HABERSHAM COUNTY, GEORGIA

Annual Financial Report

For the fiscal year ended June 30, 2008

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HABERSHAM COUNTY, GEORGIA
FINANCIAL REPORT
For the fiscal year ended June 30, 2008

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Independent Auditor's Report

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, 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 Habersham County, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Habersham County, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Habersham County Health Department, a component unit of Habersham County, Georgia, which represent 9.1 percent, 12.4 percent, and 73.0 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinions on the financial statements, insofar as they relate to the amounts included for the Habersham County Health Department, is based on the report of the other auditors.

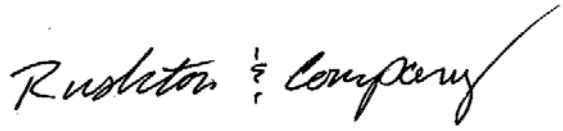
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information of Habersham County, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison of the General Fund 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 19, 2008, on our consideration of Habersham County, Georgia's internal control over financial reporting and 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 should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 13 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Habersham County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules, other supplementary information, and the special purpose local option sales tax report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The single audit section with the 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 not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, the other supplementary information, the state reporting section with the special purpose local option sales tax report, and the single audit section with the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants

Gainesville, Georgia
December 19, 2008

HABERSHAM COUNTY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Habersham County, it is our pleasure to present this narrative discussion and analysis of Habersham County's financial performance, making available an overview of the activities for the fiscal year ended June 30, 2008. This report is drafted annually to provide readers of financial statements with information that will help them make timely and meaningful financial decisions or draw conclusions about Habersham County. As required by the Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis affords comparisons with the previous fiscal year.

Financial Highlights

- Habersham County's assets exceeded its liabilities at June 30, 2008, by $68,484,078 (*net assets*). Of this amount, $6,372,999 (*unrestricted net assets*) may be used to meet the County's ongoing obligations. This is an increase of approximately $1,758,236 or 2.63% over the previous fiscal year. Unrestricted net assets decreased by $1,034,488 or 13.97%.

- As of June 30, 2008, Habersham County's governmental funds reported combined ending fund balances of $15,263,347. Approximately 94% of this total amount or $14,358,667 is available for spending as unreserved, undesignated fund balance.

More detailed information regarding these activities and funds begins on page 14.

Overview of the Financial Statements

This discussion and analysis narrative is intended to serve as an introduction to Habersham County's basic financial statements. Habersham County's basic financial statements are composed of three elements: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains required supplementary information in addition to our basic financial statements.

Government-wide Financial Statements (Reporting the County as a whole). The focus of the government-wide financial statements is on the overall financial position and activities of Habersham County and is designed to provide a broad overview of the County's financial activities in a manner similar to a private business enterprise.

The County's government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These two statements report information about Habersham County using the accrual basis of accounting, which is similar to the accounting used by non-public businesses. All of the current year's

revenues and expenses are taken into account regardless of when cash is received or paid.

The purpose of the ***Statement of Net Assets*** (pages 14-15) is to report all of the assets held and liabilities owed by the County. The County reports all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. The difference between the total assets and total liabilities is labeled *net assets*. While the purpose of County Government is not to accumulate net assets, as this amount increases it can indicate the strength of the County's financial position as a whole.

The ***Statement of Activities*** (page 16) presents the revenues and expenses of the County. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred in this statement. Thus, revenues are reported even when they may not be collected for several weeks after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period. The difference is described as *change in net assets*. The Statement of Activities primary focus is on the *net cost* of various activities provided by the County and identifies the extent to which each function of the County draws from general revenues or is self-financing through user fees, special revenues, grants, or other sources.

In the Statement of Net Assets and the Statement of Activities, we divide Habersham County into three types of activities:

- ***Governmental activities*** – Most of the County's basic services are reported under this category which includes: judicial, public safety, public works, and general administration. Taxes such as: real property, sales, insurance premium and intangible finance most of these services.

- ***Business-type or Enterprise activities*** – The County charges fees to customers to assist in recovering the cost for providing certain services. The County's water services, solid waste tipping fees and transit system fees are reported in this category.

