
Liabilities payable from restricted assets	-	-	-	-	-
Total liabilities	628,311	-	-	-	628,311
Deferred Inflows of Resources					
Unavailable revenue - property taxes	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted for:					
Public services	-	-	-	-	-
Debt service	-	-	-	-	-
Specific purposes	-	456,195	14,484	516,432	1,154,189
Unassigned	(543,859)	-	-	-	(543,859)
Total fund balances	(543,859)	456,195	14,484	516,432	610,330
Total liabilities, deferred inflows of resources and fund balances	\$ 84,452	\$ 456,195	\$ 14,484	\$ 516,432	\$ 1,238,641

Lee County, Georgia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2014

	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	30,768	35,578	-	33,011	9,849
Investment income	198	190	1	114	112
Intergovernmental	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	30,966	35,768	1	33,125	9,961
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	19,585	-	-	-	-
Court system	-	-	-	8,552	-
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Library	-	-	-	-	-
Economic development	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Capital outlay	-	-	-	4,836	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total expenditures	19,585	-	-	13,388	-
Excess (Deficiency) of Revenues Over Expenditures	11,381	35,768	1	19,737	9,961
Other Financing Sources (Uses)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(28,794)	-	-	-
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing surces (uses)	-	(28,794)	-	-	-
Net change in fund balances	11,381	6,974	1	19,737	9,961
Fund balances (deficit), beginning of year	49,562	22,427	232	7,479	39,324
Fund balances (deficit), end of year	\$ 60,943	\$ 29,401	\$ 233	\$ 27,216	\$ 49,285

Lee County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
(Continued)
Nonmajor Special Revenue Funds
June 30, 2014

	E-911 Fund	Special Assessment Fund	Hotel/ Motel Tax Fund	Development Authority	Total Nonmajor Special Revenue Funds
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-	-
Other taxes	-	-	2,501	-	2,501
Charges for services	404,270	62,398	-	-	466,668
Fines and forfeitures	-	-	-	-	109,206
Investment income	160	2,540	76	1,354	4,745
Intergovernmental	-	-	-	469,315	469,315
Other revenues	-	-	-	-	-
Total revenues	404,430	64,938	2,577	470,669	1,052,435
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	734,481	69,185	-	-	823,251
Court system	-	-	-	-	8,552
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Library	-	-	-	-	-
Economic development	-	-	2,875	218,510	221,385
Intergovernmental	-	-	-	-	-
Capital outlay	-	-	-	-	4,836
Debt service:					
Principal	-	-	-	261,230	261,230
Interest	-	-	-	-	-
Fiscal agent fees	-	-	-	-	-
Total expenditures	734,481	69,185	2,875	479,740	1,319,254
Excess (Deficiency) of Revenues Over Expenditures	(330,051)	(4,247)	(298)	(9,071)	(266,819)
Other Financing Sources (Uses)					
Transfers from other funds	271,622	-	-	-	271,622
Transfers to other funds	-	-	-	-	(28,794)
Sale of capital assets	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Total other financing sources (uses)	271,622	-	-	-	242,828
Net change in fund balances	(58,429)	(4,247)	(298)	(9,071)	(23,991)
Fund balances (deficit), beginning of year	(485,430)	460,442	14,782	525,503	634,321
Fund balances (deficit), end of year	\$ (543,859)	\$ 456,195	\$ 14,484	\$ 516,432	\$ 610,330

Lee County, Georgia

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Drug Abuse Treatment & Education Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	17,980	17,980	30,768	12,788
Investment income	-	195	198	3
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	17,980	18,175	30,966	12,791
Expenditures				
Current:				
General government	-	-	-	-
Public safety	18,175	18,175	19,585	(1,410)
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	18,175	18,175	19,585	(1,410)
Excess (Deficiency) of Revenues Over Expenditures	(195)	-	11,381	11,381
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	(195)	-	11,381	11,381
Fund balances (deficit), beginning of year	49,562	49,562	49,562	-
Fund balances (deficit), end of year	\$ 49,367	\$ 49,562	\$ 60,943	\$ 11,381

