ELBERT COUNTY, GEORGIA

ELBERTON, GEORGIA

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL MATERIAL

FOR THE YEARS ENDED

JUNE 30, 2007 AND 2006

ELBERT COUNTY, GEORGIA

FINANCIAL STATEMENTS
For the Years Ended June 30, 2006 and 2005

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ELBERT COUNTY, GEORGIA

FINANCIAL STATEMENTS
For the Years Ended June 30, 2006 and 2005

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January 30, 2008

INDEPENDENT AUDITOR'S REPORT

Elbert County Board of Commissioners
Elbert County
Elberton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County, Georgia management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Elbert County Health Department. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it is related to the amounts included for the Health Department, 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report 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 units, each major fund, and the aggregate remaining fund information of Elbert County, Georgia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report, dated January 30, 2008, on our consideration of Elbert County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 9, budgetary comparison information on pages 35 through 44 and retirement plan information on page 45 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements of Elbert County, Georgia taken as a whole. The combining and individual fund statements for the year ended June 30, 2007, are presented for purposes of additional analysis and are not a required part of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Elbert County, Georgia
Management's Discussion and Analysis
For the year ended June 30, 2007

Management's discussion and analysis provides an objective and easily readable analysis of the Government's financial activities. The analysis provides summary financial information for Elbert County and should be read in conjunction with the Government's financial statements.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities at the close of the fiscal year by $12,917,576 (net assets).
- The government's total net assets increased $1,262,333, due to better financial controls and implementation of procedures approved by the governing authority to obtain the increase in net assets which are to be continued in the next fiscal year. The general fund reported a $479,077 gain for the current year, which reduces the deficit fund balance carried over from the prior year by 58.5 percent to ($675,142). Due to excessive SPLOST funds, the county was able to reduce the general fund deficit.
- In the County's business-type activities, operating revenue increased 25% over the prior year to $1,015,255, while operating expenses increased almost 9% to $1,269,713.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Government's basic financial statements comprise three components: **1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.** The **Government-wide financial statements** present an overall picture of the Government's financial position and results of operations. The **Fund financial statements** present financial information for the Government's major funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

The **Government-wide financial statements** are the Statement of Net Assets and the Statement of Activities. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, and federal and state grants, fines, and charges for services. The business-type activities include solid waste.

The statement of net assets presents the County's assets and liabilities, with the difference between the two reported as net assets. Over time the change in net assets is an indicator of the improvement (an increase) or deterioration (a decrease) in the County's financial condition.

The statement of activities presents the revenues and expenses of the County. The difference between these is the change in net assets for the year.

Both of the governments-wide financial statements identify the various functions of Elbert County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through charges and user fees. The governmental activities of Elbert County include general government, judicial, public health and welfare, public safety, public works, culture and recreation and housing and development.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Elbert County can be divided into two categories: governmental funds and proprietary funds. These statements provide financial information for the major funds of Elbert County. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures) and current available resources. The proprietary funds financial statements provide information on all assets and liabilities of the funds, changes in the economic resources (revenues and expenses), and total economic resources.

Fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all governmental funds. A statement of revenues, expenditures, and changes in fund balances - budget and actual, is provided for the Government's General Fund. For the proprietary funds, which include internal service funds in addition to business-type activities, a statement of net assets; a statement of revenues, expenses, and changes in fund net assets; and a statement of cash flows are presented.

Fund financial statements provide more detailed information about the Government's activities. Individual funds are established to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of state and federal grants.

GOVERNMENT-WIDE FINANCIAL INFORMATION

The government-wide financial statements and the fund financial statements provide different pictures of the Government. The government-wide financial statements provide an overall picture of the Government's financial standing, split between Governmental Activities and Business-type Activities. These statements are comparable to private-sector companies and give a good understanding of the Government's overall financial health and how the Government paid for the various activities, or functions, provided by the Government.

Net Assets as of June 30, 2007 and June 30, 2006

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	$ 3,860,279	$ 6,008,670	$ 249,337	$ 302,911	$ 4,109,616	$ 6,311,581
Capital assets	12,526,166	9,366,652	807,050	790,733	13,333,216	10,157,385
Total assets	16,386,445	15,375,321	1,056,387	1,093,644	17,442,832	16,468,965
Long-term liabilities outstanding	362,490	330,475	1,262,764	1,279,936	1,625,254	1,610,411
Other liabilities	2,528,679	2,871,521	43,639	27,238	2,572,318	2,898,759
Total liabilities	2,891,169	3,201,996	1,306,403	1,307,174	4,197,572	4,509,170
Net assets						
Invested in capital assets, net of related debt	12,526,166	9,366,652	807,050	790,733	13,333,216	10,157,385
Restricted	1,008,667	1,162,883			1,008,667	1,162,883
Unrestricted	960,557	1,643,790	(1,057,066)	(1,004,263)	(96,509)	639,527
Total net assets	$ 13,495,276	$ 12,173,325	$ (249,966)	$ (213,530)	$ 13,245,374	$ 11,959,795

The County realized net assets of $12,917,576, with governmental activities totaling $13,665,276 and business-type activities showing a deficit of $747,700. The governmental activities net assets include funds restricted for SPLOST projects, as well as other special purpose uses.

The County's investment in capital assets increased from $10,157,385 to $13,333,216. The courthouse and jail additions were put in service this year, and SPLOST projects contributed to the increase.

The County has a deficit in the Unrestricted Governmental Activities due primarily to the deficit in the General Fund. Over the past several years the County's local property tax revenues have not grown sufficient to match the growth in expenditures.

The business-type activities deficit primarily results from the accrual of long-term expenses, including a required 30-year landfill closure care costs totaling $1,244,118. In the current year the county's business-type entities reported expenditures exceeding revenues by an overall $138,608.

Changes in Net Assets

The County's total revenues before transfers for fiscal year ended June 30, 2007 totaled $13,624,017 with $12,596,540 in governmental activities, and $1,027,477 in business-type activities. Expenses were $12,361,684 in total, with $11,091,971 for governmental activities and $1,269,713 for business-type activities. The overall change in net assets was $1,262,333.

Elbert County, Georgia
Management's Discussion and Analysis
For the year ended June 30, 2007

Changes in Net Assets

	Activities Governmental		Activities Business-type		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	$ 2,127,636	$ 2,213,014	$ 959,643	$ 743,452	$ 3,087,279	$ 2,956,466
Operating grants and contributions	379,532	519,338	55,612	287,583	435,144	806,921
Capital grants and contributions	526,310	221,118	-	-	526,310	221,118
General revenues:					-	-
Property taxes	4,652,211	4,154,601	-	-	4,652,211	4,154,601
Insurance premium tax	686,419	654,999	-	-	686,419	654,999
Sales tax	3,706,710	3,633,285	-	-	3,706,710	3,633,285
Other taxes	353,815	853,375	-	-	353,815	853,375
Unrestricted investment earnings	163,907	222,105	1,100	547	165,007	222,652
Miscellaneous	-	516,707	11,122	-	11,122	516,707
Total Revenues	12,596,540	12,988,542	1,027,477	1,031,582	13,624,017	14,020,124
Expenses:						
General government	2,702,765	3,913,963	-	-	2,702,765	3,913,963
Public safety	5,285,299	4,400,082	-	-	5,285,299	4,400,082
Court system	954,206	727,367	-	-	954,206	727,367
Public works	1,038,453	1,098,876	-	-	1,038,453	1,098,876
Culture and recreation	329,994	297,359	-	-	329,994	297,359
Health and welfare	470,909	362,679	-	-	470,909	362,679
Housing and development	310,345	135,062	-	-	310,345	135,062
Interest on long-term debt	-	179,396	-	-	-	179,396
Solid Waste	-	-	1,039,276	951,187	1,039,276	951,187
Civic Center/Recreation	-	-	92,092	95,631	92,092	95,631
Public Transportation	-	-	138,345	119,154	138,345	119,154
Total Expenses	11,091,971	11,114,784	1,269,713	1,165,972	12,361,684	12,280,756
Increase in net assets before transfers	1,504,569	1,873,758	(242,236)	(134,390)	1,262,333	1,739,368
Transfers	(103,628)	(33,323)	103,628	-	-	(33,323)
Change in net assets	1,400,941	1,840,435	(138,608)	(134,390)	1,262,333	1,706,045
Net assets, July 1	12,264,335	10,423,900	(608,692)	(474,302)	11,655,243	9,949,198
Net assets, June 30	$ 13,665,276	$ 12,264,335	$ (747,300)	$ (608,692)	$ 12,917,576	$ 11,655,243

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used is account for all governmental financial resources not restricted by local, state or federal laws. As of June 30, 2007, the General Fund had assets of $2,064,379 and liabilities of $2,739,521. The liabilities included short-term debt of $1,649,615. This debt has a maturity date of December 31, 2007. The General Fund continues to operate with a deficit unreserved balance which has resulted from local property tax revenues not keeping pace with the growth in expenditures in past years. Elbert County continues to develop a long range plan to reduce the deficit.

The budget for the General Fund increased marginally, up $89,687 from fiscal year 2006 to fiscal year 2007.

OTHER MAJOR GOVERNMENTAL FUNDS

The fund balance for the 2001 SPLOST project included $267,719 remaining for capital projects that were approved in the 2001 SPLOST referendum. Projects that remained in process at year-end included a new Senior Center/Multi-purpose Recreation facility. All other projects, including the EMS Emergency Services Complex and the jail addition were completed and placed in service.

The fund balance for the 2006 SPLOST project included $727,414 for capital projects that were approved in the 2006 SPLOST referendum. A total of $1,522,259 of SPLOST tax collections was spent in the current fiscal year for projects including Roads and Bridges projects, Senior Center and Solid Waste projects.

The E-911 Special Revenue Fund is used to account for the sustained operation of the E-911 system as required by state law. Revenues include receipts from telephone companies of "911" Emergency Telephone System charges. This revenue offsets the cost of operating the E-911 system. For fiscal year ended June 30, 2007, the county contributed $322,661 toward E-911 operations. The E-911 fund balance totaled $442,813 at year end. Elbert County does have restricted funds in a separate 911 fund account.

MAJOR PROPRIETARY FUNDS

Solid Waste Fund

This fund is used to account for the operations of the sanitary transfer station. Liabilities exceed assets by $965,238 at June 30, 2007. This excess is due primarily to the projected post-closure care expenses. It is expected that this liability will be reduced by operating revenues through the years.

CAPITAL ASSETS ACTIVITY

During fiscal year 2007, the County invested a net of $3,175,831 in capital assets, with a net increase of $3,159,514 in governmental capital assets and $16,317 business-type capital assets. The County booked $470,364 in depreciation for its governmental activities and $63,569 in depreciation for its business-type activities. Further detail on capital assets is provided in the notes to the financial statements.

	Governmental Activities	Business-type Activities	Total
Land (not depreciated)	778,413	131,870	910,283
Contruction in Process (not depreciated)	2,523,373	-	2,523,373
Buildings and Improvements	7,074,877	476,711	7,551,588
Vehicles, Machinery, Equipment	1,991,953	198,469	2,190,422
Infrastructure	157,550	-	157,550
Total	$ 12,526,166	$ 807,050	$ 13,333,216

LONG-TERM LIABILITIES

The county reports long-term debt liabilities for compensated absences and solid waste post-closure liability as follows:

	Governmental Activities		Business-type Activities	
	2007	2006	2007	2006
Current portion of Long-Term Liabilities				
Compensated Absences	47,420	-	2,057	-
Long-Term Debt				
Solid Waste Post Closure Liability	-	-	1,244,118	1,209,055
Compensated Absences	192,490	239,475	17,646	17,860
Long-Term Debt	192,490	239,475	1,261,764	1,226,915
Total Liability Related to Long-Term Debt	$ 239,910	$ 239,475	$ 1,263,821	$ 1,226,915

Further detail on long-term debt liability is provided in the notes to the financial statements.

ECONOMIC FACTORS AND THE 2008 BUDGET AND FUTURE BUDGETS

In general, the economic conditions in Elbert County were relatively stable with little growth. The County continues to set in place a series of checks and balances regarding expenditure controls for all Departments during the 2008-2009 fiscal year. Some of these controls include no purchases by department heads unless approved by either the Finance Director or the County Administrator or both. Any purchases more than $1,500.00 must be approved by the County Administrator. Any purchases less than this amount must be

approved by the Finance Director. In addition to these controls, any purchase over $10,000.00 must be approved by the Commission. All major purchases must be bid with at least two bids. After checks have been written, each check is reviewed and initialed by the Finance Director or the County Administrator.