- ***Discretely Presented Component Units*** – A component unit is a legally separate organization for which the elected officials of the County can be financially accountable. The Northeast Georgia Drug Task Force, the Habersham County Development Authority, and the Habersham County Health Department, although legally separate, function for all practical purposes as departments of Habersham County and have been included as an integral part of the primary government.

The County's government-wide financial statements are presented on pages 14-16.

Fund Financial Statements (Reporting the County's Major Funds).
The focus of fund financial statements is directed at specific activities of the County and its most significant funds, not the County as a whole. A fund is an entity with a self-balancing set of accounts that the County uses to track specific resources and expenditures, either for management purposes or because of legal mandates. In

addition to the major funds, individual fund data for the County's non-major funds can be found beginning on page 63. The County's funds are divided into three broad categories: governmental; proprietary; and fiduciary. They use different prescribed accounting methodologies.

- ***Governmental Funds*** – These funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on the short-term view of the County's general government operations and the basic services it provides. Governmental funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash.

  Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements and because of the different accounting methods used to prepare them, there are often significant differences between the totals presented in these financial statements. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By so doing, readers may better understand the long-term impact of the government's near-term financing decisions. An analysis of the balance sheet and the statement of revenues, expenditures, and changes in fund balances that reconciles the two statements are provided following each statement.

  Habersham County maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and SPLOST # 4 Capital Projects Fund, which are considered major funds. Data from the other eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 63-66 of this report.

  Habersham County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been included for the General Fund to show the final result of actual revenues & expenditures as compared to the initial projections.

  The County's basic governmental fund financial statements are presented on pages 17-22 of this report.

- ***Proprietary Funds*** – When the County charges customers for the services it provides – whether to outside customers or internally to departments of the County – these services are generally reported in proprietary funds. These proprietary funds are prepared using the same accounting basis as the government-wide financial statements.

Enterprise fund statements report the same functions presented in the business-type activities columns of the government-wide financial statements. Habersham County uses enterprise funds to account for its Water, Solid Waste and Transit functions.

The County's proprietary fund financial statements are presented on pages 23-25.

- ***Fiduciary Funds –*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs and services. The accounting used for fiduciary funds is similar to that used for proprietary funds.

  Fiduciary funds are presented in the fund financial statements but are not reported in the government-wide financial statements.

  The fiduciary fund financial statements are presented on page 26.

Notes to the financial statements.
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-62 of this report.

Other Supplementary Information.
Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

This report includes two schedules (pages 18 and 20) which reconcile the amounts reported on the governmental fund financial statements (modified accrual basis of accounting) with the governmental activities reported on the government-wide financial statements (accrual basis of accounting). The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities on the government-wide statements are not reported on fund financial statements.

- Certain tax revenues that are earned, but not available, are reported as revenue on the government-wide statement but as deferred revenue on the fund statements.

- Unless due and payable, long-term liabilities, such as lease obligations, compensated absences, bonds and notes payable, and others only appear as liabilities in the government-wide statements.

- Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures on the governmental fund financial statements.

- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements but are reported as expenditures on the governmental fund financial statements.

Overview of the County's Financial Position and Operations

The County's overall financial position and operations for this fiscal year is summarized as follows based on the information included in the government-wide financial statements (see pages 14-16):

Habersham County
Net Assets (Financial Position)
Fiscal Year 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 16,900,644	$ 14,762,695	$ 8,713,853	$ 10,459,812	$ 25,614,497	$ 25,222,507
Capital assets	36,692,337	37,792,922	13,335,252	9,820,726	50,027,589	47,613,648
Total assets	53,592,981	52,555,617	22,049,105	20,280,538	75,642,086	72,836,155
Current liabilities	2,324,796	2,395,473	1,110,181	691,181	3,434,977	3,086,654
Noncurrent liabilities	812,164	1,148,385	2,910,867	1,875,274	3,723,031	3,023,659
Total liabilities	3,136,960	3,543,858	4,021,048	2,566,455	7,158,008	6,110,313
Net assets:						
Invested in capital assets, net of related debt	35,131,642	35,889,173	13,079,870	9,145,251	48,211,512	45,034,424
Restricted	9,078,259	7,567,334	4,821,308	6,716,597	13,899,567	14,283,931
Unrestricted	6,246,120	5,555,252	126,879	1,852,235	6,372,999	7,407,487
Total net assets	$ 50,456,021	$ 49,011,759	$ 18,028,057	$ 17,714,083	$ 68,484,078	$ 66,725,842

Net assets may serve over time as a useful indicator of a government's financial position. Assets for Habersham County exceeded liabilities by $68,484,078 at the close of the fiscal year 2008.