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Jail Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	28,622	28,622	35,578	6,956
Investment income	172	172	190	18
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	28,794	28,794	35,768	6,974
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	28,794	28,794	35,768	6,974
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	(28,794)	(28,794)	(28,794)	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	(28,794)	(28,794)	(28,794)	-
Net change in fund balances	-	-	6,974	6,974
Fund balances, beginning of year	22,427	22,427	22,427	-
Fund balances, end of year	\$ 22,427	\$ 22,427	\$ 29,401	\$ 6,974

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Building Inspection Fund
June 30, 2014

	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	-	-	1	1
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	-	1	1
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	-	-	1	1
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	-	-	1	1
Fund balances, beginning of year	232	232	232	-
Fund balances, end of year	\$ 232	\$ 232	\$ 233	\$ 1

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – District Attorney Forfeiture Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	15,000	33,011	18,011
Investment income	-	60	114	54
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	-	15,060	33,125	18,065
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	15,060	8,552	6,508
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	4,836	(4,836)
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	-	15,060	13,388	1,672
Excess (Deficiency) of Revenues Over Expenditures	-	-	19,737	19,737
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	-	-	19,737	19,737
Fund balances, beginning of year	7,479	7,479	7,479	-
Fund balances, end of year	\$ 7,479	\$ 7,479	\$ 27,216	\$ 19,737

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Law Library Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	10,500	10,500	9,849	(651)
Investment income	80	80	112	32
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	10,580	10,580	9,961	(619)
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	10,580	10,580	-	10,580
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	10,580	10,580	-	10,580
Excess (Deficiency) of Revenues Over Expenditures	-	-	9,961	9,961
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	-	-	9,961	9,961
Fund balances, beginning of year	39,324	39,324	39,324	-
Fund balances, end of year	\$ 39,324	\$ 39,324	\$ 49,285	\$ 9,961

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual –E-911 Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	400,250	400,250	404,270	4,020
Fines and forfeitures	-	-	-	-
Investment income	110	110	160	50
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	400,360	400,360	404,430	4,070
Expenditures				
Current:				
General government	-	-	-	-
Public safety	677,485	677,485	734,481	(56,996)
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	677,485	677,485	734,481	(56,996)
Excess (Deficiency) of Revenues Over Expenditures	(277,125)	(277,125)	(330,051)	(52,926)
Other Financing Sources (Uses)				
Transfers from other funds	277,125	277,125	271,622	(5,503)
Transfers to other funds	-	-	-	-
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	277,125	277,125	271,622	(5,503)
Net change in fund balances	-	-	(58,429)	(58,429)
Fund balances, beginning of year	(485,430)	(485,430)	(485,430)	-
Fund balances, end of year	\$ (485,430)	\$ (485,430)	\$ (543,859)	\$ (58,429)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Special Assessment Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	-	-	-	-
Charges for services	63,400	63,400	62,398	(1,002)
Fines and forfeitures	-	-	-	-
Investment income	4,300	4,300	2,540	(1,760)
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	67,700	67,700	64,938	(2,762)
Expenditures				
Current:				
General government	-	-	-	-
Public safety	42,700	42,700	69,185	(26,485)
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	42,700	42,700	69,185	(26,485)
Excess (Deficiency) of Revenues Over Expenditures	25,000	25,000	(4,247)	(29,247)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(25,000)	-	25,000
Sale of capital assets	-	-	-	-
Long-term debt issued	-	-	-	-
Total other financing sources (uses)	-	(25,000)	-	25,000
Net change in fund balances	25,000	-	(4,247)	(4,247)
Fund balances, beginning of year	460,442	460,442	460,442	-
Fund balances, end of year	\$ 485,442	\$ 460,442	\$ 456,195	\$ (4,247)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Hotel/Motel Tax Fund
June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	-	-	-
Other taxes and licenses	2,800	2,800	2,501	(299)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment income	75.00	75	76	1
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Total revenues	2,875	2,875	2,577	(298)
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	2,875	2,875	2,875	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	2,875	2,875	2,875	-
Excess (Deficiency) of Revenues Over Expenditures				
	-	-	(298)	(298)
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	-	-	(298)	(298)
Fund balances, beginning of year	14,782	14,782	14,782	-
Fund balances, end of year	\$ 14,782	\$ 14,782	\$ 14,484	\$ (298)

Lee County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget to Actual – Development Authority
June 30, 2014

