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ELBERT COUNTY, GEORGIA
FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

WALKER & ASSOCIATES, CPA'S, PC

ELBERT COUNTY, GEORGIA
FISCAL YEAR ENDED JUNE 30, 2008
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Certified Public Accountants

Walker & Associates

A Professional Corporation

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Certified Public Accountants
Georgia Society of
Certified Public Accountants
AICPA Employee Benefit
Quality Audit Center
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INDEPENDENT AUDITOR'S REPORT

The Elbert County Board of Commissioners
Elbert County, Georgia
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, 2008 , which collectively comprise Elbert County, Georgia 's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Elbert County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in 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 provides a reasonable basis for our opinions.

Management could not provide a comprehensive list of capital assets, including infrastructure assets, nor the associated depreciation schedule for the general government. Accordingly we could not test the existence, completeness, nor accuracy of previously purchased assets nor the computation of depreciation which would have been included in the government wide financial statements. Governmental accounting principles generally accepted in the United States of America require that depreciation be included in the Statement of Activities of the government-wide financial statements. The amount by which these departures would affect the Statement of Net Assets and Statement of Activities of the Government-Wide Financial Statements can not be reasonably determined as of June 30, 2008.

In our opinion, except for the effects of not providing a capital asset inventory and associated depreciation schedule and including the allowance for depreciation in the Government-Wide Financial Statements as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of Elbert County, Georgia as of June 30, 2008, and the respective changes in financial position thereof for the year then 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 December 18, 2008 , on our consideration of Elbert County, Georgia's internal control over financial reporting and on our tests of its

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit. In addition, in accordance with the Official Code of Georgia, we have issued a report dated December 18, 2008 on the schedule of Special Purpose Local Option Sales Tax.

The management's discussion and analysis on pages 3 through 7 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise Elbert County, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Elbert County, Georgia. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit 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.

Walker & Associates
Gainesville, Georgia
December 18, 2008

Elbert County, Georgia
Management's Discussion and Analysis
For the year ended June 30, 2008

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 net assets exceeded its liabilities at the close of the fiscal year by $16,040,410 •
- The general fund reported a $218,790 fund balance for the current year. This compares to a fund deficit of $675,142 for the previous year.

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. Property taxes, sales taxes, other taxes, and federal and state grants, fines, and charges for services primarily support governmental activities. The business-type activities include Solid Waste, public transportation, and civic center/recreation center.
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 or deterioration 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 government-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 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. 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 Chart for 2008

	Gov. Activities	Business-Type Activities	Total
Invested in capital assets, Net of related debt	$14,956,055	749,129	15,705,184
Restricted for:			
Fee income			
Capital projects	630,261	-	630,261
Public safety	55,269	-	55,269
Health & Welfare	83,819	-	83,819
Unrestricted (Deficit)	315,006	(1,636,928)	104,885
TOTAL NET ASSETS	$16,040,410	(887,799)	$15,152,611

Elbert County realized net assets of $15,152,611, with governmental activities totaling $16,040,410 and business-type activities showing a deficit of $887,799. The governmental activities net assets include funds restricted for SPLOST projects, as well as other special purpose uses.

The business-type activities deficit primarily results from the accrual of long-term expenses, including a required 30-year landfill closure care costs.

FUND FINANCIAL INFORMATION

Major Governmental Funds

General Fund

The General Fund is used for all governmental financial resources not restricted by local, state or federal laws. As of June 30, 2008, the General Fund had assets of $1,840,628 and liabilities of $1,621,838. The Fund Balance of $218,790 is the first time a positive balance has been shown since 2002.

Other Major Governmental Funds

The fund balance of the 2006 SPLOST project included $921,470 for capital projects that were approved in the SPLOST referendum. These projects include road improvements, vehicle and equipment for the Sheriff's office, EMS, and the Fire Department. No bonds will be used for the 2006 SPLOST projects. Funds will be expended only as they are collected.

Major Proprietary Funds

Solid Waste Fund

This fund is used to account for the operations of the transfer station and the closed landfill. Liabilities exceed assets by $1,097,620 as of June 30, 2008. This excess is due to the post-closure care expenses. It is expected that operating revenues through the years will reduce this liability.

Long-Term Debt

Elbert County has no long-term debt. All buildings and facilities are paid in full. The Board of Commissioners made the decision not to borrow funds for any projects associated with the 2006 SPLOST funds. All projects will be paid for as the money accumulates.

Economic Factors and Future Budgets

In general, economic conditions in Elbert County have remained stable for the last few years. We are aware of several manufacturing plants that employ around 400 people that will be closing during the 2008/2009 Budget years. We anticipate this will affect property values as well as sales tax revenue during the coming year. Also, fuel prices have peaked and should indicate a downward trend for part of next year. The State of Georgia has also indicated a 5 to 10 percent cut in the state budget, which will affect our revenue stream. We anticipate less revenue during the next fiscal year because of these cuts, higher unemployment in the county, less sales tax revenue, and probably lower property tax revenue.

The county has set in place a series of checks and balances regarding spending controls for all Departments. No purchases are made unless it was approved in the overall budget or unless the Board of Commissioners approves it. The County Administrator must approve any purchases over $1,500. For purchases less than $1,500, the Finance Director

must approve this amount. Any purchase over $1,000 must have a minimum of three bids. The Finance Director and/or the County Administrator review all checks. The current budget is reviewed on a monthly basis with each department head to determine expenses within the overall budget. The Board of Commissioners has approved hiring a Finance Director with a degree in Accounting for the first time. This person will be hired by the end of 2008. Once this is done, this person will act as the central purchasing agent.

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, Georgia 30635
(706) 283-2000

Elbert County, Georgia

Statement of Net Assets
June 30, 2008

	Primary Government 2008			Component Unit
	Governmental Activities	Business-Type Activities	Total	Elbert County Health Dept.
ASSETS				
Current Assets				
Cash and cash equivalents	$ 897,268	$ 62,390	$ 959,658	$ 248,132
Accounts receivables (net)	497,248	77,414	574,662	9,688
Intergovernmental receivables	814,780	380,348	1,195,128	20,701
Internal balances	842,173	(842,173)	-	-
Prepaid expenses	12,894	-	12,894	-
Total current assets	3,064,363	(322,021)	2,742,342	278,521
Restricted Assets				
Noncurrent Assets				
Land and other nondepreciable assets	5,452,981	131,870	5,584,851	-
Capital assets, net of depreciation	9,672,085	617,259	10,289,344	893
Total noncurrent assets	15,125,066	749,129	15,874,195	893
TOTAL ASSETS	18,189,429	427,108	18,616,537	279,414
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	401,240	68,389	469,629	10,144
Due to other governments	136,099	-	136,099	-
Accrued expenditures	426,122	-	426,122	-
Compensated absences	-	3,757	3,757	6,728
Closure cost liability	-	44,433	44,433	-
Bonds, notes and loans payable	834,284	-	834,284	-
Total current liabilities	1,797,745	116,579	1,914,324	16,872
Noncurrent Liabilities				
Compensated absences	200,412	5,886	206,298	11,455
Closure liabilities	-	1,192,442	1,192,442	-
Bonds, notes and loans payable (net)	150,862	-	150,862	-
Total noncurrent liabilities	351,274	1,198,328	1,549,602	11,455
TOTAL LIABILITIES	2,149,019	1,314,907	3,463,926	28,327
NET ASSETS				
Invested in capital assets, net of related debt	14,956,055	749,129	15,705,184	893
Restricted for:				
Fee income	-	-	-	145,309
Capital projects	630,261	-	630,261	-
Public safety	55,269	-	55,269	-
Health and welfare	83,819	-	83,819	-
Unrestricted (Deficit)	315,006	(1,636,928)	(1,321,922)	104,885
TOTAL NET ASSETS	$ 16,040,410	$ (887,799)	$ 15,152,611	$ 251,087