The current budget is reviewed at least on a monthly basis with each department head to determine expenditures within the overall adopted budget. The County Administrator has frequent department head meetings to discuss such issues.

A finance committee of the Board of Commissioners has be named in January 2008 to work with the staff to review revenues and expenditures on a monthly basis. The finance committee will continue to develop a short-term plan to delete our deficit fund balance. The finance committee will then present the short term plan to the Commission for adoption. This plan would then become part of the budget adoption of the 2008-2009 General Fund Budget. The finance committee will also introduce a plan for future investments of county funds, such as an investment policy. This plan will be taken before the Board for adoption also. Our staff continues to over-view all aspects of our financial condition and processes throughout the fiscal year and will make any needed changes to reflect a better internal control procedure within the county departments.

The staff is going to hire a certified accounting position for the 2008-2009 budget year. Staff will also look into hiring a centralized purchasing agent to consolidate all purchases within our county departmental operations.

All projects of the 2001 SPLOST are completed with the exception of the Senior Center at 99.9% complete. At present, all of these projects are within budget. The proceeds of any money left over from said projects will be used to reduce the deficit of the General Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Elbert County's finances for those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director at the following address:

Elbert County Board of Commissioners
Finance Director
45 Forest Avenue
Elberton, GA 30635

ELBERT COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	Primary Government 2007				2007 Component Unit
	Governmental Activities	Business-Type Activities	Total	2006 Totals	Elbert County Health Dept.
ASSETS					
Current Assets					
Cash and cash equivalents	$ 1,479,381	$ 12,694	$ 1,492,075	$ 3,986,163	$ 256,306
Accounts receivable - taxes	850,289	-	850,289	542,730	-
Accounts receivable - accounts	398,059	130,940	528,999	493,140	179
Receivable - intergovernmental	317,313	384,550	701,863	699,864	23,079
Due from other governmental units	777,521	(777,521)	-	-	-
Inventory	-	-	-	362	-
Prepaid items	21,693	-	21,693	132,631	-
Total current assets	3,844,256	(249,337)	3,594,919	5,854,890	279,564
Restricted Assets					
Cash	16,023	-	16,023	51,298	-
Total restricted assets	16,023	-	16,023	51,298	-
Noncurrent Assets					
Land and other nondepreciable assets	3,301,786	131,870	3,433,656	982,283	-
Capital assets, net of depreciation	9,224,380	675,180	9,899,560	9,175,102	2,683
Total noncurrent assets	12,526,166	807,050	13,333,216	10,157,385	2,683
TOTAL ASSETS	$ 16,386,445	$ 557,713	$ 16,944,158	$ 16,063,573	$ 282,247

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	Primary Government 2007				2007 Component Unit
	Governmental Activities	Business-Type Activities	Total	2006 Totals	Elbert County Health Dept.
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	$ 424,557	$ 41,592	$ 466,149	$ 127,079	$ 25,671
Wages and benefits payable	404,926	-	404,926	521,876	-
Compensated absences	47,420	2,057	49,477	67,436	6,630
Deferred revenue - fees	2,160	-	2,160	-	6,216
Bonds, notes and loans payable	1,649,616	-	1,649,616	2,182,368	-
Total current liabilities	2,528,679	43,649	2,572,328	2,898,759	38,517
Noncurrent Liabilities					
Compensated absences	192,490	17,646	210,136	257,335	14,601
Closure liability	-	1,244,118	1,244,118	1,252,236	-
Bonds, notes and loans payable (net)	-	-	-	-	-
Total noncurrent liabilities	192,490	1,261,764	1,454,254	1,509,571	14,601
Total Liabilities	2,721,169	1,305,413	4,026,582	4,408,330	53,118
Net Assets					
Invested in capital assets, net related debt	12,526,166	807,050	13,333,216	10,157,385	2,683
Restricted					
Restricted for capital projects	995,133	-	995,133	3,531,105	-
Restricted for special use	613,534	-	613,534	631,778	-
Restricted for fee income	-	-	-	-	143,034
Unrestricted	(469,557)	(1,554,750)	(2,024,307)	(2,665,025)	83,412
Total net assets	13,665,276	(747,700)	12,917,576	11,655,243	229,129
TOTAL LIABILITIES AND NET ASSETS	$ 16,386,445	$ 557,713	$ 16,944,158	$ 16,063,573	$ 282,247

ELBERT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2007 and 2006

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	$ 2,702,765	$ 87,976	$ -	$ -
Public safety	5,285,299	1,323,103	188,950	-
Court system	954,206	523,940	-	-
Public works	1,038,453	150,149	2,506	-
Culture and recreation	329,994	2,807	-	250,000
Health and welfare	470,909	33,861	188,076	-
Housing and development	310,345	5,800	-	276,310
Interest on long-term debt	-	-	-	-
Total Governmental Activities	11,091,971	2,127,636	379,532	526,310
Business-Type Activities:				
Solid Waste Fund	1,039,276	844,938	-	-
Civic Center/Recreation Fund	92,092	82,680	-	-
Public Transportation	138,345	32,025	55,612	-
Total Business-Type Activities	1,269,713	959,643	55,612	-
Total Primary Government	$ 12,361,684	$ 3,087,279	$ 435,144	$ 526,310
Component Units:				
Elbert County Health Department	513,976	138,421	357,968	-
Total Component Units	$ 513,976	$ 138,421	$ 357,968	$ -
GENERAL REVENUES:				
Property taxes				
Insurance premium tax				
Sales tax				
Other taxes				
Interest income				
Miscellaneous				
Total general revenues				
TRANSFERS				
Total general revenues and transfers				
Change in Net Assets				
Net assets - beginning				
TOTAL NET ASSETS - END OF YEAR				

The notes to the financial statements are an integral part of these statements

ELBERT COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2007 and 2006

Net (Expense) Revenue and Changes in Net Assets				
Primary Government				2007
Governmental Activities	Business-Type Activities	Total	2006 Totals	Component Unit Elbert County Health Dept.
$ (2,614,789)	$ -	$ (2,614,789)	$ (3,804,081)	
(3,773,246)	-	(3,773,246)	(2,317,805)	
(430,266)	-	(430,266)	(213,353)	
(885,798)	-	(885,798)	(1,085,983)	
(77,187)	-	(77,187)	(296,672)	
(248,972)	-	(248,972)	(133,664)	
(28,235)	-	(28,235)	(130,360)	
-	-	-	(179,396)	
(8,058,493)	-	(8,058,493)	(8,161,314)	
-	(194,338)	(194,338)	(330,586)	
-	(9,412)	(9,412)	181,773	
-	(50,708)	(50,708)	13,876	
-	(254,458)	(254,458)	(134,937)	
(8,058,493)	(254,458)	(8,312,951)	(8,296,251)	
				(17,587)
				(17,587)
4,652,211	-	4,652,211	4,154,601	-
686,419	-	686,419	654,999	-
3,706,710	-	3,706,710	3,633,285	-
353,815	-	353,815	853,375	-
163,907	1,100	165,007	222,652	4,613
-	11,122	11,122	516,707	-
9,563,062	12,222	9,575,284	10,035,619	4,613
(103,628)	103,628	-	(33,323)	-
9,459,434	115,850	9,575,284	10,002,296	4,613
1,400,941	(138,608)	1,262,333	1,706,045	(12,974)
12,264,335	(609,092)	11,655,243	9,949,198	242,103
$ 13,665,276	$ (747,700)	$ 12,917,576	$ 11,655,243	$ 229,129

ELBERT COUNTY GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007 and 2006

	General	E-911 Fund	2006 Splost Fund	2001 Splost and Bond Construction
ASSETS				
Cash and cash equivalents	$ 140,728	$ 414,632	$ 616,817	$ 175,774
Accounts receivable, net	242,232	28,316	-	403
Taxes receivable, net	453,163	-	397,126	-
Due from other governments	407,355	-	-	-
Due from other funds	6,978	-	8,478	101,657
Due from proprietary funds	776,207	-	-	-
Prepaid items	21,693	-	-	-
Inventory	-	-	-	-
Restricted assets:				
Grant funds	-	-	-	-
Seized and inmate funds	16,023	-	-	-
Hotel-motel tax funds	-	-	-	-
TOTAL ASSETS	$ 2,064,379	$ 442,948	$ 1,022,421	$ 277,834
LIABILITIES				
Accounts payable	$ 114,877	$ 135	$ 295,007	$ 10,115
Accrued expenditures	454,506	-	-	-
Due to other funds	122,267	-	-	-
Due to proprietary funds	180	-	-	-
Notes payable - due within one year	1,649,615	-	-	-
Deferred revenues	398,076	-	-	-
Total Liabilities	2,739,521	135	295,007	10,115
FUND BALANCE				
Reserved for:				
Prepaid items	21,693	-	-	-
Fire department operations	47,549	-	-	-
Emergency operations plan	26,093	-	-	-
Sheriff/detention projects	16,023	-	-	-
Unreserved, reported in:				
General fund	(786,500)	-	-	-
Special revenue funds	-	442,813	-	-
Capital projects funds	-	-	727,414	267,719
Total Fund Balances	(675,142)	442,813	727,414	267,719
TOTAL LIABILITIES AND FUND BALANCE	$ 2,064,379	$ 442,948	$ 1,022,421	$ 277,834

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007 and 2006

Nonmajor Governmental Funds	Total Governmental Funds	Total Prior Year Governmental Funds
$ 131,430	$ 1,479,381	$ 3,943,549
3,942	274,893	339,531
-	850,289	542,730
33,124	440,479	300,118
12,132	129,245	146,317
-	776,207	698,460
-	21,693	132,631
-	-	362
-	-	25,869
-	16,023	22,763
-	-	2,666
$ 180,628	$ 3,988,210	$ 6,154,996
$ 4,423	$ 424,557	$ 102,566
-	454,506	586,588
5,484	127,751	146,317
-	180	-
-	1,649,615	2,182,368
-	398,076	128,493
9,907	3,054,685	3,146,332
-	21,693	132,631
-	47,549	6,304
-	26,093	2,642
-	16,023	22,763
-	(786,500)	-
170,721	613,534	(686,781)
-	995,133	3,531,105
170,721	933,525	3,008,664
$ 180,628	$ 3,988,210	$ 6,154,996

ELBERT COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007 and 2006

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

	2007	2006
Fund Balance - Total Government Funds	$ 933,525	$ 3,008,664
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds	12,526,166	9,366,652
Certain long-term assets are not available to pay current period expenditures and therefore are deferred in the future	398,076	128,493
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	(192,490)	(239,475)
Rounding adjustment	(1)	1
Net assets - Statement of Activities	$ 13,665,276	$ 12,264,335

The notes to the financial statements are an integral part of these statements

ELBERT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Years Ended June 30, 2007 and 2006

	General	E-911 Fund	2006 Splost Fund	2001 Splost and Bond Construction
REVENUES				
Taxes - property	$ 4,382,628	$ -	$ -	$ -
Taxes - other than property	2,439,307	-	2,231,884	-
Licenses and permits	20,576	-	-	-
Fines and forfeits	321,831	-	-	-
Charges for services	1,270,288	282,480	-	-
Intergovernmental	228,111	44,095	-	-
Contributions and donations	21,152	-	-	-
Investment	5,154	19,979	17,789	92,678
Other	306,984	-	-	-
Total Revenues	8,996,031	346,554	2,249,673	92,678
EXPENDITURES				
Current				
General government	1,466,078	-	-	-
Public safety	869,874	595,383	55,735	-
Court system	4,308,279	-	-	-
Public works	783,138	-	239,556	-
Health and welfare	426,559	-	-	-
Culture and recreation	307,526	-	-	-
Housing and development	136,857	-	-	-
Other general	379,653	-	750,612	-
Capital outlay	11,426	-	396,469	2,806,064
Debt service	94,867	-	-	-
Total Expenditures	8,784,257	595,383	1,442,372	2,806,064
EXCESS REVENUES (EXPENDITURES)	211,774	(248,829)	807,301	(2,713,386)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	71,651	-	-	-
Transfers in/(out)	195,652	322,661	(79,887)	(550,000)
Total Other Financing Sources (Uses)	267,303	322,661	(79,887)	(550,000)
Net Changes in Fund Balances	479,077	73,832	727,414	(3,263,386)
FUND BALANCE, beginning	(1,154,219)	368,981	-	3,531,105
FUND BALANCE, ending	$ (675,142)	$ 442,813	$ 727,414	$ 267,719

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Years Ended June 30, 2007 and 2006