	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	-	-	1,354	1,354
Intergovernmental	208,085	208,085	469,315	261,230
Other revenues	-	-	-	-
Total revenues	208,085	208,085	470,669	262,584
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Court system	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Library	-	-	-	-
Economic development	208,085	208,085	218,510	(10,425)
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	261,230	(261,230)
Interest	-	-	-	-
Fiscal agent fees	-	-	-	-
Total expenditures	208,085	208,085	479,740	(271,655)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(9,071)	(9,071)
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	-	-	(9,071)	(9,071)
Fund balances, beginning of year	525,503	525,503	525,503	-
Fund balances, end of year	\$ 525,503	\$ 525,503	\$ 516,432	\$ (9,071)

Lee County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	Clerk of Superior Court	Probate Court	Tax Commissioner	Magistrate Court	Sheriff's Department	Total Agency Funds
Assets						
Restricted assets:						
Cash and cash equivalents	345,013	53,586	603,760	52,129	75,205	\$ 1,129,693
Property tax receivable	-	-	1,084,641	-	-	1,084,641
Total assets	345,013	53,586	1,688,401	52,129	75,205	2,214,334
Liabilities						
Due to others	345,013	53,586	1,688,401	52,129	75,205	2,214,334
Total liabilities	\$ 345,013	\$ 53,586	1,688,401	\$ 52,129	\$ 75,205	\$ 2,214,334

Lee County, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

Clerk of Superior Court	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 132,117	\$ 1,217,832	\$ (1,004,936)	\$ 345,013
Property tax receivable	-	-	-	-
Total assets	132,117	1,217,832	(1,004,936)	345,013
Liabilities				
Due to others	132,117	345,013	(132,117)	345,013
Total liabilities	\$ 132,117	\$ 345,013	\$ (132,117)	\$ 345,013
Probate Court				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 13,623	\$ 695,238	\$ (655,275)	\$ 53,586
Property tax receivable	-	-	-	-
Total assets	13,623	695,238	(655,275)	53,586
Liabilities				
Due to others	13,623	53,586	(13,623)	53,586
Total liabilities	\$ 13,623	\$ 53,586	\$ (13,623)	\$ 53,586
Tax Commissioner				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 331,566	\$ 44,149,944	\$ (43,877,750)	\$ 603,760
Property tax receivable	733,290	1,084,641	(733,290)	1,084,641
Total assets	1,064,856	45,234,585	(44,611,040)	1,688,401
Liabilities				
Due to others	1,064,856	1,688,401	(1,064,856)	1,688,401
Total liabilities	\$ 1,064,856	\$ 1,688,401	\$ (1,064,856)	\$ 1,688,401

Lee County, Georgia
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

Magistrate Court	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 20,089	\$ 498,402	\$ (466,362)	\$ 52,129
Property tax receivable	-	-	-	-
Total assets	20,089	498,402	(466,362)	52,129
Liabilities				
Due to others	20,089	52,129	(20,089)	52,129
Total liabilities	\$ 20,089	\$ 52,129	\$ (20,089)	\$ 52,129
Sheriff's Department				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 127,053	\$ 342,057	\$ (393,905)	\$ 75,205
Property tax receivable	-	-	-	-
Total assets	127,053	342,057	(393,905)	75,205
Liabilities				
Due to others	127,053	75,205	(127,053)	75,205
Total liabilities	\$ 127,053	\$ 75,205	\$ (127,053)	\$ 75,205
Total				
	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Restricted assets:				
Cash and cash equivalents	\$ 624,448	\$ 46,903,473	\$ (46,398,228)	\$ 1,129,693
Property tax receivable	733,290	1,084,641	(733,290)	1,084,641
Total assets	1,357,738	47,988,114	(47,131,518)	2,214,334
Liabilities				
Due to others	1,357,738	2,214,334	(1,357,738)	2,214,334
Total liabilities	\$ 1,357,738	\$ 2,214,334	\$ (1,357,738)	\$ 2,214,334

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, 2014, 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 January 6, 2015.

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 2014-1, 2014-2, 2014-3, 2014-4). 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.

We consider the deficiencies described in the accompanying schedule of financial statement findings to be significant deficiencies in internal control over financial reporting

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Lee County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiencies described above to be material weaknesses.