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Statement of Activities
For the Year Ending June 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions	Net (Expenses) Revenues and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit
Primary Government:								
Governmental Activities								
General Government	$ 3,064,097	$ 373,209	$ -	$ 1,357,072	$ (1,333,816)	$ -	$ (1,333,816)	$ -
Public Safety	4,389,477	1,975,405	36,740	-	(2,377,332)	-	(2,377,332)	
Public Works	1,649,835	-	78,578	-	(1,571,257)	-	(1,571,257)	
Health and Welfare	1,509,226	1,293	286,250	-	(1,221,683)	-	(1,221,683)	
Culture and Recreation	494,023	55,065	3,500	-	(435,458)	-	(435,458)	
Housing and Development	8,876	-	-	-	(8,876)	-	(8,876)	
Interest Expense	45,289	-	-	-	(45,289)	-	(45,289)	
Total Government Activities	11,160,823	2,404,972	405,068	1,357,072	(6,993,711)	-	(6,993,711)	-
Business-Type Activities:								
Solid Waste Fund	938,559	795,439	3,087	-	-	(140,033)	(140,033)	
Civic Center/Recreation Fund	18,417	15,088	-	-	-	(3,329)	(3,329)	
Public Transportation	58,371	70,034	54,996	-	-	66,659	66,659	
Total Business-Type Activities	1,015,347	880,561	58,083	-	-	(76,703)	(76,703)	-
Total Primary Government	$ 12,176,170	$ 3,285,533	$ 463,151	$ 1,357,072	(6,993,711)	(76,703)	(7,070,414)	
Component Units:								
Health Department	$ 535,981	$ 145,309	$ 412,630	$ -				21,958
Total Component Units	$ 535,981	$ 145,309	$ 412,630	$ -				21,958
General Revenues:								
Taxes:								
Property Taxes					4,969,490	-	4,969,490	-
Insurance Premium Tax					721,778	-	721,778	-
Franchise Tax					62,834	-	62,834	-
Alcohol Beverage Tax					88,219	-	88,219	-
Sales Taxes					3,304,934	-	3,304,934	-
Unrestricted Investment Earnings					49,136	-	49,136	-
Gain on Sale of Capital Assets					8,437	-	8,437	-
Miscellaneous					154,161	-	154,161	-
Transfers					63,396	(63,396)	-	-
Total General Revenues and Transfers					9,422,385	(63,396)	9,358,989	-
Changes in Net Assets					2,428,674	(140,099)	2,288,575	21,958
Net Assets - Beginning					13,665,276	(747,700)	12,917,576	229,129
Prior Year Adjustments					(53,540)	-	(53,540)	-
Net Assets - Ending					$ 16,040,410	$ (887,799)	$ 15,152,611	$ 251,087

The accompanying notes are an integral part of these financial statements

Elbert County, Georgia
Balance Sheet
Governmental Funds
June 30, 2008

	General Funds	E-911 Fund	Capital Projects Funds	Grant Funds	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	$ 81,960	$ 189,706	$ 473,392	$ 25,414	$ 126,796	$ 897,268
Receivables (net)	568,357	26,781	-	50	50,702	645,890
Due From Other Governments	263,909	-	400,291	-	1,939	666,139
Due From Other Funds	913,508	-	47,787	9,970	-	971,265
Prepaid Expenditures	12,894	-	-	-	-	12,894
Total Assets	$ 1,840,628	$ 216,487	$ 921,470	$ 35,434	$ 179,437	$ 3,193,456
LIABILITIES						
Accounts Payable	$ 488,529	$ -	$ 172,184	$ 18,360	$ 20,638	$ 699,711
Notes Payable	816,254	-	-	-	-	816,254
Deferred Revenue	130,709	-	-	-	-	130,709
Due to Other Governments	-	-	136,099	-	-	136,099
Due to Other Funds	57,757	71,335	-	-	-	129,092
Accrued Expenditures	128,589	-	-	-	-	128,589
Total Liabilities	1,621,838	71,335	308,283	18,360	20,638	2,040,454
FUND BALANCE						
Reserved						
Capital Project Funds	-	-	613,187	17,074	-	630,261
Drug Enforcement	-	-	-	-	25,582	25,582
Senior Center Operations	-	-	-	-	83,819	83,819
Law Library	-	-	-	-	23,001	23,001
Jail Fund	-	-	-	-	6,686	6,686
Unreserved and Undesignated	218,790	145,152	-	-	19,711	383,653
Total Fund Balances	218,790	145,152	613,187	17,074	158,799	1,153,002
Total Liabilities and Fund Balances	$ 1,840,628	$ 216,487	$ 921,470	$ 35,434	$ 179,437	$ 3,193,456

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

Elbert County, Georgia

Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets

June 30, 2008

Total fund balances - governmental funds	$ 1,153,002
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Governmental capital assets	20,193,028
Less: Accumulated depreciation	(5,067,962)
Compensated absences not reported in governmental funds	(199,477)
Long term debt not presented in governmental funds	(168,892)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	130,711
Net assets of governmental activities	$ 16,040,410

The accompanying notes are an intergral part of these statements

Elbert County, Georgia

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	E-911 Fund	Capital Projects Fund	Grant Funds	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 4,827,907	$ -	$ -	$ -	$ -	$ 4,827,907
Sales Taxes	1,587,230	-	1,586,995	-	-	3,174,225
Other Taxes	1,013,814	-	-	-	12,494	1,026,308
Fines and forfeitures	733,256	-	-	-	63,238	796,494
Intergovernmental	74,411	48,018	20,000	1,367,405	286,250	1,796,084
Charges for services	953,569	308,928	-	-	1,293	1,263,790
Interest	16,156	13,329	19,744	1,094	1,077	51,400
Contributions and donations	-	-	-	2,262	-	2,262
Miscellaneous	456,922	-	-	-	-	456,922
Total Revenues	9,663,265	370,275	1,626,739	1,370,761	364,352	13,395,392
EXPENDITURES						
Current Operating:						
General Government	3,040,183	-	-	-	-	3,040,183
Judicial	754,331	-	-	-	9,711	764,042
Public Safety	2,779,719	667,936	14,524	3	55,671	3,517,853
Public Works	972,404	-	582,496	-	-	1,554,900
Health and Welfare	1,346,836	-	3,232	237,554	148,097	1,735,719
Housing and Development	-	-	-	-	8,876	8,876
Culture and Recreation	433,270	-	-	56,498	-	489,768
Debt Service						
Principal	15,949	-	-	-	-	15,949
Interest	45,289	-	-	-	-	45,289
Capital Outlay	-	-	1,547,348	866,272	-	2,413,620
Total Expenditures	9,387,981	667,936	2,147,600	1,160,327	222,355	13,586,199
Excess (Deficiency) of Revenues over/(under) Expenditures	275,284	(297,661)	(520,861)	210,434	141,997	(190,807)
OTHER FINANCING SOURCES AND (USES)						
Proceeds From Debt	184,841	-	-	-	-	184,841
Transfers In	272,587	-	259,256	827	-	532,670
Transfers Out	(827)	-	(120,341)	(259,256)	(88,850)	(469,274)
Total Other Financing Sources and Uses	456,601	-	138,915	(258,429)	(88,850)	248,237
Net Change in Fund Balance	731,885	(297,661)	(381,946)	(47,995)	53,147	57,430
Fund Balances - Beginning	(675,142)	442,813	995,133	65,069	105,652	933,525
Prior period adjustments	162,047	-	-	-	-	162,047
Adjusted Beginning Fund Balances	(513,095)	442,813	995,133	65,069	105,652	1,095,572
Fund Balances - Ending	$ 218,790	$ 145,152	$ 613,187	$ 17,074	$ 158,799	$ 1,153,002