Nonmajor Governmental Funds	Total Governmental Funds	Total Prior Year Governmental Funds
$ -	$ 4,382,628	$ 4,636,559
16,881	4,688,072	4,550,804
-	20,576	11,321
59,473	381,304	375,642
21,573	1,574,341	1,779,556
381,908	654,114	536,794
332,478	353,630	52,722
12,309	147,909	222,105
-	306,984	388,839
824,622	12,509,558	12,554,342
-	1,466,078	1,452,123
3,068	1,524,060	4,096,647
48,200	4,356,479	715,750
-	1,022,694	1,036,594
219,623	646,182	532,205
1,250	308,776	277,224
164,584	301,441	120,141
-	1,130,265	2,370,637
487,919	3,701,878	1,953,400
-	94,867	1,259,396
924,644	14,552,720	13,814,117
(100,022)	(2,043,162)	(1,259,775)
-	71,651	516,432
7,946	(103,628)	(33,323)
7,946	(31,977)	483,109
(92,076)	(2,075,139)	(776,666)
262,797	3,008,664	3,785,330
$ 170,721	$ 933,525	$ 3,008,664

ELBERT COUNTY, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2007 and 2006

	2007	2006
Net Changes in Fund Balances - Total Government Funds	$ (2,075,139)	$ (776,666)
Repayment of long-term debt is reported as an expenditure in governmental funds, but a reduction of long-term liabilities in the Statement of Net Assets.	-	1,080.000
Some governmental revenues will not be collected for several months after the fiscal year and are deferred in the governmental activities	269,583	(128,493)
Capital outlays, reported as expenditures in governmental funds, are shown as capital assets in the Statement of Activities	3,701,878	1,953,400
Depreciation expenses on governmental capital assets included in the governmental activities in the Statement of Activities	(470,364)	(400,448)
The difference between the proceeds from the sale or dispositon of capital assets and the associated gain/loss are not reflected in governmental funds	(72,000)	147,618
Certain items reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	46,985	(34,976)
Rounding adjustment	(2)	-
Changes in Net Assets Governmental Activities	$ 1,400,941	$ 1,840,435

The notes to the financial statements are an integral part of these statements

ELBERT COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007 and 2006

	Proprietary Funds 2007			
	Solid Waste Fund	Nonmajor Proprietary Funds	Total	Total Prior Year Proprietary Funds
ASSETS				
Current Assets				
Cash and cash equivalents	$ 3,085	$ 9,609	$ 12,694	$ 42,614
Accounts receivables (net)	129,069	1,870	130,939	153,609
Intergovernmental receivables	356,074	28,476	384,550	399,746
Due from governmental funds	180	5,408	5,588	-
Total current assets	488,408	45,363	533,771	595,969
Noncurrent Assets				
Land and other nondepreciable assets	131,870	-	131,870	131,870
Capital assets, net of depreciation	489,299	185,881	675,180	658,863
Total noncurrent assets	621,169	185,881	807,050	790,733
TOTAL ASSETS	$ 1,109,577	$ 231,244	$ 1,340,821	$ 1,386,702
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$ 39,992	$ 1,600	$ 41,592	$ 24,515
Due to other governmental units	776,207	6,902	783,109	698,460
Compensated absences	1,200	857	2,057	2,724
Closure cost liability	44,433	-	44,433	43,181
Total current liabilities	861,832	9,359	871,191	768,880
Noncurrent Liabilities				
Compensated absences	13,299	4,347	17,646	17,860
Closure cost liability	1,199,685	-	1,199,685	1,209,055
Total noncurrent liabilities	1,212,984	4,347	1,217,331	1,226,915
Total Liabilities	2,074,816	13,706	2,088,522	1,995,795
Net Assets				
Invested in capital assets, net of related debt	621,169	185,881	807,050	790,733
Unrestricted	(1,586,407)	31,657	(1,554,750)	(1,399,826)
Total Net Assets	(965,238)	217,538	(747,700)	(609,092)
TOTAL LIABILITIES AND NET ASSETS	$ 1,109,578	$ 231,244	$ 1,340,822	$ 1,386,703

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Years Ended June 30, 2007 and 2006

	Proprietary Funds 2007			
	Solid Waste Fund	Nonmajor Proprietary Funds	Total	Total Prior Year Proprietary Funds
OPERATING REVENUES				
Operating grants	$ -	$ 55,612	$ 55,612	$ 68,260
Charges for services	844,938	114,705	959,643	743,452
Total operating revenues	844,938	170,317	1,015,255	811,712
OPERATING EXPENSES				
Personal services	276,110	123,259	399,369	385,170
Operating expenses	711,492	95,283	806,775	720,769
Depreciation and amortization	51,674	11,895	63,569	60,033
Total operating expenses	1,039,276	230,437	1,269,713	1,165,972
Operating income (loss)	(194,338)	(60,120)	(254,458)	(354,260)
NON-OPERATING REVENUES (EXPENSES)				
Local contributions	-	2,256	2,256	186,000
Interest income	778	322	1,100	547
Other revenues (expense)	(130)	8,996	8,866	-
Total non-operating revenues (expenses)	648	11,574	12,222	186,547
Income (loss) before contributions and transfers	(193,690)	(48,546)	(242,236)	(167,713)
Transfers in	79,887	23,741	103,628	33,323
Transfers out	-	-	-	-
Change in net assets	(113,803)	(24,805)	(138,608)	(134,390)
TOTAL NET ASSETS - beginning	(851,435)	242,343	(609,092)	(474,702)
TOTAL NET ASSETS - ending	$ (965,238)	$ 217,538	$ (747,700)	$ (609,092)

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Years Ended June 30, 2007 and 2006

	Proprietary Funds 2007			
	Solid Waste Fund	Nonmajor Proprietary Funds	Total	Total Prior Year Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	$ 883,362	$ 115,257	$ 998,619	$ 704,730
Cash receipts from other operating sources	-	48,913	48,913	64,054
Cash payments for goods and services	-	(111,642)	(111,642)	(108,390)
Cash payments to employees for services and benefits	(198,267)	(100,124)	(298,391)	(321,499)
Cash payments for other operating sources	(783,270)	-	(783,270)	(374,095)
Net Cash Provided by (Used in) Operating Activities	(98,175)	(47,596)	(145,771)	(35,200)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Proceeds from contributions	(130)	34,994	34,864	26,766
Transfers in	79,887	-	79,887	6,557
Transfers out	-	-	-	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	79,757	34,994	114,751	33,323
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	-	(21,734)
Principal paid on debt	-	-	-	-
Principal paid on capital leases	-	-	-	-
Interest paid on debt	-	-	-	-
Net Cash Provided by Capital and Related Financing Activities	-	-	-	(21,734)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	778	322	1,100	547
Net Cash Provided by Investing Activities	778	322	1,100	547
Net Increase (Decrease) In Cash and Cash Equivalents	(17,640)	(12,280)	(29,920)	(23,064)
CASH AND CASH EQUIVALENTS - beginning of year	20,725	21,889	42,614	65,678
CASH AND CASH EQUIVALENTS - end of year	$ 3,085	$ 9,609	$ 12,694	$ 42,614

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS (CONT'D)
PROPRIETARY FUNDS
For the Years Ended June 30, 2007 and 2006

	Proprietary Funds 2007			
	Solid Waste Fund	Nonmajor Proprietary Funds	Total	Total Prior Year Proprietary Funds
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income	$ (194,338)	$ (60,120)	$ (254,458)	$ (354,260)
Adjustments				
Depreciation	(28,213)	11,896	(16,317)	60,033
(Increase) decrease in assets		-		
Accounts receivable	38,604	(739)	37,865	(63,727)
Due from other funds	(180)	(5,408)	(5,588)	22,849
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Increase (decrease) in liabilities		-		
Accounts payable	94,951	850	95,801	60,522
Customer deposits	-	5,925	5,925	-
Accrued expenses	(881)	-	(881)	233,317
Deferred revenues	(8,118)	-	(8,118)	(1,180)
Compensated absences payable	-	-	-	7,246
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (98,175)	$ (47,596)	$ (145,771)	$ (35,200)

The notes to the financial statements are an integral part of these statements.

ELBERT COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
June 30, 2007 and 2006

	2007 Agency Funds	2006 Agency Funds
ASSETS		
Cash and cash equivalents	$ 426,312	$ 525,978
Receivables, net	15,263	10,943
Taxes receivable, net	947,669	450,239
TOTAL ASSETS	$ 1,389,244	$ 987,160
LIABILITIES		
Due to individuals	$ 66,967	$ 304,626
Due to other governmental units	374,608	232,295
Uncollected tax	947,669	450,239
TOTAL LIABILITIES AND NET ASSETS	$ 1,389,244	$ 987,160

The notes to the financial statements are an integral part of these statements.

NOTE 1 – REPORTING ENTITY

Elbert County, Georgia was incorporated in 1803 in the State of Georgia. The County operates under a six-member commission and County Administrator form of Government. Other officials elected by citizens of the county that manage various segments of the County's operations are the Clerk of Court, District Attorney, Chief Magistrate, Probate Judge, Sheriff, and Tax Commissioner. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. Component units are legally separate organizations for which the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Units

The component unit columns on the combined financial statements include the financial data of the County's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the County. Discretely presented component units include the following:

Elbert County Health Department - The Health Department was constituted and is operated in accordance with the Georgia Health Code, Chapter 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Elbert County Health Department and is responsible for the overall coordination of local health activities. The center operates under the supervision of the local Board of Health, which is appointed by the Elbert County Board of Commissioners and the City of Elberton. Elbert County provides the facilities for the Health Department and also provides matching funds for its operation. The Health Department issues separately audited financial statements. Copies of the audit may be obtained from the Health Department at the following address:

Elbert County Public Health Department, 618 Jones Street, SW, Elberton, Ga. 30635

Blended Component Units

Blended component units include component units where the component unit's governing body is substantively the same as the governing body of the primary government or where the component unit provides services or benefits entirely or almost entirely to the primary government even though it may not provide services or benefits directly to the primary government. These component units are blended into the financial statements of the County as if they are balances and transactions of the primary government. Financial statements for each blended component may be obtained from and by contacting the County Administrator. Blended component units include the following:

Elbert County Senior Center - The Senior Center provides a variety of services to senior citizens in the community. The County signs an operating agreement each year with the Northeast Georgia Regional Development Commission to provide services to senior citizens. The Northeast Georgia Regional Development Commission provides technical assistance, monitoring and financial resources for the operation of the Center. The activities of the Senior Center are reported as a Special Revenue Fund.

Elbert County Public Transportation (Transpo) - This entity was formed to provide public transportation services to the citizens of Elbert County. Funding includes Federal, State and Local funds and charges for services. The Elbert County Public Transportation Unit is reported as a proprietary fund in these financial statements.

Related Organization

Elbert County Richard B. Russell Development Authority - The Authority is a related organization to the County. The Board of Commissioners appoints the board but is not financially or operationally accountable to the Authority. The Authority does not meet the criteria for inclusion as a component unit.

Other Entities

Other entities, which are excluded from the reporting entity because the County is unable to impose its will on the entities governing board or does not receive specific financial benefits or incur specific financial burdens from the entities includes the following:

- The Board of Education of Elbert County
- The Development Authority of Elbert County, Elberton and Bowman
- The Elbert County Hospital Authority
- The Department of Family and Children Services
- The City of Elberton Housing Authority
- The Elbert County Library Board
- Elbert County Volunteer Fire Department

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Elbert County, Georgia have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) 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 County has adopted Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities at the government-wide financial reporting level and to its proprietary funds at the fund reporting level, provided they do not conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

A. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

- General Fund – This is the County's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the county for any purposes provided it is expended or transferred according to the general laws of Georgia.

- E-911 Fund – The E-911 fund is used to account for emergency telephone service fees collected by the telephone company and forwarded to the County. These revenues are used to offset the cost of operating the Emergency Telephone System.

- 2006 SPLOST Fund – The 2006 Special Purpose Local Option Sales Tax is a capital projects fund that accounts for the receipts and disbursements of one percent (1%) sales tax currently collected from 2006 through 2011. The primary revenue sources are sales taxes and the primary expenditures are capital outlay projects. primarily for road and bridge repairs, County facility improvements. County equipment purchases City of Elberton projects and City of Bowman projects.

- 2001 SPLOST Fund – The 2001 Special Purpose Local Option Sales Tax is a capital projects fund that accounts for the receipts and disbursements of one percent (1%) sales tax currently collected from 2001 through 2006. The primary revenue sources are sales taxes. and primary expenditures are capital outlay projects, primarily for new public safety facilities, renovations to county government buildings. construction of a new animal control center, various projects involving the City of Bowman. extensions and improvements at the McWilliams Recreational Complex and additional projects.