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
January 6, 2015

Lee County, Georgia
Schedule of Financial Statements Findings and Responses
June 30, 2014

Financial Statement Findings and Responses

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

2014 - 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.

2014 - 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 payable and deferred revenue in the General Fund.

Lee County, Georgia
Schedule of Financial Statements Findings and Responses
June 30, 2014

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 financial reporting.

2014 - 3 Lee County Utilities Authority ("Utilities Authority")

Generally accepted accounting principles require Governmental Fund financial statements to be reported using the economic resource measurement focus and the accrual basis of accounting.

Condition:

The Utilities Authority 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.

2014 -4 Lee County Sheriff's Department

Criteria:

County officers are authorized by state statute to collect a variety of fees associated with their individual departments. With exceptions, money collected by county officers should be deposited into the county treasury on a timely basis.

Condition:

A portion of the funds collected by the Lee County Sheriff's department were not remitted to the county treasury on a timely basis.



Lee County, Georgia
Schedule of Financial Statements Findings and Responses
June 30, 2014

Cause of Condition:

An accounting of all funds received by the Lee County Sheriff's department was not submitted to management.

Effect of Condition:

Funds collected by the Lee County Sheriff's department were not remitted to the county treasury on a timely basis.

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
June 30, 2014

	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	50,000	-	50,000	100%
Water & sewer treatment facilities - Leesburg	700,000	692,816	-	692,816	99%
Road, street & bridge construction - Smithville	200,000	283,959	-	283,959	100%
Water & sewer treatment facilities - Smithville	300,000	355,749	-	355,749	100%
Historic facilities renovation - Smithville	200,000	304,661	-	304,661	100%
Public safety facilities - Smithville	50,000	20,093	-	20,093	40%
Total expenditures	\$ 18,000,000	\$ 16,612,735	\$ -	\$ 16,612,735	

Lee County, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
June 30, 2014

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<i>Sales Tax Referendum</i>					
<i>SPLOST V</i>					
Retirement of previously incurred debt	\$ 3,195,973	\$ 7,965,383	\$ 2,419,145	\$ 10,384,528	100%
Sheriff's department vehicles	624,500	624,500	-	624,500	100%
Five (5) replacement ambulances for EMS	625,000	487,829	-	487,829	78%
City of Leesburg	5,000,000	5,000,000	-	5,000,000	100%
City of Smithville - road, street, bridges, water & sewer facilities	900,000	647,467	40,007	687,474	76%
Park Street recreation complex and capital outlay for recreation	300,000	13,510	-	13,510	5%
Courthouse square and Old Smithville Road	2,000,000	10,253	-	10,253	1%
Road, street and bridge construction and improvements in unincorporated areas	6,559,527	3,730,380	847,904	4,578,284	70%
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	358,904	5,276	364,180	36%
Palmyra fire/ems station	650,000	-	84,000	84,000	13%
Renovation and expansion of public works building	270,000	89,280	-	89,280	33%
Construction of a new headquarters library	2,000,000	4,140,312	-	4,140,312	100%
Fire tower, burn building and driver training course	500,000	40,238	-	40,238	8%
Total expenditures	\$ 34,650,000	\$ 28,753,200	\$ 3,396,332	\$ 32,149,532	

Lee County, Georgia
Schedule of Special Purpose Local Option Sales Tax Expenditures
June 30, 2014

	Original Estimated Cost	Expenditures			Estimated Percentage of Completion
		Prior Years	Current Year	Total	
<i>Sales Tax Referendum</i>					
<i>SPLOST VI</i>					
Public safety capital projects and equipment	\$ 3,570,000	\$ 1,715,184	\$ -	\$ 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	247,123	531	247,654	2%
Oakland library project	1,200,000	1,160,891	5,000	1,165,891	97%
Leesburg/Smithville Library Projects	465,000	60,468	-	60,468	13%
Stormwater projects	500,000	-	47,626	47,626	10%
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	-	220,396	220,396	8%
City of Smithville	779,370	-	64,896	64,896	8%
Repayment of issuance of debt	3,350,000	238,199	633,550	871,749	26%
Total expenditures	\$ 28,253,130	\$ 3,501,743	\$ 971,999	\$ 4,473,742	