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

Elbert County, Georgia

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

For the Year Ended June 30, 2008

Net change in fund balances-total governmental funds	$	57,430
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ($2,598,900) exceeded depreciation ($0) in the current period.		2,598,900
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount which proceeds exceeded repayments.		(168,892)
Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds, but considered as revenues in the government wide financial statements. This amount represents the change in deferred revenue from the prior year.		140,710
Long term liability for compensated absences. This represents the vested benefit of employees for vacation pay earned but not taken as of the year end.		(199,474)
Net change in assets of governmental activities	$	2,428,674

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

Elbert County, Georgia
Statement of Net Assets
Proprietary Fund
June 30, 2008

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 47,261	$ 15,129	$ 62,390
Accounts receivables (net)	70,544	6,870	77,414
Intergovernmental receivables	356,074	24,274	380,348
Total current assets	473,879	46,273	520,152
Noncurrent Assets			
Land and other nondepreciable assets	131,870	-	131,870
Capital assets, net	436,027	181,232	617,259
Total noncurrent assets	567,897	181,232	749,129
Total assets	$ 1,041,776	$ 227,505	$ 1,269,281
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	$ 58,712	$ 9,677	$ 68,389
Due to other funds	838,679	3,494	842,173
Compensated absences	1,200	2,557	3,757
Closure cost liability	44,433	-	44,433
Total current liabilities	943,024	15,728	958,752
Noncurrent Liabilities			
Compensated absences	3,930	1,956	5,886
Closure cost liability	1,192,442	-	1,192,442
Total noncurrent liabilities	1,196,372	1,956	1,198,328
Total Liabilities	2,139,396	17,684	2,157,080
Net Assets			
Invested in capital assets	567,897	181,232	749,129
Unrestricted	(1,665,517)	28,589	(1,636,928)
Total Net Assets	(1,097,620)	209,821	(887,799)
Total liabilities and net assets	$ 1,041,776	$ 227,505	$ 1,269,281

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

Elbert County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ending June 30, 2008

	Solid Waste Fund	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Charges for services	$ 794,710	$ 85,110	$ 879,820
Total operating revenues	794,710	85,110	879,820
OPERATING EXPENSES			
Personal services	227,472	18,353	245,825
Operating expenses	657,814	53,785	711,599
Depreciation and amortization	53,273	4,650	57,923
Total operating expenses	938,559	76,788	1,015,347
Operating income (loss)	(143,849)	8,322	(135,527)
NON-OPERATING REVENUES			
Interest income	729	12	741
Other revenues (expenses)	3,087	54,996	58,083
Total non-operating revenues (expenses)	3,816	55,008	58,824
Income (loss) before transfers	(140,033)	63,330	(76,703)
Transfer in	7,651	-	7,651
Transfer out	-	(71,047)	(71,047)
Change in net assets	(132,382)	(7,717)	(140,099)
Total net assets - beginning	(965,238)	217,538	(747,700)
Total net assets - ending	$ (1,097,620)	$ 209,821	$ (887,799)

The accompanying notes are an intergral part of these statements

Elbert County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Solid Waste Fund	Nonmajor Proprietary Funds	Totals
Cash flows from operating activities:			
Receipts from customers	$ 860,886	$ 85,110	$ 945,996
Payments to suppliers	(600,705)	(49,778)	(650,483)
Payments to employees	(227,472)	(18,383)	(245,855)
Net cash provided by operating activities	32,709	16,949	49,658
Cash flows from noncapital financing			
Transfer from other funds	7,651	-	7,651
Transfer to other funds	-	(71,047)	(71,047)
Loans from other funds	-	4,610	4,610
Operating grant	3,087	54,996	58,083
Net cash provided (used) by noncapital financing activities	10,738	(11,441)	(703)
Cash flows from investing activities:			
Interest on investments	729	12	741
Net cash provided by investing activities	729	12	741
Net increase in cash and cash equivalents	44,176	5,520	49,696
Balances - beginning of year	3,085	9,609	12,694
Balances - end of year	$ 47,261	$ 15,129	$ 62,390
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ (143,849)	$ 8,322	$ (135,527)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	53,273	4,650	57,923
Changes in assets and liabilities:			
Accrued liabilities	45,860	0	45,860
Receivables and accrued revenue	58,705	0	58,705
Accounts payable	18,720	3,977	22,697
Net cash provided by operating activities	$ 32,709	$ 16,949	$ 49,658

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

Elbert County, Georgia
Statement of Fiduciary Assets and Liabilities
June 30, 2008

	2008 Agency Funds
ASSETS	
Cash and cash equivalents	$ 542,808
Taxes Receivable	417,922
Total Assets	$ 960,730
LIABILITIES	
Due to others	$ 666,615
Due to other Governmental Units	3,823
Due to the County	290,292
Total Liabilities	$ 960,730

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

Note 1: Reporting Entity (cont)

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

Joint Ventures- The County participates in the following venture:

Elbert County, in conjunction with cities and counties in the twelve county Northeast Georgia region are members of the Northeast Georgia Regional Development Center (RDC). Membership in an RDC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organization structure of the RDC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RDC. The RDC board membership includes the chief elected official of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the County or municipality) to serve as the non-public Board member from a County. The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines RDC's as "public agencies and instrumentalities of their member". Georgia laws also provide that the member governments are liable for any debts or obligations of an RDC beyond its resources, (O.C.G.A. 50-8-39.1). Complete financial statements of the Northeast Georgia Regional Development Center can also be obtained directly from their office at:

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

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 had 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

Note 2: Summary of Significant Accounting Policies (cont)

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 government 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.
- Capital Projects Fund – This fund is used to account for revenue and expenditures resulting from the 2006 and 2001 Special Purpose Local Option Sales Tax referendums. The primary revenue sources are one percent (1%) 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.

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

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.

Note 2: Summary of Significant Accounting Policies (cont)

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 five agency fiduciary funds, Probate Judge, Magistrate Judge, Sheriff, Clerk of Court, and the Tax Commissioner. 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 flow of 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 Non-exchange 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.

Note 2: Summary of Significant Accounting Policies (cont)

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 non-exchange transactions must also be available before it can be recognized.

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, 2008, which are expected to be collected after the sixty day period of availability are considered 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, 2008.