The non-major governmental funds are combined and reported in a single column in the fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The County's enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

The County reports the following major enterprise funds:

- Solid Waste - This entity was established for the collection and disposal of solid waste. This entity is responsible for the closure care of the old landfill.

Fiduciary Funds

The County has seven agency fiduciary funds. These agency funds are unlike all other types of funds in that they report only assets and liabilities and do not have a measurement focus. The accrual basis of accounting is utilized in these funds to recognize receivables and payables.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of the County are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of government-wide financial statements are prepared. Governmental fund financial statements, therefore, includes a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenditures, and changes in fund balances presents increases (i.e., revenues) and decreases (i.e., expenses) in total fund balances. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and enterprise fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprises funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses verses expenditures.

Revenues – Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recognized in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty-days after year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, includes property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the period in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Basis of Accounting (Cont'd)

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at June 30, 2007 but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants, entitlements and donations received before the eligibility requirements were met have also been recorded as deferred revenue.

Expenses / Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated.

The procedures for establishing the General Fund budget are as follows:

Each department furnishes its budget request to the County Administrator. The County Clerk compiles these requests into a comprehensive general fund budget. The Commissioners review the budget request in a budget workshop that is open to the public. The budget is adopted by the Board of Commissioners in a public meeting held by the Board prior to July 1st. All budgetary appropriations except for open projects lapse at year end. The level of budgetary control is at the department level.

F. Cash and Investments

Cash and cash equivalents are cash on hand as well as demand deposits, investments and certificates of deposit included in pooled cash and non-pooled investments with original maturities of three months or less.

Cash and cash equivalents on the statement of cash flows for proprietary funds represent available cash on hand and demand deposits.

Investments include pooled investments and certificates of deposit (with original maturities of three months or greater). The County maintained no cash funds in investment accounts at June 30, 2007.

Georgia law authorizes the County to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the U.S. government or by governmental agency of the U.S.
- Obligations of any corporation of the U.S. government
- Prime bankers' acceptances
- The State of Georgia local government investment pool
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2007 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reserved as this amount is not available for general appropriation.

H. Inventory

Expendable supplies are recorded as expenditures at the time the items are purchased. The County does not record inventories of supplies at year end in governmental funds due to the lack of materiality. The proprietary fund inventory is stated at the lower of cost or market on a first-in, first-out basis.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net assets, but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County's capitalization threshold is $ 5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are reported as expenses. The County has recorded the value of infrastructure assets (roads, bridges and water lines, etc.) for additions made since July 1, 2003.

All capital assets are depreciated except for land, right-of-ways and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	7 - 20 years
Vehicles	7 years
Infrastructure	25 - 50 years
Utility System	25 - 50 years

K. Interfund Receivables / Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as Interfund Receivables/Payables. Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net assets. The only interfund balances which remain on the government-wide statement of net assets are those between governmental and business-type activities. These amounts are reflected as Internal Balances.

L. Compensated Absences

Effective January 1, 2006, the County adopted a new policy for compensated absences. Under the new policy, an employee is awarded annual leave based on the number of years of continuous employment from 12 days up to 24 days of leave. All unused leave remaining at the end of the calendar year is forfeited. Leave accrued under the old policy will be honored by the County and can be used by the employee in addition to all current leave awarded to that employee. Employees may purchase annual leave that they have accumulated under the old system once per year not to exceed $ 600. Upon termination, any remaining hours of accrued leave are to be paid out to the employee.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignation and retirements, or through the annual leave pay-out provision.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities are recognized as fund liabilities when incurred. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

N. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets." The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations are management's intent to set aside these resources for specific services.

Net Assets – Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

N. Governmental Fund Balance Reserves and Designations

The County reserves those portions of governmental fund balances which are legally segregated for specific future uses or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for prepaid items, capital expenditures, economic development and debt service.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the County, these revenues are charges for services in the Solid Waste Enterprise Fund, charges for public transportation in the Public Transportation Enterprise Fund, rental charges for the Civic Center and participation fees for Park & Rec activities in the Civic Center/Rec Fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of each fund. Revenues and expenses not meeting these definitions are reported as non-operating.

Q. Interfund Transactions

Transfers between governmental and business-type activities on government-wide statement of activities are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller's funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or around November 15, and are due and payable at that time. All unpaid taxes levied November 15, become delinquent approximately January 15 of the following year.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

Investments

Credit and Concentration Risk: During the current year the County maintained no cash funds in investment accounts.

NOTE 3 – DETAIL NOTES ON ALL FUNDS (CONT'D)

Cash Deposits

Custodial Credit Risk – Deposits: As of June 30, 2007, $ 2,612,911 of the County's bank balance of $ 2,913,388 was exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. The County does not maintain a custodial credit risk policy however all deposits are maintained with a high quality financial institution. Amounts exposed to this risk are:

Uninsured and uncollateralized	$ 300,477
Unisured and collateral held by pledging bank's trust department not in County's name	2,612,911
Total	$ 2,913,388

Accounts Receivable

Accounts receivable for the General Fund include a net of allowance of $ 97,275 at June 30, 2007, for Emergency Medical Service (EMS) billings which are estimated to be uncollectible. Amounts not collected are netted against revenues.

Interfund Transactions

During the course of normal operations, numerous transactions take place between funds such as expenditures or transfers of resources to provide services, service debt or construct assets. These interfund transactions are not eliminated and no interest is charged on such advances. Available excess cash of various funds, principally certain Trust and Agency Funds is also advanced to the General Fund to be invested. Interfund receivables and payables balance at June 30, 2007 were:

Primary Government	Interfund Receivables	Interfund Payables
General Fund	$ 783,185	$ 122,447
2006 SPLOST	8,478	-
2001 SPLOST and Bond Construction Fund	101,657	-
Special Revenue Fund		
Combined Grant Funds	-	10
Senior Center	-	5,474
Special Drug Fund	12,132	-
Proprietary Funds		
Public Transportation Fund	5,408	6,902
Solid Waste Fund	180	776,207
	$ 911,040	$ 911,040

Interfund transfers include amounts transferred to/from the general fund, special revenue funds and proprietary funds for operating expenditures and include the following:

Fund	Transfers In	Transfers Out	Totals
General Fund	$ 550,000	$ 354,348	$ 195,652
E-911	322,661	-	322,661
Special Revenue Funds			-
Combined Grant Funds	7,946	-	7,946
2001 SPLOST	-	550,000	(550,000)
2006 SPLOST	-	79,887	(79,887)
	880,607	984,235	(103,628)
Proprietary Funds			
Solid Waste	79,887	-	79,887
Public Transportation	23,741		23,741
	103,628	-	103,628
Totals	$ 984,235	$ 984,235	$ -

NOTE 4 – CAPITAL ASSETS

Capital asset activity for governmental activities for the fiscal year ended June 30, 2007 includes the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated				
Land	$ 850,413	$ -	$ 72,000	$ 778,413
Construction in process	2,643,937	2,978,057	3,098,621	2,523,373
	3,494,350	2,978,057	3,170,621	3,301,786
Other Capital Assets:				
Buildings	5,092,779	3,098,621	-	8,191,400
Land Improvements	-	184,565	-	184,565
Equipment	5,324,231	418,515	-	5,742,746
Infrastructure	52,890	120,741	-	173,631
	10,469,900	3,822,442	-	14,292,342
Accumulated Depreciation				
Buildings	1,183,359	117,729	-	1,301,088
Land Improvements	-	-	-	-
Equipment	3,402,035	348,758	-	3,750,793
Infrastucture	12,204	3,877	-	16,081
	4,597,598	470,364	-	5,067,962
	$ 9,366,652	$ 6,330,135	$ 3,170,621	$ 12,526,166

Depreciation expense was charged to governmental functions for the year ended June 30, 2007 as follows:

Governmental Activities	
General government	$ 27,236
Judicial	37,221
Public safety	306,601
Public works	67,032
Health and welfare	600
Housing and development	9,987
Culture/recreation	21,687
Total	$ 470,364

A summary of the proprietary fund property, plant and equipment at June 30, 2007 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Not being depreciated:				
Land	$ 131,870	$ -	$ -	$ 131,870
Other Capital Assets:				
Buildings	552,001	-	-	552,001
Equipment	489,464	79,887	-	569,351
	1,041,465	79,887	-	1,121,352
Accumulated Depreciation				
Buildings	61,775	13,515	-	75,290
Equipment	320,828	50,054	-	370,882
	382,603	63,569	-	446,172
Net Capital Assets	$ 790,732	$ 16,318	$ -	$ 807,050

NOTE 5 – CURRENT AND LONG TERM DEBT

Short-term debt consists of the following obligations as of June 30, 2007:

Line of credit - The County had indebtedness totaling $ 1.649,615 at June 30, 2007 to a financial institution in the form of a tax anticipation line of credit. These funds are secured by future tax receipts, and are due December 31, 2007 with interest calculated at a variable rate, currently at the rate of 3.92%. Activity in the line of credit for the current year includes a beginning balance of $ 2,182,368 new debt draws of $ 2,600,000, debt repayments of $ 3,132,753 resulting in the ending balance of $ 1,649,615. All of the balance at June 30, 2007 is due within 12 months.

Long-term debt consists of the following obligations as of June 30, 2007:

Description	Beginning Balance	New Debt	Debt Retired	Ending Balance	Amount Due Within 12 Months	Amount Due After 12 Months
Government Activities						
Compensated Absences	304,187	154,295	198,868	259,614	49,477	210,137
Total Governmental Activities	304,187	154,295	198,868	259,614	49,477	210,137
Business-Type Activities						
Closure Liability	1,252,236	-	8,118	1,244,118	44,433	1,199,685
Compensated Absenses	20,584	6,451	7,332	19,703	2,057	17,646
Total Business-Type Activities	1,272,820	6,451	15,450	1,263,821	46,490	1,217,331
Total All	$ 1,577,007	$ 160,746	$ 214,318	$ 1,523,435	$ 95,967	$ 1,427,468

Debt Descriptions:

Compensated absences - These are liquidated in the general fund for the governmental activities and the respective enterprise fund for business type activities. See Note 2, Item L for a further explanation of compensated absences.

NOTE 6 - PENSION PLAN

Plan Description

The County contributes to the Association County Commissioners of Georgia (ACCG) Defined Benefit Plan, an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia, administered by GEB Corporation. The Plan periodically issues an overall report to the required agencies. A stand-alone report for Elbert County is available through the Commissioner's office.

The specific benefit provisions of the County's Plan are established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement, and termination of employment. The Plan is affiliated with the Association County Commissioners of Georgia 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 retains the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document. An outline of the plan provisions is as follows:

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 intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statues.

NOTE 6 - PENSION PLAN (CONT'D)

Annual Pension Cost: The County's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

Derivation of Annual Pension Cost:	December 31, 2006
Annual Required Contribution	$ 697,045
Interest on Net Pension Obligations	(8,786)
Amortization of Net Pension Obligations	9,253
Annual Pension Cost	$ 697,512
Basis of Valuation:	
Current Valuation Date	1/1/2006
Annual Return on Investment Plan Assets	8%
Projected Annual Salary Increases	6%
Expected Annual Inflation	3%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay

A copy of the Pension Plan financial report can be obtained from:

Association of County Commissioners of Georgia
1100 Circle 75 Parkway, Suite 300
Atlanta, Georgia 30339

A specific benefit provision of the County's Plan was established by an adoption agreement executed by the County Board of Commissioners. The Plan provides for benefits upon retirement, death, disablement and termination of employment if certain eligibility conditions are met. An outline of the Plan provisions is as follows:

For employees hired after December 31, 1995, participation is mandatory and begins on the date of employment. Active eligible employees as of December 31, 1995 had a choice of receiving benefit accruals under the pre-amended plan provisions (non-contributory) as stated on December 31, 1995 or receiving benefit accruals under the amended plan (contributory) effective on January 1, 1996.

Benefits vest after five years of service. Normal retirement is at age 65 and 3 years of participation in the Plan but not beyond age 70, or age 55 with 25 years of service if the participant is on the amended Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 2% of average compensation plus $ 36 multiplied by years of service from January 1, 1993 through October 31, 2000 or 2.5% of average annual compensation plus $ 36 multiplied by years of service payable as a life annuity. Annual compensation is the average of the participant's compensation over five consecutive plan years during the ten years preceding the participant's date of retirement or other termination. The Plan also provides benefits in the event of death or disability. These benefits were established by an adoption agreement executed by the County Board of Commissioners. County employees under the pre-amended plan are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

County employees under the amended plan are required to contribute 2% of their pay to the Plan. The County contributes the remaining cost of the Plan, using the actuarial basis described in the annual valuation report.

The County's payroll for employees covered by the Plan as of December 31, 2006(the most recent actuarial valuation date) was $ 4,337,341.

Trend Information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2006	697,512	N/A	N/A	(109,831)
1/1/2005	672,137	718,499	106.9	(63,469)
1/1/2004	617,946	681,415	100%	-
1/1/2003	633,908	633,908	100%	-
1/1/2002	478,349	478,349	100%	-
1/1/2001	389,345	389,345	100%	-

NOTE 6 - PENSION PLAN (CONT'D)

An analysis of funding progress is presented on page 44 of the financial statements as Required Supplementary Information.

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater the percentage, the stronger the Plan. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The weighted-average remaining amortization period as of January 1, 2006 was ten years.

Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the Plan's progress in accumulating sufficient assets to pay benefits when due.

Additional Information:

1. Actuarial Present Value of Accumulated Plan Benefits	2006
Vested:	
Retirees (and others in pay status)	$ 3,096,178
Deferred Vested (former employees)	464,492
Vested Active Participants	1,910,089
Total	5,470,759
Non-vested	408,941
Total	5,879,700
2. Effect of Future Salary Increases	1,567,980
3. Total Actuarial Accrued Liability	7,447,680
4. Net Assets Available for Benefits (incluidng receivables)	5,683,566
5. Net Assets in Excess of Actuarial Present Value of Accumulatd Plan Benefits	$ (196,134)
6. Principal Actuarial Assumptions:	
Investment Return	8%
Rate of Future Salary Increases (not applicable to Accumulatd Plan Benefit Calculation)	6%

Other Retirement Plans

Certain employees of the County are covered under retirement plans that are separate from the ACCG Pension Plan. These retirement plans are not under the direct control of the County. A portion of certain fees, licenses, fines, and bond forfeitures are remitted to the respective pension plans. These plans include:

Clerk of Superior Court Retirement Fund
Probate Judges Retirement Fund of Georgia
Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund

NOTE 7 – LANDFILL CLOSURE AND POST CLOSURE CARE

Prior to July 1, 1992, landfill operations were maintained in the City of Elberton's general fund with Elbert County serving as a joint operator. Elbert County provided subsidizing payments to the City for landfill operations. Beginning July 1, 1992, the City became the sole operator of the landfill and established an enterprise fund to account for the activities of the landfill. The City instituted charges for services to cover the cost of the landfill operation.

Effective July 1, 1995, the County assumed operations of the landfill. After continuing negotiations, the County and the City of Elberton signed an agreement dated November 8, 1995 for the County to operate the landfill. The agreement provided that the City transfer title to the real property and equipment used in the landfill operations. The City and County agreed to be equally responsible for the monitoring, testing, remediation, closure and post-closure of cells 1-8.

The original design and operations (D & O) plan estimated total capacity of 769,636 cubic yards. In accordance with the EPA's ruling regarding Solid Waste Disposable Facility Criteria, Elbert County has established a plan for closure and post closure of its solid waste landfill. The landfill reached its capacity and stopped accepting waste on March 13, 2000 and issued a closure certificate on April 11, 2005.

NOTE 7 – LANDFILL CLOSURE AND POST CLOSURE CARE (CONT'D)

The total closure and post-closure liability at June 30, 2007 is $ 1,244,118. The current cost is the amount that could be paid if all equipment, facilities and services included in the estimate were acquired during the current year. Actual costs may be higher due to inflations, changes in technology, or changes in regulations. The estimated annual cost totals $ 44.433 per year for the next thirty years. These costs have been recorded in the solid waste enterprise fund.

NOTE 8 – CONTINGENCIES

Litigation – Various claims and lawsuits are pending against the County. Although the outcome of these matters is not presently determinable, it is the opinion of the management and the County's Council that resolution of these matters will not have a materially adverse effect on the financial condition of the County.

Grant Funds – The County participates in a number of federal and state programs. These programs are subject to audit by the grantor agencies. If expenditures do not meet all required compliance with laws and regulations, they could be disallowed and may be required to be reimbursed to the grantor agency. As of June 30, 2007, the County has not been notified of any disallowed expenditures. The amount, if any, of expenditures that may be disallowed cannot be determined although management expects such amounts, if any, will be immaterial.

NOTE 9 – LEASES

The County was not obligated to any material operational or capital leases for the current year ending June 30, 2007.

NOTE 10 – 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; injuries to employees; and natural disasters. The County covers these risks through the purchase of insurance protection through commercial insurance companies and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. The County did not reduce its insurance coverage during the year.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, Elbert County became a member of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund (GSIWCF). The GSIWCF estimates the anticipated losses for its members and self-funds a portion of that exposure. The funds allocated for the anticipated losses are deposited and invested until such time that they are needed to pay claims. The liability of the Fund to the employees of any employer (Elbert County) is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. Excess insurance is purchased by the GSIWCF to protect the fund from catastrophic losses.

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

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceeding which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceeding alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The County carries fidelity bonding coverage for a number of employees. These employees generally include law enforcement personnel and officials who handle funds.

NOTE 10 – RISK MANAGEMENT

The County has commercial policy insurance provided through local insurance agents. Coverage includes superior property, business auto, general liability, errors and omissions, law enforcement liability, volunteer fire department and inland marine. Coverage's are as follows:

	Coverage	Per Occurrence Deductible
Building and Contents (Blanket)	$ 10,392,800	$ 5,000
Contractor's Equipment	1,421,205	1.000
Public Entity General Liability	2,000,000	-
Law Enforcement Liability	3,000,000	25,000
Public Entity Management Liability	1,000,000	25,000
Auto Coverage	1,000,000	500
Crime Protection	100,000	1,000

NOTE 11 – JOINT VENTURE

As required by Georgia Law (O.C.G.A. 36-70-4, O.C.G.A. 50-8-33), Elbert County is a member county in the Northeast Georgia Regional Development Center (NEGARDC). The NEGARDC serves eleven counties and the municipalities in those counties. Its primary purpose is to assist the local government bodies to prepare and implement comprehensive plans which will develop and promote the essential public interest of the state and its citizens.

According to the bylaws of the NEGARDC; (Section 3/06 (A)(2)(a). the chief elected official or the chairman of the board or commissioners of each county served by the Center shall be a member, but if that person declines or fails to serve for any reason, then such other elected or appointed county government official designated by the governing authority of such county, shall be a member of the board.

Georgia Law also specifies that each municipality and county in the state will pay annual dues in support of the Regional Development Centers. The membership dues are set by the Board of each Regional Development Center. The dues for membership for the year 2007 were $ .80 per capita.

According to Georgia Law (O.C.G.A. 50-8-39.1); if a Regional Development Center ceases operations, a receiver shall be authorized to Marshall, sell or transfer assets, pay liabilities and assess counties and municipalities which were members of the center.

During the fiscal year ended June 30, 2007, Elbert County did not have any other financial transactions with the Regional Development Center.

Separate financial statements for the NEGARDC may be obtained from:

Northeast Georgia Regional Development Center
305 Research Drive
Athens, Georgia 30605-2795

NOTE 12 – COMPLIANCE WITH CITY OF ELBERTON AGREEMENT REGARDING LANDFILL OPERATIONS

An intergovernmental agreement dated September 29, 1999 between the City of Elberton and Elbert County, Georgia, requires substantiation of compliance related to the landfill operations and the imposition of nondiscriminatory fees. The County charges user fees for the collection and disposal of solid waste through the purchase of "blue bags" or through charges imposed on tonnage weight at drop off. The per unit user fees charged to residents and businesses of the incorporated and unincorporated areas of Elbert County was sufficient to offset current costs of solid waste collection and disposal serviced during fiscal year ended June 30, 2007. Additionally, there was no indication of discriminative fees in that residents and businesses of the unincorporated area of Elbert County have been charged the same user fee by the County as those charged to the City of Elberton. The County has procedures in place for the imposition and enforcement of user fees upon residents and businesses of the unincorporated area of the County and upon the City for residential and commercial solid waste delivered by the City to the County's transfer station.

NOTE 13 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the current year, several functions of the County experienced expenditures over appropriations. The explanation is that overall services of the County were in greater demand and there were unexpected expenditures. Some of these expenditures were offset by excess revenues.

Function	2007 Budget	2007 Actual	Excess of Authorization
Current Expenditures			
Judicial:			
Clerk of Courts	$ 286,024	$ 296,332	$ (10,308)
Magistrate Court	142,885	143,441	(556)
Public Safety:			
Sheriff's Department	2,895,494	2,911,688	(16,194)
County Probation	-	16,512	(16,512)
Animal Control - Code Enforcement	132,921	134,104	(1,183)
Public Works:			
Road Department	475,943	483,056	(7,113)
Health and Welfare:			
Senior Cener	270,795	290,403	(19,608)
Culture and Recreation:			
Recreation	249,096	255,280	(6,184)
Library	52,163	52,246	(83)
Other General	403,705	474,520	(70,815)
	4,909,026	5,057,582	(148,556)
Capital Outlays			
Fire Department	5,908	5,930	(22)
Total	$ 4,914,934	$ 5,063,512	$ (148,578)

NOTE 14 – DEFICIT FUND BALANCE

As shown in the accompanying financial statements, the County has a deficit fund balance in the general fund of $ (675,142) due to the cumulative effect of past years' expenditures over revenues. In addition, the County has had to rely on short term debt borrowing to pay expenditures. For the current year however, the County has reduced the beginning deficit fund balance of $ (1,154,219) by 41.5 % to $ (675,142). The County has done this by reducing unnecessary spending, by spending funds in a more efficient manner, and by adopting and monitoring realistic fiscal budgets.

NOTE 15 – HOTEL/MOTEL LODGING TAX

During the current year, the County collected $ 16,881 in Hotel/Motel tax. During the year, the County committed 100% of these funds to the Elbert County Chamber of Commerce, Inc. for tourism related projects. The County is determined to be in compliance with the *O.C.G.A. 48-13-51.*

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 7,292,208	$ 6,925,015	$ 6,821,935	$ (103,080)
Licenses and permits	16,600	16,600	20,576	3,976
Fines and forfeits	280,400	280,400	321,831	41,431
Charges for services	1,029,300	1,349,044	1,270,288	(78,756)
Intergovernmental	593,372	715,661	228,111	(487,550)
Investment	15,000	15,000	21,152	6,152
Contributions	-	-	5,154	5,154
Miscellaneous	345,683	345,683	306,984	(38,699)
Total Revenues	9,572,563	9,647,403	8,996,031	(651,372)
EXPENDITURES				
Current				
General government	1,593,337	1,593,340	1,466,078	127,262
Judicial	860,744	869,482	869,874	(392)
Public safety	3,930,693	4,655,316	4,308,279	347,037
Public works	1,135,684	1,135,683	783,138	352,545
Health and welfare	407,034	407,034	426,559	(19,525)
Culture and recreation	293,722	301,259	307,526	(6,267)
Housing and development	148,073	148,073	136,857	11,216
Other general	770,898	403,705	474,520	(70,815)
Total Current Expenditures	9,140,185	9,513,892	8,772,831	741,061
Capital				
General government	9,345	9,345	5,496	3,849
Public safety	-	5,908	5,930	(22)
Total Capital Expenditures	9,345	15,253	11,426	3,827
Total Expenditures	9,149,530	9,529,145	8,784,257	744,888
EXCESS REVENUES (EXPENDITURES)	423,033	118,258	211,774	93,516
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of surplus property	150,000	150,000	71,651	(78,349)
Transfers in (out)	(573,033)	(573,033)	195,652	226,631
Contingency - use of fund balance	-	304,775	-	250,373
Total Other Financing Sources (Uses)	(423,033)	(118,258)	267,303	398,655
Net Changes in Fund Balances			479,077	
FUND BALANCE, beginning			(1,154,219)	
FUND BALANCE, ending			$ (675,142)	