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

- Obligations of the State of Georgia or of any other states

Note 2: Summary of Significant Accounting Policies (cont)

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, 2008 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 the 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 cost or market on a first-in, first-out basis.

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

Note 2: Summary of Significant Accounting Policies (cont)

K. Interfund Receivables / Payables

On fund financial statements, receivables and payables resulting from short-term 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 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 for payment during the current year. Loans and capital leases are recognized as a liability on the fund financial statements when due.

N. Fund Equity

Fund equity at the government 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 represents 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.

O. Governmental Fund Balance Reserves and Designations

Note 2: Summary of Significant Accounting Policies (cont)

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.

P. 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 & Recreation activities in the Civic Center/Recreation 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 were billed on September 15, 2007 and were due on November 15, 2007. Unpaid property taxes were considered delinquent on November 16, 2007. Property taxes attach as an enforceable lien ninety days later on February 15, 2008, which is considered as the lien date.

Note 3: Cash and cash equivalents

Primary Government

The County's cash balance is classified into three categories of credit risk: 1) cash that is insured or collateralized with securities held by the County or by its agent in its name, 2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the County's name, and 3) uncollateralized bank accounts including any bank balance that is collateralized with securities held by the pledging institution's trust department or agent but not in the County's name.

At June 30, 2008, the carrying amount of the County's deposits was $959,658 and the related bank balance totaled $1,245,165. Of these bank balances, $100,000 was fully covered by FDIC insurance. The remainder, $1,145,165, was not collateralized due to lack of a perfected security agreement with custodian. These balances are considered as a category 2 credit risk.

Primary Government Statement of Net Assets	
Cash	$959,658 ✓
Agency Funds	$542,808 ✓

Note 3: Cash and cash equivalents(cont)

Component Unit – Elbert County Health Department

The Health Department has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Note 4: Receivables

Primary Government

Receivables at June 30, 2008, at the fund level, consisted of taxes, accounts (billings for user charges), intergovernmental receivables arising from sales tax collections and interfund receivables.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation but also by a reasonable, systematic method of determining their existence, completeness, valuation and, in the case of receivables, collectability.

Receivables are reported net of an allowance for doubtful accounts. Those allowances are:

General Fund - Property taxes	$ 4,460
E-911 Special Revenue Fund – Service charges	$ 76,585

Component Unit – Health Department

The Georgia Department of Human Resources owed the Elbert County Health Department $20,701 at June 30, 2008.

Note 5: 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-along 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 GEB Corp. 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 Section19.02 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 set forth in controlling State of Georgia statutes.

A copy of the Pension Plan financial report can be obtained from:
Association of County Commissioners of Georgia
100 Circle 75 Parkway, Suite 300
Alanta, Georgia 30339

Note 5: Pension Plan(cont)

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 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, 2008 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.

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

	December 31, 2007
Derivation of Annual Pension Costs	$ 734,356
Annual Required Contribution	(10,718)
Interest on Net Pension Obligations	11,309
Amortization of Net Pension Obligations	$ 734,947
Annual Pension Cost	
Basis of Valuation:	
Current Valuation Date	1/1/2007
Annual Return of 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

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, 2007 (the most recent actuarial valuation date) was $4,294,683.

Trend information for the Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2007	734,947	N/A	N/A	(133,977)
1/1/2006	697,512	721,658	103.5%	(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%	-

An analysis of funding progress is presented on page 34 of the financial statements as Required Supplementary Information.

Note 5: Pension Plan(cont)

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 weighed-average remaining amortization period as of January 1, 2007 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	2007
Vested:	
Retirees (and others in pay status)	$ 3,087,210
Deferred Vested (former employees)	624,515
Vested Active Participants	2,290,955
Total	6,002,680
Non-vested	635,922
Total	6,638,602
2. Effect of Future Salary Increases	1,751,614
3. Total Actuarial Accrued Liability	8,390,216
4. Net Assets Available for Benefits (including receivables)	6,643,482
5. Net Assets in Excess of Actuarial Present Value of Accumulated Plan Benefits	$ 4,880
6. Principal Actuarial Assumptions:	
Investment Return	8%
Rate of Future Salary Increases (not applicable to Accumulated Plan Beneft 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 6: Compensated Absences – Primary Government

Section C60 of GASB Standards requires that leave pay be accrued when: (1) the employer's obligation to the employee's right to receive compensation for future benefits is attributable to employees' service already rendered, (2) the obligation relates to rights that vest or accumulate, (3) payment of the compensation is probable, and (4) the amount can be reasonably estimated. The obligation at June 30, 2008 is $200,412, all of which is considered as a long term liability in the government wide financial statements.

Note 7: Prior Period Adjustments

Fund Financial Statements

General Fund: $ 22,047 Cash accounts omitted in prior year.
$140,000 Interfund transfer not posted to the General Fund in the prior year.
$162,047

Government-Wide Financial Statements

Governmental Activities:
$53,540 To correct posting of compensated absences.

Note 8: Capital Assets

Govermental Funds	Beginning Balances 7/1/2007	Increases	Decreases	Ending Balances 6/30/2008
Primary Government				
Capital Assets not being depreciated:				
Construction in progress	$2,523,373	$ 2,151,195	$ -	$4,674,568
Land	778,413	-	-	778,413
Total capital assets not being depreciated	3,301,786	2,151,195	-	5,452,981
Capital assets being depreciated:				
Buildings	8,191,400	-	-	8,191,400
Land Improvements	184,565	-	-	184,565
Equipment	5,742,746	447,705	-	6,190,451
Infrastructure	173,631	-	-	173,631
Total capital assets being depreciated	14,292,342	447,705	-	14,740,047
Total Capital Assets	17,594,128	2,598,900	-	20,193,028
Accumulated Depreciation				
Buildings	1,301,088	-	-	1,301,088
Land Improvements	-	-	-	-
Equipment	3,750,793	-	-	3,750,793
Infrastructure	16,081	-	-	16,081
Total accumulated depreciation	5,067,962	-	-	5,067,962
Net capital assets	$12,526,166	$ 2,598,900	$ -	$15,125,066

Proprietary Funds	Beginning Balances 07/01/07	Increases	Decreases	Ending Balances 6/30/2008
Nondepreciable assets				
Land	$ 131,870	$ -	$ -	$ 131,870
Total nondepreciable assets	131,870	-	-	131,870
Depreciable assets				
Buildings	552,001	-	-	552,001
Equipment	569,351	-	-	569,351
Total depreciable assets	1,121,352	-	-	1,121,352
Accumulated depreciation				
Buildings	75,290	13,556	-	88,846
Equipment	370,882	44,366	-	415,248
Total accumulated depreciation	446,172	57,922	-	504,094
Net capital assets	$ 807,050	$ 57,922	$ -	$ 749,128

Component Unit - Health Department

Governmental	Beginning Balances 07/01/07	Increases	Decreases	Ending Balances 6/30/2008
Capital assets being depreciated				
Equipment	$ 77,925	$ -	$ -	$ 77,925
Total Capital Assets	77,925	-	-	77,925
Accumulated Depreciation				
Equipment	75,242	1,790	-	77,032
Total accumulated depreciation	75,242	1,790	-	77,032
Net capital assets	$ 2,683	$ 1,790	$ -	$ 893