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
TAXES				
Property taxes	$ 4,878,316	$ 4,511,123	$ 4,382,628	$ (128,495)
Local option sales tax	1,490,000	1.490,000	1,474,826	(15,174)
Beer and wine excise taxes	80,000	80,000	78,689	(1,311)
Real estate transfer tax	11,813	11,813	30,464	18,651
Franchise tax	28,080	28,080	22,983	(5,097)
Intangible tax	120,000	120,000	88,680	(31,320)
Bank share tax	29,000	29,000	33,721	4,721
Railroad equipment tax	-	-	23,525	23,525
Insurance premium tax	654,999	654,999	686,419	31,420
Total taxes	7,292,208	6,925,015	6,821,935	(103,080)
LICENSES AND PERMITS				
Beer and wine licenses	8,600	8,600	8,100	(500)
Mobile home permits	8,000	8,000	12,476	4,476
Total licenses and permits	16,600	16,600	20,576	3,976
FINES AND FORFEITS				
Clerk of Superior Court	65,000	65,000	96,854	31,854
State Court fines	210,000	210,000	216,812	6,812
Juvenile Court fines	5,400	5,400	8,085	2,685
Code enforcement fines	-	-	80	80
Total fines and forfeits	280,400	280,400	321,831	41,431
CHARGES FOR SERVICES				
Sheriff	170,000	170,000	167,578	(2,422)
Clerk of Superior Court	120,000	120,000	121,338	1,338
Probate Court	44,000	44,000	45,687	1,687
Magistrate	31,000	31,000	26,434	(4,566)
Probation fees	12,000	12,000	-	(12,000)
Emergency Medical Service	650,000	969,744	753,911	(215,833)
Road work charges	-	-	150,149	150,149
Other services	2,300	2,300	5.191	2,891
Total charges for services	1,029,300	1,349,044	1,270,288	(78,756)

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget (Positive) Negative
INTERGOVERNMENTAL				
Federal owned property	38,072	38,072	38,296	224
State of Georgia road contracts	-	-	2,506	2,506
State of Georgia Law Enforcement Grant	-	-	25,507	25,507
Federally funded Fire Department Grant	-	122,289	122,289	-
Department of Transportation	300,000	300,000	-	(300,000)
Board of Education: School Resource Officer	72,000	72,000	36,000	(36,000)
City of Bowman	-	-	3,513	3,513
City of Elberton: E-911	175,000	175,000	-	(175,000)
Other	8,300	8,300	-	(8,300)
Total intergovernmental	593,372	715,661	228,111	(487,550)
INVESTMENT INCOME				
Interest	15,000	15,000	21,152	6,152
CONTRIBUTIONS				
Contributions from various sources	-	-	5,154	5,154
MISCELLANEOUS				
Rent income	64,200	64,200	68,509	4,309
Insurance proceeds	-	-	6,334	6,334
Payroll and expense reimbursements	265,758	265,758	194,889	(70,869)
Livestock burials	1,225	1,225	825	(400)
Sale of lumber and pipe	4,500	4,500	19,890	15,390
Other	10,000	10,000	16,537	6,537
Total miscellaneous	345,683	345,683	306,984	(38,699)
Total revenue	$ 9,572,563	$ 9,647,403	$ 8,996,031	$ (651,372)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	$ 150,000	$ 150,000	$ 71,651	$ (78,349)
Transfer from 2001 Splost	-	-	550,000	-
Transfer to Transpo for local match contribution	-	-	(23,742)	(23,742)
Transfer to E911 Fund	(573,033)	(573,033)	(322,660)	250,373
Transfer to Grant Funds	-	-	(7,946)	-
Contingency funding, use of fund balance	-	304,775	-	(304,775)
Total other financing sources	$ (423,033)	$ (118,258)	$ 267,303	$ 148,282

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

CURRENT EXPENDITURES	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT				
LEGISLATIVE				
Personal services-Elected	$ 40,500	$ 40,500	$ 39,200	$ 1,300
Personal services-Staff	184,661	184,661	187,133	(2,472)
Employee benefits and payroll expenditure	102,293	102,293	90,212	12,081
Purchased contracted services	11,491	11,491	11,685	(194)
Supplies	9,300	9,300	13,518	(4,218)
Other costs	49,000	49,000	46,898	2,102
	397,245	397,245	388,646	8,599
TAX COMMISSIONER				
Personal services	143,750	143,750	133,729	10,021
Purchased contracted services	46,405	46,405	39,637	6,768
Employee benefits and payroll expenditure	23,000	23,000	24,153	(1,153)
Supplies	16,200	16,200	15,978	222
Other costs	1,200	1,200	751	449
	230,555	230,555	214,248	16,307
TAX ASSESSORS				
Personal services	209,750	212,950	215,239	(2,289)
Employee benefits and payroll expenditure	75,952	75,952	57,240	18,712
Purchased contracted services	54,584	51,387	59,136	(7,749)
Supplies	9,350	9,350	11,886	(2,536)
Other costs	6,839	6,839	6,771	68
	356,475	356,478	350,272	6,206
CODE ENFORCEMENT				
Personal services	72,070	-	-	-
Employee benefits and payroll expenditure	18,132			-
Purchased contracted services	59,325	-	-	-
Supplies	14,280	-	-	-
Other costs	-	-	-	-
	163,807	-	-	-
REGISTRAR				
Personal services	41,120	41,120	37,369	3,751
Employee benefits and payroll expenditure	3,529	3,529	3,076	453
Purchased contracted services	1,440	1,440	1,343	97
Supplies	1,000	1,000	4,659	(3,659)
Other costs	2,637	2,637	341	2,296
	49,726	49,726	46,788	2,938
ELECTIONS				
Purchased contracted services	69,405	69,405	70,405	(1,000)

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE. (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
GENERAL GOVERNMENT (CONT'D)				
FACILITIES MANAGEMENT				
Personal services	-	72,070	31,667	40,403
Employee benefits and payroll expenditure	22,116	40,248	28,508	11,740
Purchased contracted services	6,000	65,075	52,962	12,113
Supplies	-	14,280	15,271	(991)
Other costs	-	250	580	(330)
	28,116	191,923	128,988	62,935
RISK MANAGEMENT				
Purchased contracted services	298,008	298,008	266,731	31,277
	298,008	298,008	266,731	31,277
Total general government	1,593,337	1,593,340	1,466,078	127,262
JUDICIAL				
SUPERIOR COURT				
Personal services	58,792	58,792	66,596	(7,804)
Employee benefits and payroll expenditure	-	-	2,063	(2,063)
Purchased contracted services	77,000	77,000	62,480	14,520
Supplies	4,400	4,400	5,729	(1,329)
Other	150	150	230	(80)
	140,342	140,342	137,098	3,244
STATE COURT				
Personal services	78,000	78,000	78,325	(325)
Employee benefits and payroll expenditure	3,194	3,194	2,377	817
	81,194	81,194	80,702	492
CLERK OF COURT				
Personal services	168,628	168,628	168,227	401
Employee benefits and payroll expenditure	59,096	59,096	51.291	7,805
Purchased contracted services	8,000	8,000	7,167	833
Supplies	46,500	46,500	65,822	(19,322)
Other	3,800	3,800	3,825	(25)
	286,024	286,024	296,332	(10,308)
PROBATE COURT				
Personal services	94,746	94.746	96.613	(1.867)
Employee benefits and payroll expenditure	24,669	24.668	24.322	346
Purchased contracted services	7.160	7.160	5.787	1,373
Supplies	2,400	2,400	2.191	209
Other	2.625	2.625	1.888	737
	131.600	131.599	130.801	798

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
JUDICIAL (CONT'D)				
MAGISTRATE COURT				
Personal services	95,000	103,739	107,678	(3,939)
Employee benefits and payroll expenditure	24,458	24,458	24,711	(253)
Purchased contracted services	4,688	4,688	7,223	(2,535)
Supplies	7,400	7,400	3,329	4,071
Other	2,600	2,600	500	2,100
	134,146	142,885	143,441	(556)
DISTRICT ATTORNEY & PUBLIC DEFENDER				
Purchased contracted services	87,438	87,438	81,500	5,938
Total Judicial	860,744	869,482	869,874	(392)
PUBLIC SAFETY				
SHERIFF'S DEPARTMENT				
Personal services	1,625,839	1,803,488	1,837,279	(33,791)
Employee benefits and payroll expenditure	597,230	601,910	583,521	18,389
Purchased contracted services	165,792	212,840	201,823	11,017
Supplies	209,184	265,468	280,872	(15,404)
Other	10,128	11,788	8,193	3,595
	2,608,173	2,895,494	2,911,688	(16,194)
COUNTY PROBATION DEPARTMENT				
Personal services	-	-	16,512	(16,512)
	-	-	16,512	(16,512)
COUNTY FIRE DEPARTMENT				
Personal services	30,125	30,125	30,211	(86)
Employee benefits and payroll expenditure	51,010	51,010	41,138	9,872
Purchased contracted services	93,487	93,487	77,110	16,377
Supplies	200	116,581	116,581	-
Other	8,315	8,315	8,770	(455)
	183,137	299,518	273,810	25,708
EMS				
Personal services	645,000	645,000	651,890	(6,890)
Employee benefits and payroll expenditure	211,129	211,129	179,189	31,940
Purchased contracted services	46,720	46,720	36,299	10,421
Supplies	47,200	47,200	56,048	(8,848)
Bad debts	-	319,744	-	319,744
Other	15,000	15,000	13,108	1,892
	965,049	1,284,793	936,534	348,259
FIRST RESPONDER				
Supplies	1,875	1,875	1,879	(4)
Other	2,400	2,400	1,119	1,281
	4,275	4,275	2,998	1,277

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
PUBLIC SAFETY (CONT'D)				
CORONER'S OFFICE				
Personal services	7,500	7,500	7,375	125
Employee benefits and payroll expenditure	1,617	1,617	644	973
Purchased contracted services	3,610	3,610	1,009	2,601
Supplies	2,219	2,219	1,502	717
Other	2,225	2,225	2,219	6
	17,171	17,171	12,749	4,422
ANIMAL CONTROL - CODE ENFORCEMENT				
Personal services	81,000	81,000	82,460	(1,460)
Employee benefits and payroll expenditure	25,094	25,094	5,925	19,169
Purchased contracted services	12,500	13,677	33,411	(19,734)
Supplies	11,500	11,500	10,512	988
Other	1,650	1,650	1,796	(146)
	131,744	132,921	134,104	(1,183)
EMA				
Personal services	15,500	15,500	15,498	2
Employee benefits and payroll expenditure	3,505	3,505	2,937	568
Supplies	1,389	1,389	710	679
Other	750	750	739	11
	21,144	21,144	19,884	1,260
Total public safety	3,930,693	4,655,316	4,308,279	347,037
PUBLIC WORKS				
ROAD DEPARTMENT				
Personal services	248,640	248,640	251,284	(2,644)
Employee benefits and payroll expenditure	114,984	114,983	107,827	7,156
Purchased contracted services	23,520	23,520	32,621	(9,101)
Supplies	82,560	82,560	85,072	(2,512)
Other	6,240	6,240	6,252	(12)
	475,944	475,943	483,056	(7,113)
COUNTY VEHICLE/EQUIP. MAINTENANCE				
Personal services	174,720	174,720	183,989	(9,269)
Employee benefits and payroll expenditure	62,913	62,913	55,056	7,857
Purchased contracted services	28,800	28,800	19,659	9,141
Supplies	26,880	26,880	18,382	8,498
Other	3,360	3,360	4,712	(1,352)
	296,673	296,673	281,798	14,875
SOLID WASTE				
Purchased contract services	363,067	363,067	18,284	344,783
	363,067	363,067	18,284	344,783
Total public works	1,135,684	1,135,683	783,138	352,545

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
HEALTH AND WELFARE				
PUBLIC HEALTH				
Personal services	12,000	12,000	9,105	2,895
Employee benefits and payroll expenditure	-	-	2,812	(2,812)
Purchased contracted services	88,648	88,648	88,648	-
	100,648	100,648	100,565	83
WELFARE				
Purchased contracted services	35,591	35,591	35,591	-
SENIOR CENTER				
Personal services	169,116	169,116	180,997	(11,881)
Employee benefits and payroll expenditure	76,679	76,679	69,536	7,143
Purchased contracted services	25,000	25,000	39,870	(14,870)
	270,795	270,795	290,403	(19,608)
Total health and welfare	407,034	407,034	426,559	(19,525)
CULTURE AND RECREATION				
RECREATION				
Personal services	119,927	119,927	125,844	(5,917)
Employee benefits and payroll expenditure	63,101	63,101	48,346	14,755
Purchased contracted services	41,380	47,378	53,651	(6,273)
Supplies	16,151	17,690	26,949	(9,259)
Other	1,000	1,000	490	510
	241,559	249,096	255,280	(6,184)
LIBRARY				
Purchased contracted services	52,163	52,163	52,246	(83)
Total culture and recreation	293,722	301,259	307,526	(6,267)
HOUSING AND DEVELOPMENT				
COUNTY EXTENSION				
Personal services	55,930	55,930	50,360	5,570
Employee benefits and payroll expenditure	17,126	17,126	13,142	3,984
Purchased contracted services	12,150	12,150	12,052	98
Supplies	2,000	2,000	2,831	(831)
Other	3,000	3,000	2,357	643
	90,206	90,206	80,742	9,464

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE, (CONT'D)
GENERAL FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
HOUSING AND DEVELOPMENT (CONT'D)				
AIRPORT				
Personal services	34,806	34,806	34,932	(126)
Employee benefits and payroll expenditure	11,561	11,561	10,555	1,006
Purchased contracted services	9,500	9,500	10,443	(943)
Supplies	2,000	2,000	185	1,815
	57,867	57,867	56,115	1,752
Total housing and development	148,073	148,073	136,857	11,216
OTHER GENERAL				
Employee benefits	77,000	77,000	144,714	(67,714)
Purchased contracted services	535,393	168,200	197,356	(29,156)
Other: Economic Development	30,000	30,000	30,000	-
ECCEL	7,583	7,583	7,583	-
Debt service	120,922	120,922	94,867	26,055
Contingency	-	-	-	-
Total other general	770,898	403,705	474,520	(70,815)
Total current expenditures	9,140,185	9,513,892	8,772,831	741,061
CAPITAL OUTLAYS				
GENERAL GOVERNMENT				
Tax Commissioners	9,345	9,345	5,496	3,849
Total general government	9,345	9,345	5,496	3,849
PUBLIC SAFETY				
Fire department	-	5,908	5,930	(22)
Total public safety	-	5,908	5,930	(22)
Total capital expenditures	9,345	15,253	11,426	3,827
Total expenditures	$ 9,149,530	$ 9,529,145	$ 8,784,257	$ 744,888

ELBERT COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
E-911 SPECIAL REVENUE FUND
For the Year Ended June 30, 2007

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Charges for services	253,000	253,000	282,480	29,480
Intergovernmental	-	-	44,095	44,095
Investment	9,000	9,000	19,979	10,979
Miscellaneous	-	-	-	-
Total Revenues	262,000	262,000	346,554	84,554
EXPENDITURES				
Current				
Public safety				
Personal services	308,000	308,000	305,600	2,400
Employee benefits and payroll expenditure	123,463	123,463	122,654	809
Wireless service cost recovery charge	92,377	92,377	91,647	730
Purchased contracted services	30,620	30,620	30,519	101
Supplies	44,450	44,450	43,516	934
Other	2,500	2,500	1,447	1,053
Total Current Expenditures	601,410	601,410	595,383	6,027
Total Capital Expenditures	-	-	-	-
Total Expenditures	601,410	601,410	595,383	6,027
EXCESS REVENUES (EXPENDITURES)	(339,410)	(339,410)	(248,829)	90,581
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	339,410	339,410	322,661	16,749
Contingency - use of fund balance	-	-	-	-
Total Other Financing Sources (Uses)	339,410	339,410	322,661	16,749
Net Changes in Fund Balances			73,832	
FUND BALANCE, beginning			368,981	
FUND BALANCE, ending			$ 442,813	

ELBERT COUNTY, GEORGIA
DEFINED BENEFIT RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - RETIREMENT PLAN

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) Funding Excess) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll (b-a)/c
12/31/2006	6,643,482	8,085,123	1,441,641	82.20%	4,337,341	33.20%
12/31/2005	5,832,301	7,872,376	2,040,075	74.09%	3,940,288	51.77%
12/31/2004	5,031,707	7,347,745	2,316,038	68.48%	3,654,741	63.37%
12/31/2003	4,387,375	6,661,784	2,274,409	65.86%	3,940,890	57.71%
12/31/2002	3,550,951	5,564,713	2,013,762	63.81%	3,109,770	64.76%
12/31/2001	3,436,877	5,018,678	1,581,801	68.48%	1,809,497	87.42%
12/31/2000	3,230,436	4,714,889	1,484,453	68.52%	1,708,553	86.88%
12/31/1999	2,826,394	3,603,932	777,538	78.43%	1,997,818	38.92%
12/31/1998	2,474,727	3,257,660	782,933	75.97%	2,511,149	31.18%
12/31/1997	2,065,448	2,528,199	462,751	81.70%	1,957,693	23.64%

ELBERT COUNTY, GEORGIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2007

NOTE 1 – BUDGETARY BASIS

The budget was prepared on a GAAP budgetary basis of accounting.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

During the current year several functions of the County experienced expenditures over appropriations. The explanation is that overall services of the County were in greater demand and there were unexpected expenditures. Some of these expenditures were offset by excess revenues.

Function	2007 Budget	2007 Actual	Excess of Authorization
Current Expenditures			
Judicial:			
Clerk of Courts	$ 286,024	$ 296,332	$ (10,308)
Magistrate Court	142,885	143,441	(556)
Public Safety:			
Sheriff's Department	2,895,494	2,911,688	(16,194)
County Probation	-	16,512	(16,512)
Animal Control - Code Enforcement	132,921	134,104	(1,183)
Public Works:			
Road Department	475,943	483,056	(7,113)
Health and Welfare:			
Senior Cener	270,795	290,403	(19,608)
Culture and Recreation:			
Recreation	249,096	255,280	(6,184)
Library	52,163	52,246	(83)
Other General	403,705	474,520	(70,815)
	4,909,026	5,057,582	(148,556)
Capital Outlays			
Fire Department	5,908	5,930	(22)
Total	$ 4,914,934	$ 5,063,512	$ (148,578)

The General Fund has a deficit balance for the year ended June 30, 2007 that is to be funded through future governmental activities and operations.

ELBERT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds			
	Revolving Loan Fund	Law Library	Senior Center	10% Fines Jail Fund
ASSETS				
Cash and cash equivalents	$ -	$ 21,567	$ 14,553	$ 2,724
Accounts receivable, net	-	-	-	-
Due from other governments	-	771	24,134	3,642
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	$ -	$ 22,338	$ 38,687	$ 6,366
LIABILITIES				
Accounts payable	$ -	$ -	$ 2	$ 596
Due to other funds	-	-	5,474	-
Total Liabilities	-	-	5,476	596
Fund balance:				
Reserved for:				
Prepaid items	-	-	-	-
Unreserved - undesignated	-	22,338	33,211	5,770
Total Fund Balances	-	22,338	33,211	5,770
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 22,338	$ 38,687	$ 6,366

ELBERT COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

Special Revenue Funds				Total Nonmajor Governmental Funds
Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Combined Grant Funds	
$ 11,278	$ 875	$ 11,619	$ 68,814	$ 131,430
-	-	3,892	50	3,942
4,577	-	-	-	33,124
12,132	-	-	-	12,132
-	-	-	-	-
$ 27,987	$ 875	$ 15,511	$ 68,864	$ 180,628
$ 40	$ -	$ -	$ 3,785	$ 4,423
-	-	-	10	5,484
40	-	-	3,795	9,907
-	-	-	-	-
27,947	875	15,511	65,069	170,721
27,947	875	15,511	65,069	170,721
$ 27,987	$ 875	$ 15,511	$ 68,864	$ 180,628

ELBERT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	Special Revenue Funds			
	Revolving Loan Fund	Law Library	Senior Center	10% Fines Jail Fund
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Fines and forfeits	-	8,730	-	27,471
Charges for services	-	-	21,573	-
Intergovernmental	-	-	162,084	-
Contributions and donations	-	-	25,992	-
Investment	4,602	-	48	235
Total Revenues	4,602	8,730	209,697	27,706
EXPENDITURES				
Current				
Public safety	-	-	-	-
Court system	-	8,326	-	26,022
Health and welfare	-	-	219,623	-
Housing and development	159,586	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	159,586	8,326	219,623	26,022
EXCESS REVENUES (EXPENDITURES)	(154,984)	404	(9,926)	1,684
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Transfers in/(out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Changes in Fund Balances	(154,984)	404	(9,926)	1,684
FUND BALANCE, beginning	154,984	21,934	43,137	4,086
FUND BALANCE, ending	$ -	$ 22,338	$ 33,211	$ 5,770

ELBERT COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

Special Revenue Funds				Total Nonmajor Governmental Funds
Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Combined Grant Funds	
$ -	$ -	$ 16,881	$ -	$ 16,881
23,272	-	-	-	59,473
-	-	-	-	21,573
-	-	-	219,824	381,908
-	-	-	306,486	332,478
480	46	475	6,423	12,309
23,752	46	17,356	532,733	824,622
-	90	-	2,978	3,068
13,852	-	-	-	48,200
-	-	-	-	219,623
-	-	4,997	1	164,584
-	-	-	489,169	489,169
13,852	90	4,997	492,148	924,644
9,900	(44)	12,359	40,585	(100,022)
-	-	-	-	-
-	-	-	-	-
-	-	-	7,946	7,946
-	-	-	7,946	7,946
9,900	(44)	12,359	48,531	(92,076)
18,047	919	3,152	16,538	262,797
$ 27,947	$ 875	$ 15,511	$ 65,069	$ 170,721

ELBERT COUNTY, GEORGIA
STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
June 30, 2007

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Funds Totals
ASSETS			
Current Assets			
Cash and cash equivalents	$ 8,905	$ 704	$ 9,609
Accounts receivables (net)	-	1,870	1,870
Intergovernmental receivables	28,476	-	28,476
Due from governmental funds	5,408	-	5,408
Prepaid expense	-	-	-
Total current assets	42,789	2,574	45,363
Noncurrent Assets			
Land and other nondepreciable assets	-	-	-
Capital assets, net of depreciation	7,244	178,637	185,881
Total noncurrent assets	7,244	178,637	185,881
TOTAL ASSETS	$ 50,033	$ 181,211	$ 231,244
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 350	$ 1,250	$ 1,600
Due to other governmental units	6,902	-	6,902
Compensated absences	857	-	857
Deferred revenues	-	-	-
Closure cost liability	-	-	-
Total current liabilities	8,109	1,250	9,359
Noncurrent Liabilities			
Compensated absences	4,347	-	4,347
Closure liability	-	-	-
Total noncurrent liabilities	4,347	-	4,347
Total Liabilities	12,456	1,250	13,706
Net Assets			
Invested in capital assets, net of related debt	7,244	178,637	185,881
Unrestricted	30,333	1,324	31,657
Total Net Assets	37,577	179,961	217,538
TOTAL LIABILITIES AND NET ASSETS	$ 50,033	$ 181,211	$ 231,244

ELBERT COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For the Years Ended June 30, 2007

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Funds Totals
OPERATING REVENUES			
Operating grants	$ 55,612	$ -	$ 55,612
Charge for services	32,025	82,680	114,705
Total operating revenues	87,637	82,680	170,317
OPERATING EXPENSES			
Personal services	100,124	23,135	123,259
Operating expenses	30,976	64,307	95,283
Depreciation and amortization	7,245	4,650	11,895
Total operating expenses	138,345	92,092	230,437
Operating income (loss)	(50,708)	(9,412)	(60,120)
NON-OPERATING REVENUES (EXPENSES)			
Local contributions	-	2,256	2,256
Interest income	-	322	322
Other revenues (expense)	8,996	-	8,996
Total non-operating revenues (expenses)	8,996	2,578	11,574
Income (loss) before contributions and transfers	(41,712)	(6,834)	(48,546)
Transfers in	23,741	-	23,741
Transfers out	-	-	-
Change in net assets	(17,971)	(6,834)	(24,805)
TOTAL NET ASSETS - beginning	55,548	186,795	242,343
TOTAL NET ASSETS - ending	$ 37,577	$ 179,961	$ 217,538

ELBERT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Years Ended June 30, 2007

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Funds Totals
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers	$ 32,025	$ 83,232	$ 115,257
Cash receipts from other operating sources	48,913	-	48,913
Cash payments for goods and services	(25,108)	(86,534)	(111,642)
Cash payments to employees for services and benefits	(100,124)	-	(100,124)
Cash payments for other operating sources	-	-	-
Net Cash Provided by (Used in) Operating Activities	(44,294)	(3,302)	(47,596)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Proceeds from contributions	32,738	2,256	34,994
Transfers in	-	-	-
Transfers out	-	-	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	32,738	2,256	34,994
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	-	-
Principal paid on debt	-	-	-
Principal paid on capital leases	-	-	-
Interest paid on debt	-	-	-
Net Cash Provided by Capital and Related Financing Activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	-	322	322
Net Cash Provided by Investing Activities	-	322	322
Net Increase (Decrease) In Cash And Cash Equivalent	(11,556)	(724)	(12,280)
CASH AND CASH EQUIVALENTS - beginning of year	20,461	1,428	21,889
CASH AND CASH EQUIVALENTS - end of year	$ 8,905	$ 704	$ 9,609