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

Governmental activities - Health $1,790

Note 9: Short Term Debt

The County issues tax anticipation notes in advance of property tax collections, depositing the proceeds into its General Fund . The notes are necessary because the County does not currently possess sufficient resources to carry it from one year to the next. In addition, during the year the County change vendors for leased copiers and received funds from the new vendor to pay off the old leases. At June 30, 2008, payment to the former vendor had not been made. The short-term debt activity for the year ended June 30, 2008, was as follows:

Note 9: Short Term Debt(cont)

	Beginning Balances July 1, 2007	Issued	Redeemed	Ending Balance June 30, 2008
Tax anticipation notes	$ 1,649,615	$ 800,000	$ 1,649,615	$ 800,000
Operating lease reimbursement	-	18,976	2,722	16,254
	$ 1,649,615	$ 818,976	$ 1,652,337	$ 816,254

Note 10 Long Term Debt

Governmental Activities-Capital Leases:

Caterpillar Financial Services Corporation, one motor grader, payable in monthly installments of $2,168 at an interest rate of 4.92%. The original balance was $184,841 and matures in July 2012. The lease is secured by the equipment.

	Governmental Activities	Water and Sewer Activities
Asset:		
Machinery and Equipment	$ 184,841	$ -
Less: Accumulated Depreciation	-	-
Total	$ 184,841	$ -

Payout schedule:

Year Ending	Total Payments	Principal	Interest
2009	$ 26,015	$ 18,030	$ 7,985
2010	26,015	18,937	7,078
2011	26,015	19,890	6,125
2012	112,501	112,035	466
Totals	$ 190,546	$ 168,892	$ 21,654

Changes in long term debt:

	July 1, 2007	Additions	Reductions	June 30, 2008	Amount Due within 12 Months
Governmental activity					
Compensated absences	$ 259,614	$ -	$ 59,202	$ 200,412	$ 938
Capital leases	-	184,841	15,832	169,009	18,030
Total Government Activites	$ 259,614	$ 184,841	$ 75,034	$ 369,421	$ 18,968
Business-Type Activities					
Compensated absences	$ 19,703	$ -	$ 10,060	$ 9,643	
Closure Liability	1,244,118	-	7,243	1,236,875	
Total Business-Type Activites	$ 1,263,821	$ -	$ 17,303	$ 1,246,518	$ -

Note 11: Compliance

At June 30, 2008 the County was not in compliance with the following statutes:

OCGA 51-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".
OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control and the advertising of the adoption meeting.
OCGA 48-13-51 Relating to the collection of a Hotel/Motel Tax without the benefit of a contract and required expenditure of the statutory amounts for promotion of tourism and trade within the County.

Note 11: Compliance(cont)

OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.
House Bill 253 (Special Legislation) Relating to the required procedures by the Sheriff concerning fees and revenues collected by the Sherriff's Department and expenditures of non appropriated funds.
OCGA 48-8-122 Relating to the publishing of financial activity of Special Purpose Local Option Taxes.
OCGA 45-8-12 Relating to collateralization of public funds in banks.
OCGA 15-21-101 Relating to the inappropriate expenditure of Drug Abuse Treatment and Education funds.
OCGA 36-80-19 Relating to the general codification of County ordinances and resolutions.
OCGA 36-81-3 Relating to the adoption and use of the Uniform Chart of Accounts.

Note 13: Interfund balances and transfers

Due to/Due from other funds

	Due From:				
Due to:	E-911 Fund	Solid Waste Fund	Transportation Fund	General Fund	Total
General fund	$ 71,335	$ 838,679	$ 3,494	$ -	$ 913,508
	-	-	-		
Airport Grant	-	-	-	9,970	9,970
	-	-	-		
Capital Projects	-	-	-	47,787	47,787
Totals	$ 71,335	$ 838,679	$ 3,494	$ 57,757	$ 971,265

Interfund balances at March 31, 2006, consisted of the following amounts and represent charges for services or reimbursable expenses and expenditures out of capital outlay (SPLOST) funds for operating expenses in the general fund occurring in prior years. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is complete.

Note 13: Interfund balances and transfers(cont)

Interfund transfers

Transfer from:	Transfer to: General fund	Solid Waste	Grant Fund	Capital Projects	Totals
General fund	$ -	$ -	$ 827	$ -	$ 827
Grant Fund	-	-	-	259,256	259,256
Senior Center Fund	88,850	-	-	-	88,850
Transportation Fund	71,047	-	-	-	71,047
Capital Projects	112,690	7,651	-	-	120,341
	$ 272,587	$ 7,651	$ 827	$ 259,256	$ 540,321

Note 14 Landfill Closure and Postclosure Cost

Closure and Postclosure care is required by both federal and state regulations. The estimate for post closure liability is for the cost of monitoring for thirty years after landfill closure without allowance for inflation, changes in technology, or changes in laws or regulations. In 2000, the County closed its solid waste landfill and is now in the postclosure phase. The postclosure estimate will be amortized at the rate of $34,796 for the balance of the 30 year period. These cost and estimates are recognized in the government-wide financial statements. The actual postclosure cost will be met by resources out of the general fund.The unamortized balance of postclosure cost at June 30, 2008 was $1,236,875.

Note 15: Hotel/Motel Tax Compliance – Primary Government

Elbert County, Georgia collects five percent (5%) hotel/motel tax. State statutes require the County to contract with a not for profit organization and fund that organization with a minimum of 40% of collections which must be expended on the promotion of tourism and trade. The County has a working relationship with Elbert County Chamber of Commerce and funds that organization with hotel/motel tax collections.

For the fiscal year ending June 30, 2008:

Tax collections	$12,494
Amount provided to Chamber of Commerce	$2,500
Promotion expenditures	$2,500

The County is not in compliance with state statutes concerning Hotel/Motel Tax collections.

ELBERT COUNTY, GEORGIA
Defined Benefit Retirement Plan
Required Supplementary Information
Schedule of Funding Progress
June 30, 2008

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
December 31, 2007	$ 7,422,475	$ 9,123,033	$ 1,700,558	81.4%	$ 4,294,683	39.6%
December 31, 2006	$ 6,643,482	$ 8,085,123	$ 1,441,641	82.2%	$ 4,337,341	33.2%
December 31, 2005	$ 5,832,301	$ 7,872,376	$ 2,040,075	74.1%	$ 3,940,288	51.8%
December 31, 2004	$ 5,031,707	$ 7,347,745	$ 2,316,038	68.5%	$ 3,654,751	63.4%
December 31, 2003	$ 4,387,375	$ 6,661,784	$ 2,274,409	65.9%	$ 3,940,890	57.7%
December 31, 2002	$ 3,550,951	$ 5,564,713	$ 2,013,762	63.8%	$ 3,109,770	64.8%

Elbert County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	$ 22,338	$ 71,185	$ 4,748	$ 11,712	$ 683	$ 16,130	$ 126,796
Accounts receivable, net	663	33,105	-	13,354	-	3,580	50,702
Due from other governments	-	-	1,938	-	-	1	1,939
Total assets	$ 23,001	$ 104,290	$ 6,686	$ 25,066	$ 683	$ 19,711	$ 179,437
Liabilities							
Accounts payable	$ -	$ 20,471	$ -	$ 167	$ -	$ -	$ 20,638
Total Liabilities	-	20,471	-	167	-	-	20,638
Fund balance							
Unreserved - undesignated	23,001	83,819	6,686	24,899	683	19,711	158,799
Total Fund balances	23,001	83,819	6,686	24,899	683	19,711	158,799
Total liabilities and fund balance	$ 23,001	$ 104,290	$ 6,686	$ 25,066	$ 683	$ 19,711	$ 179,437