ELBERT COUNTY, GEORGIA
STATEMENT OF CASH FLOWS (CONT'D)
NONMAJOR PROPRIETARY FUNDS
For the Years Ended June 30, 2007

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Funds Totals
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income	$ (50,708)	$ (9,412)	$ (60,120)
Adjustments			
Depreciation	7,245	4,651	11,896
(Increase) decrease in assets			
Accounts receivable	(1,291)	552	(739)
Due from other funds	(5,408)	-	(5,408)
Inventory	-	-	-
Prepaid items	-	-	-
Increase (decrease) in liabilities			
Accounts payable	(57)	907	850
Customer deposits	5,925	-	5,925
Accrued expenses	-	-	-
Deferred revenues	-	-	-
Compensated absences payable	-	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (44,294)	$ (3,302)	$ (47,596)

ELBERT COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2006

	Clerk of Superior Court	Probate Court	Magistrate Court
ASSETS			
Cash and cash equivalents	$ 263,400	$ 5,103	$ 7,702
Receivables, net	5,188	-	-
Taxes receivable, net	-	-	-
TOTAL ASSETS	$ 268,588	$ 5,103	$ 7,702
LIABILITIES			
Due to individuals	$ 64,445	$ 813	$ 1,709
Due to other governmental units	204,143	4,290	5,993
Uncollected tax	-	-	-
TOTAL LIABILITIES	$ 268,588	$ 5,103	$ 7,702

ELBERT COUNTY, GEORGIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
ALL AGENCY FUNDS
June 30, 2006

	Tax Commissioner	Tax Assessors	Sheriff	Total
	$ 145,730	$ 4,376	$ 1	$ 426.312
	-	-	10,075	15,263
	947,669	-	-	947,669
	$ 1,093,399	$ 4,376	$ 10,076	$ 1,389,244
	$ -	$ -	$ -	$ 66,967
	145,730	4,376	10,076	374,608
	947,669	-	-	947,669
	$ 1,093,399	$ 4,376	$ 10,076	$ 1,389,244

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THE GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2008

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

Elbert County Board of Commissioners
Elbert County
Elberton, Georgia

We have audited the 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 Elbert County, Georgia, as of and for the year ended June 30, 2007, which collectively comprise Elbert Count y, Georgia's basic financial statements, and have issued our report thereon dated January 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of Elbert County Health Department, which represents 100 percent and 100 percent, respectively, of the assets and revenues of the component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included are based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Elbert County, Georgia's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elbert County, Georgia's internal control over financial reporting. Accordingly, we do no express an opinion on the effectiveness of Elbert County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Elbert County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Elbert County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Elbert County, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2007-03, 2007-04, 2007-05, 2007-7 and 2007-08 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of internal control over financial reporting as 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. However, we believe that none of the significant deficiencies described above is a material weakness.

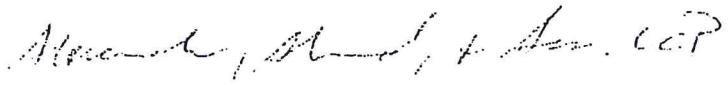
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elbert County, Georgia's financial statements are free of material misstatement, we performed tests of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-01, 2007-02 and 2007-06

We noted certain matters that we reported to management of Elbert County, Georgia in a separate response letter dated January 30, 2008.

Elbert County, Georgia's response to the findings identified in our audit is described in a separate response letter as referenced in the accompanying schedule of findings and responses. We did not audit Elbert County, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, specified legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.



ELBERT COUNTY, GEORGIA
SCHEDULE OF INTERNAL CONTROL FINDINGS, CRITERIA AND RECOMMENDATIONS
APPLICABLE ON NON-FEDERAL PROGRAMS FOR GOVERNMENT AUDITING STANDARDS
For The Year Ended June 30, 2007

2007 - 01 FINDING

CONDITION – The County's general fund balance for the current year has a cumulative deficit fund balance. This creates a less than desirable financial position for the County. This finding is repeated from last year.

EFFECT - Budget deficits and a less than desirable financial position.

RECOMMENDATION - The County Board of Commissioners establish a financial committee to assist in improving the overall financial position and operations of the county and develop a long range financial plan.

MANAGEMENT RESPONSE – See attached response letter.

2007 - 02 FINDING

CONDITION - During the current year select departments of the County experienced material expenditures over budgeted appropriations. The County is required by law to maintain a balanced budget and operate within that budget. The County originally adopted a balanced budget prior to the beginning of the current fiscal year. During the year, these departments experienced expenditures in excess of the original budgeted appropriations. These overages were due to unforeseen expenditures. This finding is repeated from last year.

EFFECT – Budget overages place additional strains on the cash flows of the County.

RECOMMENDATION – The County should consider possible unforeseen expenditures when adopting and reviewing budgets to prevent budget deficits.

MANAGEMENT RESPONSE – See attached response letter.

2007 – 03 - FINDING

CONDITION – During the course of the audit an excessive number of adjusting journal entries were required to be made to the financial records of various offices and departments of the County. Many of these journal entries are due to errors in the original recording of transactions and failure to apply sound accounting principles due to the overall complexity of the County's financial system and large number of transactions processed.

EFFECT – Routine financial reporting is inefficient and internally generated financial reports are unreliable. Inefficient and unreliable financial reporting inhibits management from making good business decisions on a continuing basis.

RECOMMENDATION – Governmental accounting is very complex requiring certain levels of technical expertise to correctly apply sound accounting principles. The County should hire a qualified individual with the technical expertise required to accommodate the demands of governmental accounting.

MANAGEMENT RESPONSE - See attached response letter.

2007 – 04 – FINDING

CONDITION – The County maintains a fixed asset and capital improvement list. During testing this list, we found that there is an insufficient system of accounting for fixed assets and capital improvements. The cost basis of fixed asset and capital improvements has not been appropriately tracked and recorded.

EFFECT – Failure to appropriately account for fixed assets results in unreliable reporting of fixed assets and capital improvements and potential misappropriation of these assets.

RECOMMENDATION – We recommend that the County design and implement a system to account for all fixed assets and capital improvements made by all departments of the County.

MANAGEMENT RESPONSE - See attached response letter.

2007 – 05 – FINDING

CONDITION – During testing of the Senior Center (Special Revenue Fund) and Transpo (Proprietary Fund) we noted an overall lack of financial oversight including insufficient internal controls, delayed grant reimbursement billings and a large amount of unprocessed paper work in the office including invoices and other pertinent documents. There was very little evidence of authorization of expenditure of Senior Center and Transpo funds for goods and services.

EFFECT – A lack of oversight of a department subjects that department to errors in financial reporting, inefficient operation of that department, and potential loss of funding from granting agencies.

ELBERT COUNTY, GEORGIA
SCHEDULE OF INTERNAL CONTROL FINDINGS, CRITERIA AND RECOMMENDATIONS
APPLICABLE ON NON-FEDERAL PROGRAMS FOR GOVERNMENT AUDITING STANDARDS (CONT'D)
For The Year Ended June 30, 2007

2007 – 05 – FINDING (CONT'D)

RECOMMENDATION – The County has various purchasing policies in place to address authorization of expenditures. These policies should be enforced. The County should also implement better oversight procedures of these departments.

MANAGEMENT RESPONSE - See attached response letter.

2007 – 06 – FINDING

CONDITION – The County does not follow the uniform chart of accounts system as required by the State of Georgia for financial reporting in the E-911 Special Revenue Fund and other non-major funds

EFFECT – The failure to report these funds in the uniform chart of accounts format creates inefficient and unreliable financial reporting system and the County is not in compliance with State regulations related to financial reporting.

RECOMMENDATION – The County should begin reporting these funds in the uniform chart of accounts format.

MANAGEMENT RESPONSE - See attached response letter.

2007 – 07- FINDING

CONDITION – During examination of the Clerk of Courts records it was noted that the court specific financial records relate to each court were not in balance and properly reconciled. This is due to a lack of appropriate month end reconciliations and cut off procedures. The funds collected by the Clerk of Courts should be disbursed in entirety by the end of the following month. Several instances of deposits made as long as a month after the recorded Court settlements were noted.

EFFECT – The lack of appropriate month end reconciliation and cut off procedures creates an inefficient and potentially incorrect settlement of agency funds and financial reporting.

RECOMMENDATION – The County should implement mandatory month end reconciliation and cut off procedures.

MANAGEMENT RESPONSE - See attached response letter.

2007 – 08 – FINDING

CONDITION – During test of expenditures of the Solid Waste department, we noted instances where the documentation to support the respective expenditure could not be located.

EFFECT – This condition creates potential for errors in accounting for this department and results in non-compliance with expenditure documentation policies.

RECOMMENDATION – We recommend that the County routinely review document retention and review the document retention policy.

MANAGEMENT RESPONSE - See attached response letter.

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January 30, 2008

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE LOCAL OPTION SALES TAX

Elbert County Board of Commissioners
Elbert County
Elberton, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for Elbert County, Georgia for the year ended June 30, 2007. This schedule is the responsibility of Elbert County, Georgia's management. Our responsibility is to express an opinion on the Schedule of Special Purpose Local Option Sales Tax based on our audit.

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 Schedule of Special Purpose Local Option Sales Tax is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Sales Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax was prepared for the purpose of complying with the *Official Code of Georgia Annotated, 48-8-121* on the modified accrual basis of accounting as described in the Note 2 and is not intended to be a complete presentation of the Elbert County, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project in the Elbert County, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2007, in conformity with the accounting principles generally accepted in the United States of America.

ELBERT COUNTY, GEORGIA
SPECIAL LOCAL OPTION SALES TAX, 2001 SERIES
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through June 30, 2007

Project	Project Budget	Prior Year Project to Date	Current Year	Total	Percent Complete
Capital Projects:					
Public Safety Complex	$ 3,320,758	$ 1,611,169	$ 1,347,208	$ 2,958,377	89%
Admin. Bldg./Courthouse	1,810,263	1,310,263	470,333	1,780,596	98%
Animal Control Center	192,418	192,418	-	192,418	100%
Road, Street & Bridges	1,700,766	1,367,511	-	1,367,511	80%
Recreation Projects	990,332	240,332	688,969	929,301	94%
EMS	314,084	314,084	-	314,084	100%
Public Safety/Sheriff	794,403	498,717	299,554	798,271	100%
Bowman Projects	48,725	48,725	.	48,725	100%
City of Elberton Allocation	600,000	600,000	-	600,000	100%
Total capital projects	9,771,749	6,183,219	2,806,064	8,989,283	92%
Debt Service-Principle	5,000,000	5,000,000	-	5,000,000	100%
Debt Service-Interest	539,583	537,544	-	537,544	100%
Total	15,311,332	11,720,763	2,806,064	14,526,827	95%
General Fund Debt Service*	-	-	550,000	550,000	
Total **	$ 15,311,332	$ 11,720,763	$ 3,356,064	$ 15,076,827	

* The County anticipates excess SPLOST funds to be available early in the 2007-2008 fiscal year and has elected to reduce general fund debt during the current fiscal period.

** The budget proposed to voters anticipated $13,200,000 in revenues, with $5,000,000 proceeds attained through bond issuance to provide funding to start projects. The cost of the originally estimated $13,200,000 and repayment of the $5,000,000 debt for funds already deposited are included in the total above.

ELBERT COUNTY, GEORGIA
SPECIAL LOCAL OPTION SALES TAX, 2006 SERIES
SCHEDULE OF PROJECTS CONTSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
BUDGET AND ACTUAL - PROJECT TO DATE
From Inception Through June 30, 2007

Project	Project Budget	Prior Year Project to Date	Current Year	Total	Percent Complete
County Roads and Bridges	$ 5,034,966	$ -	$ 360,296	$ 360,296	7%
County Facility Improvements					
Senior Center	419,580	-	178,330	178,330	43%
Solid Waste Facility	41,958	-	5,804	5,804	14%
County Vehicles and Equipment					
Solid Waste	167,832	-	79,887	79,887	48%
Animal Control	41,958	-	-	-	0%
Road Department	62,937	-	-	-	0%
Board of Assessors	25,175	-	-	-	0%
Fire Department	251,748	-	26,303	26,303	10%
Emergency Services	251,748	-	29,432	29,432	12%
Sheriff's Department	251,748	-	75,000	75,000	30%
Building and Maintenance Department	25,175	-	16,595	16,595	66%
Code Enforcement	25,175	-	-	-	0%
City of Elberton Projects	2,900,000	-	640,228	640,228	22%
City of Bowman Projects	500,000	-	110,384	110,384	22%
Total	$ 10,000,000	$ -	$ 1,522,259	$ 1,522,259	