Elbert County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Law Library	Senior Center	10% Fines Jail Fund	Special Drug Fund	Drug Task Force	Hotel/Motel Tax Fund	Total Nonmajor Governmental Funds
Revenues							
Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,494	12,494
Fines and forfeitures	10,374	-	28,786	24,078	-	-	63,238
Charges for services	-	1,293	-	-	-	-	1,293
Intergovernmental	-	286,250	-	-	-	-	286,250
Interest	-	12	85	372	26	582	1,077
Total Revenues	10,374	287,555	28,871	24,450	26	13,076	364,352
Expenditures							
Current							
Public safety	-	-	27,955	27,498	218	-	55,671
Court system	9,711	-	-	-	-	-	9,711
Health and welfare	-	148,097	-	-	-	-	148,097
Housing and development	-	-	-	-	-	8,876	8,876
Total Expenditures	9,711	148,097	27,955	27,498	218	8,876	222,355
Excess revenues/(expenditures)	663	139,458	916	(3,048)	(192)	4,200	141,997
Other financing sources/(uses)							
Transfer out	-	(88,850)	-	-	-	-	(88,850)
Total Other Financing Sources (Uses)	-	(88,850)	-	-	-	-	(88,850)
Net Changes in Fund Balances	663	50,608	916	(3,048)	(192)	4,200	53,147
Fund balance-beginning	22,338	33,211	5,770	27,947	875	15,511	105,652
Fund balance-ending	$ 23,001	$ 83,819	$ 6,686	$ 24,899	$ 683	$ 19,711	$ 158,799

Elbert County, Georgia
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2008

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 13,210	$ 1,919	$ 15,129
Accounts receivables (net)	5,000	1,870	6,870
Intergovernmental receivables	24,274	-	24,274
Total current assets	42,484	3,789	46,273
Noncurrent Assets			
Capital assets, net of depreciation	7,244	173,988	181,232
Total noncurrent assets	7,244	173,988	181,232
Total assets	$ 49,728	$ 177,777	$ 227,505
Liabilities and net assets			
Current Liabilities			
Accounts payable	$ 8,532	$ 1,145	$ 9,677
Due to other funds	3,494	-	3,494
Compensated absences	2,557	-	2,557
Total Current liabilities	14,583	1,145	15,728
Noncurrent Liabilities			
Compensated absences	1,956	-	1,956
Total noncurrent liabilities	1,956	-	1,956
Total Liabilities	16,539	1,145	17,684
Net Assets			
Invested in capital assets	7,244	173,988	181,232
Unrestricted	25,945	2,644	28,589
Total Net Assets	33,189	176,632	209,821
Total liabilities and net assets	$ 49,728	$ 177,777	$ 227,505

Elbert County, Georgia
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2008

	Public Transportation Fund	Civic Center / Recreation Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Charges for services	$ 70,034	$ 15,076	$ 85,110
Total operating revenues	70,034	15,076	85,110
Operating expenses			
Personal services	18,353	-	18,353
Supplies	40,018	13,767	53,785
Depreciation and amortization	-	4,650	4,650
Total operating expenses	58,371	18,417	76,788
Operating income (loss)	11,663	(3,341)	8,322
Non-operating revenues/(expenses)			
Grants	54,996	-	54,996
Interest income	-	12	12
Total non-operating revenues (expenses)	54,996	12	55,008
Income (loss) before transfers	66,659	(3,329)	63,330
Transfer out	(71,047)	-	(71,047)
Change in net assets	(4,388)	(3,329)	(7,717)
Total net assets-beginning	37,577	179,961	217,538
Total net assets-ending	$ 33,189	$ 176,632	$ 209,821

ELBERT COUNTY, GEORGIA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For The Year Ended June 30, 2008

	Public Transportation Fund	Civic Center/ Recreation Fund	Nonmajor Proprietary Fund Totals
Cash flows from operating activities:			
Receipts from customers	$ 70,034	$ 15,076	$ 85,110
Payments to suppliers	(35,905)	(13,873)	(49,778)
Payments to employees	(18,383)	0	(18,383)
Net cash provided by operating activities	15,746	1,203	16,949
Cash flows from noncapital financing			
Transfer to other funds	(71,047)	-	(71,047)
Loans from other funds	4,610	-	4,610
Operating grant	54,996	-	54,996
Net cash provided (used) by noncapital financing activities	(11,441)	-	(11,441)
Cash flows from investing activities:			
Interest on investments	-	12	12
Net cash provided by investing activities	-	-	12
Net increase in cash and cash equivalents	4,305	1,203	5,520
Balances - beginning of year	8,905	704	9,609
Balances - end of year	$ 13,210	$ 0	$ 15,129
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$ 11,663	$ (3,341)	$ 8,322
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	4,650	4,650
Changes in assets and liabilities:			
Accounts payable	4,083	(106)	3,977
Net cash provided by operating activities	$ 15,746	$ 1,203	$ 16,949

Elbert County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
All Agency Funds
June 30, 2008

	Clerk of Superior Court	Probate Court	Magistrate Court	Tax Commissioner	Sheriff	Total
Assets						
Cash and cash equivalents	$ 245,368	$ 8,940	$ 6,858	$ 252,972	$ 28,670	$ 542,808
Taxes Receivable, net	-	-	-	417,922	-	417,922
Total assets	$ 245,368	$ 8,940	$ 6,858	$ 670,894	$ 28,670	$ 960,730
Liabilities						
Due to others	$ 199,775	$ 1,565	$ 2,467	$ 450,588	$ 12,220	$ 666,615
Due to other governmental units	3,752	42	29	-	-	3,823
Due to the County	41,841	7,333	4,362	220,306	16,450	290,292
Total liabilities	$ 245,368	$ 8,940	$ 6,858	$ 670,894	$ 28,670	$ 960,730

Certified Public Accountants

Walker & Associates

A Professional Corporation

American Institute of
Certified Public Accountants
Georgia Society of
Certified Public Accountants
AICPA Employee Benefit
Quality Audit Center
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Audit Quality Center

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Wayne Tuck, CPA
Gail Stepp
Martha P. Smith
Teresa Standridge

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

To the Board of Commissioners
Elbert County, Georgia
Elberton, Georgia

We have audited the 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, 2008, which collectively comprise the Elbert County, Georgia's basic financial statements and have issued our report thereon dated December 18, 2008. The report on the governmental activities was qualified due to the lack of proper documentation over capital assets and associated accumulated depreciation . 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elbert County, Georgia's internal control over financial reporting as a basis for designing our auditing 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 the Elbert County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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 questioned costs to be significant deficiencies in internal control over financial reporting. [2008-1 through 2008-5]

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and,

accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2008-1 through 2008-5 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elbert County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 questioned costs as item 2008-8.

Elbert County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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, the Elbert County Board of Commissioners , and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Associates CPAs PC
Gainesville, Georgia
December 18, 2008

ELBERT COUNTY, GEORGIA
Findings and Questioned Cost
For the Year Ended June 30, 2008

Summary of Auditor's Results

1. The auditor's report expresses a qualified opinion on the financial statements of Elbert County, Georgia.

2. Reportable conditions relating to the audit of the financial statements are reported in this schedule under the caption "Findings-Financial Statement Audit". Findings 2008-1 through 2008-6 are considered material weaknesses.

3. Instances of noncompliance material to the financial statements of Elbert County were disclosed during the audit.

4. No reportable conditions relating to the audit of the major federal award programs were reported.

5. The auditor's report on compliance for the *CDBG Small Cities Program* and the *Highway Planning and Construction Program* expresses and unqualified opinion.

6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs include: Small Cities Program CFDA # 14.228 and Highway Planning an Construction Program CFDA # 20.205.

8. The threshold used for distinguishing between Type A and B programs was $300,000.

9. Elbert County, Georgia did not qualify as a low-risk auditee.

Internal Control

2008-1

The County currently allows several of its department heads to manage and maintain records pertaining to grant applications and operating leases. Copies of these records are not retained by the County Finance Officer and as a result the Finance Officer may not have knowledge of the existence a grant or lease.

We recommend that all leases and grants be managed by the Finance Officer. It is extremely important that grant compliance be closely monitored and the financial details be properly recorded in the County's financial statements. In addition, leases of all types should be funneled through the Finance Officer as a control check for the legality of the lease and proper financial reporting of lease payments.

2008-2

Currently neither the EMS staff nor the Tax Assessor's Office is reconciling the bank statements at the end of each month. In addition, the EMS staff is not reconciling their accounts receivable ledger monthly.

These are extremely important internal control procedures which can detect errors and mistakes in a timely manner. We recommend that the County Finance Officer assist this department in developing procedures for completing

necessary internal control steps and that the Finance Officer insure that these steps are completed on a continuing basis.

2008-3

Several departments including Park and Recreation and the Detention Center were unable to provide documentation for receipts and disbursements for parts, if not all, of the fiscal year.

Documentation for receipts and disbursements should be mandatory with controls in place to insure compliance. In addition, we recommend that all accounting functions be centralized in the County Finance Officer's office.

2008-4

We observed many instances of inconsistent coding of expenditures, inappropriate cut off of year-end financial data and lack of training in the operation of software for financial reporting.

We recommend training of accounting personnel in the importance of proper cutoff procedures and operation of the financial reporting software.

2008-5

The County has not maintained proper records concerning capital assets previously purchased nor has it maintained appropriate documentation over depreciation schedules relating to those assets. We strongly recommend that the County acquire those records and schedules and maintain them in the County's own files.

2008-6

The Clerk of Court's office has made distributions greater than collections due to clerical errors or software malfunction. Currently the office must collect funds in the next month to make indicated required distributions as computed at the end of the previous month. We recommend an extensive examination of the computation of allocated receipts.

2008-7

For several years the Tax Commissioner has maintained a bank account with unclaimed funds from a previous tax sale. We recommend the County Attorney research the possibility of obtaining court approval to turn over these funds to the County Treasurer with the possible provision that if the Tax Commissioner ever receives a valid claim, the County General Fund would immediately pay over the funds.

Compliance

2008-8

At June 30, 2008 the County was not in compliance with the following statutes:

OCGA 51-14-4 Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting".

OCGA 36-81-3 Relating to the adoption of a balanced operating budget at the established legal level of control and the advertising of the adoption meeting.

OCGA 48-13-51 Relating to the collection of a Hotel/Motel Tax without the benefit of a contract and required expenditure of the statutory amounts for promotion of tourism and trade within the County.

OCGA 16-13-49 Relating to the reporting of drug seizure amounts to the County Board of Commissioners.

House Bill 253 (Special Legislation) Relating to the required procedures by the Sheriff concerning fees and revenues collected by the Sherriff's Department and expenditures of non appropriated funds.

OCGA 48-8-122 Relating to the publishing of financial activity of Special Purpose Local Option Taxes.

OCGA 45-8-12 Relating to collateralization of public funds in banks.

OCGA 15-21-101 Relating to the inappropriate expenditure of Drug Abuse Treatment and Education funds.

OCGA 36-80-19 Relating to the general codification of County ordinances and resolutions.

OCGA 36-81-3 Relating to adoption and use of the Uniform Chart of Accounts.

We recommend the County comply with all relevant statutes concerning the operation of a local government in order to reduce the risk of litigation and other unforeseen actions.

Management Response: See page 52 "Planned Corrective Action"

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Walker & Associates

A Professional Corporation

American Institute of
Certified Public Accountants
Georgia Society of
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AICPA Employee Benefit
Quality Audit Center
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Elbert County, Georgia
Elberton, Georgia

Compliance

We have audited the compliance of Elbert County, Georgia with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008 . Elbert County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Elbert County, Georgia's management. Our responsibility is to express an opinion on Elbert County, Georgia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elbert County, Georgia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elbert County, Georgia's compliance with those requirements.

In our opinion, Elbert County, Georgia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Elbert County, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Elbert County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Elbert County, Georgia's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote

likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above.

Elbert County, Georgia's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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, the Elbert County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Walker & Associates CPAs PC
Gainesville, Georgia
December 18, 2008

Elbert County, Georgia
Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2008

Federal Grantor/Pass-through Grantor/Program or cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Pass-through program from State Department of Community Affairs-Community Development Block Grant, Small Cities Program	14.228	05P-Y-052-1-3076	$500,000
U.S. Department of Transportation:			
Direct Program:			
New Freedom Program	20.521		54,996
Federal Aviation Administration-Airport Improvement Program	20.106		148,372
Total direct programs			203,368
Pass-through program from State Department of Transportation	20.205	TEE-0006-00	495,000
Total U.S. Department of Transportation			698,368
Total expenditures of federal awards			$1,198,368

See accompanying notes to schedule of expenditures of federal awards.

Elbert County, Georgia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

Note 1-Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elbert County, Georgia and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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Independent Auditor's Report on
Special County One Percent Sales and Use Tax

To the Board of Commissioners
Elbert County, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax for Elbert County, Georgia for the year ended June 30, 2008. 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 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 financial statement presentation. 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 on Note 1 and is not intended to be a complete presentation of 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 Elbert County, Georgia's resolution or ordinance calling for the tax for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America..

Walker & Associates CPA's, PC
Gainesville, Georgia
December 18, 2008

Elbert County, Georgia
Special Local Option Sales Tax
Estimated Cost and Expenditure Summary
For the Year Ended June 30, 2008

2001 Projects	Estimated Cost		Expenditures			
	Original	Current	Prior Years	Current Year	Total	Completion
Capital Projects:						
Public Safety Complex	$ 3,320,758	$ 1,611,169	$ 2,958,377	$ 146,673	$ 3,105,050	100%
Admin. Bldg/Courthouse	1,810,263	1,310,263	1,780,596	6,638	1,787,234	100%
Animal Control Center	192,418	192,418	192,418	-	192,418	100%
Road, Street & Bridges	1,700,766	1,367,511	1,367,511	-	1,367,511	100%
Recreation Projects	990,332	240,332	929,301	-	929,301	100%
EMS	314,084	314,084	314,084	-	314,084	100%
Public Safety/Sheriff	794,403	498,717	798,271	17,072	815,343	100%
Bowman Projects	48,725	48,725	48,725	-	48,725	100%
Elberton Allocations	600,000	600,000	600,000	-	600,000	100%
Total Capital Projects	9,771,749	6,183,219	8,989,283	170,383	9,159,666	
Debt Service-Principle	5,000,000	5,000,000	5,000,000	-	5,000,000	100%
Debt Service-Interest	539,583	539,583	537,544	-	537,544	100%
Total	5,539,583	5,539,583	5,537,544	-	5,537,544	
General Fund Debt Service *	-	-	550,000	-	550,000	100%
Total	$ 15,311,332	$ 11,722,802	$ 15,076,827	$ 170,383	$ 15,247,210	
	✓		✓			
2006 Projects						
Capital Projects:						
Road, Street & Bridges	$ 5,034,966	$ 5,034,966	$ 360,296	$ 581,142	$ 941,438	19%
Senior Center	419,580	419,580	178,330	646,318	824,648	197%
Solid Waste Facility	41,958	41,958	5,804	7,651	13,455	32%
Total Capital Projects	5,496,504	5,496,504	544,430	1,235,111	1,779,541	
Vehicles and Equipment						
Solid Waste	167,832	167,832	79,887	-	79,887	48%
Animal Control	41,958	41,958	-	-	-	0%
Road Department	62,937	62,937	-	124,694	124,694	198%
Board of Assessors	25,175	25,175	-	-	-	0%
Fire Department	251,748	251,748	26,303	20,900	47,203	19%
Emergency Services	251,748	251,748	29,432	40,466	69,898	28%
Sheriff's Department	251,748	251,748	75,000	51,856	126,856	50%
Building & Maintenance	25,175	25,175	16,595	25,149	41,744	166%
Code Enforcement	25,175	25,175	-	-	-	0%
Total Vehicles and Equipment	1,103,496	1,103,496	227,217	263,065	490,282	
Elberton Projects	2,900,000	2,900,000	640,228	693,863	1,334,091	46%
Bowman Projects	500,000	500,000	110,384	119,862	230,246	46%
Total	$ 10,000,000	$ 10,000,000	$ 1,522,259	$ 2,311,901	$ 3,834,160	
	✓		✓			

ELBERT COUNTY
Board of Commissioners
P.O. Box 6109
45 Forest Avenue
Elberton, Georgia 30635
706/283-2000 Telephone
706/283-1818 Fax

TOMMY LYON, Chairman
W.D. ALBERTSON, Commissioner
FRANK EAVES, Commissioner
HORACE HARPER, Commissioner
JOHN HUBBARD, Commissioner
JERRY HEWELL, Commissioner

BOB THOMAS, Co. Administrator
JUDY VAUGHN, Co. Clerk
DANIEL GOODE, Finance Director
BILL DAUGHTRY, Co. Attorney

January 9, 2009

Mr. Ed Blaha, Director
Georgia Dept of Audits & Accounts
Nonprofit and Local Government Audits
254 Washington St., Ste. 322
Atlanta, GA 30334-8400

RE: Corrective Action Plan Review, FYE June 30, 2008

Dear Mr. Blaha,

Elbert County respectfully submits the following explanation and corrective action plan for the following findings:

INTERNAL CONTROL

2008-1

The County currently allows several of its department heads to manage and maintain records pertaining to grant applications and operating leases. The County Finance Officer does not retain copies of these records and as a result the Finance Officer may not have knowledge of the existence of a grant or lease.

Response: We concur with the finding and will begin restructuring grants management for all new grants and instruct our finance officer to inventory all existing grants.

2008-2

Currently neither the EMS staff nor the Tax Assessor's Office is reconciling the bank statements at the end of each month. In addition, the EMS staff is nor reconciling their accounts receivable ledger monthly.

Response: We concur with the finding and have instructed the department head to insure these control procedures are being performed.

2008-3

Several departments including Park & Recreation and the Detention Center were unable to provide documentation for receipts and disbursements for parts, if not all, of the fiscal year.

Response: We concur with the finding and have instructed the department heads to insure that all documentation is safe guarded and properly stored. In addition, we have instructed all departments that unless receipts are turned in, reimbursements will not be allowed.

2008-4

We observed many instances of inconsistent coding of expenditures, inappropriate cut off of year-end financial data and lack of training in the operation of software for financial reporting.

Response: We concur with the finding. Our County has just hired a new finance officer who is a well-trained accountant and will insure more consistent accounting procedures.

2008-5

The County has not maintained proper records concerning capital assets previously purchased nor has it maintained appropriate documentation over depreciation schedules relating to those assets. We strongly recommend that the County acquire those records and schedules and maintain them in the County's own files.

Response: We concur with the finding. We have instructed our new finance officer to immediately begin the reconstruction process of these records with an expected completion date of June 30, 2009.

2008-6

The Clerk of Court's office has made distributions greater than collections due to clerical errors or software malfunction. Currently the office must collect funds in the next month to make indicated required distributions as computed at the end of the previous month. We recommend an extensive examination of the computation of allocated receipts.

Response: We concur with the finding. We have met with the Clerk of Courts and started a process to determine the source of the errors. The investigation will take a few months but this situation will not be allowed to continue.

2008-7

For several years the Tax Commissioner has maintained a bank account with unclaimed funds from a previous tax sale. We recommend the County Attorney research the possibility of obtaining court approval to turn over these funds to the County Treasurer with the possible provision that if the Tax Commissioner ever receives a valid claim, the County General Fund would immediately pay over the funds.

Response: We concur with the finding. We have met with the Tax Commissioner and County Attorney to determine the feasibility of complying with the recommendation.

COMPLIANCE

At June 30, 2008, the County was not in compliance with the following statues:

OCGA 51-14-4. Relating to a notarized affidavit concerning the need for the Board of Commissioners to go into a "Closed Meeting"

OCGA 36-81-3. Relating to the adoption of a balanced operating budget at the established legal level of control and the advertising of the adoption meeting.

OCGA 48-13-51. Relating to the collection of a Hotel/Motel Tax without the benefit of a contract and required expenditure of the statutory amounts for promotion of tourism and trade within the County.

OCGA 16-13-49. Relating to the reporting of drug seizure amounts to the County Board of Commissioners.

House Bill 253 (Special Legislation). Relating to the required procedures by the Sheriff concerning fees and revenues collected by the Sheriff's Department and expenditures of non-appropriated funds.

OCGA 48-8-122. Relating to the publishing of financial activity of Special Purpose Local Option Taxes.

OCGA 45-8-12. Relating to collateralization of public funds in banks.

OCGA 15-21-101. Relating to the inappropriate expenditure of Drug Abuse Treatment and Education funds.

OCGA 36-80-19. Relating to the general codification of County ordinances and resolutions.

OCGA 36-81-3. Relating to adoption and use of the Uniform Chart of Accounts.

Response: We concur with the findings. We have requested the County Attorney to advise us on the proper method of complying with these issues. In addition, we have discussed these finding with our finance officer and County Clerk and requested their assistance in these matters.

If you have any questions regarding the Plan of Corrective Action please contact me at 706/283-2000.

Sincerely,

Bob Thomas

Bob Thomas, Administrator
Elbert County Government