Approximately 70% of Habersham County's net assets are reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt outstanding that was needed to construct or acquire them. The County uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets comprise 20%. This amount represents resources that are subject to external restrictions or enabling legislation on how they may be used.

The remaining balance of unrestricted net assets 10% may be used to meet the County's ongoing obligations to citizens and creditors.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how Habersham County's net assets changed during the fiscal year.

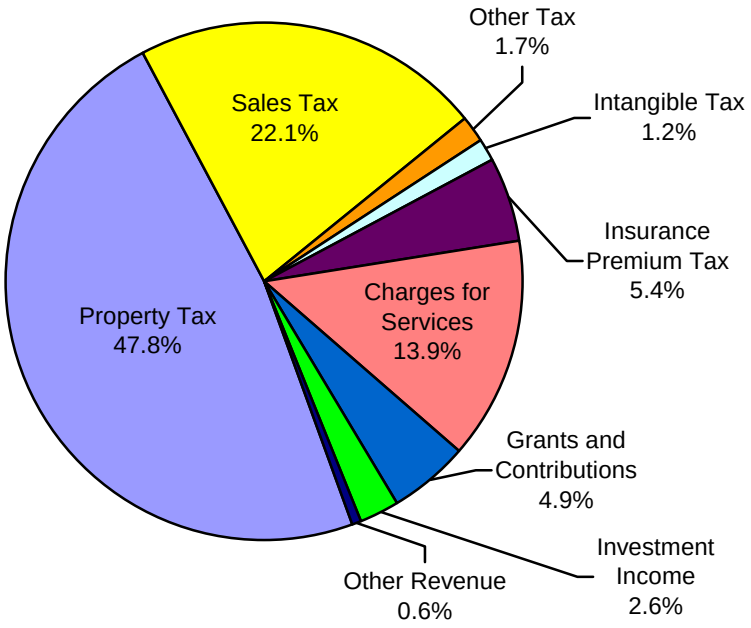
Habersham County
Changes in Net Assets
For the Fiscal Years 2008 and 2007

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 3,295,154	$ 3,237,775	$ 1,690,371	$ 1,729,296	$ 4,985,525	$ 4,967,071
Operating grants and contributions	391,307	179,841	28,533	121,318	419,840	301,159
Capital grants and contributions	756,929	390,183	0	0	756,929	390,183
General revenues:						
Property taxes	11,284,823	11,188,575	0	0	11,284,823	11,188,575
Sales	5,210,582	3,770,732	1,084,900	2,464,972	6,295,482	6,235,704
Intangible	280,837	302,912	0	0	280,837	302,912
Insurance Premium	1,278,426	1,215,797	0	0	1,278,426	1,215,797
Interest & Investment Earnings	608,416	720,305	265,288	147,835	873,704	868,140
Other taxes	390,905	404,083	0	0	390,905	404,083
Other revenue	132,585	129,754	42,751	140	175,336	129,894
Total revenues	23,629,964	21,539,957	3,111,843	4,463,561	26,741,807	26,003,518
Expenses						
General government	3,201,298	2,958,730	0	0	3,201,298	2,958,730
Judicial	2,133,171	2,030,108	0	0	2,133,171	2,030,108
Public Safety	8,893,790	8,009,223	0	0	8,893,790	8,009,223
Public Works	4,862,922	4,896,247	0	0	4,862,922	4,896,247
Health and Welfare	497,478	486,509	0	0	497,478	486,509
Culture and Recreation	1,576,609	1,616,144	0	0	1,576,609	1,616,144
Housing and Development	985,908	2,558,873	0	0	985,908	2,558,873
Interest on long-term debt	79,556	68,853	0	0	79,556	68,853
Water and Sewer	0	0	395,019	696,180	395,019	696,180
Landfill	0	0	2,303,915	1,226,787	2,303,915	1,226,787
Transit	0	0	53,905	50,870	53,905	50,870
Total expenses	22,230,732	22,624,687	2,752,839	1,973,837	24,983,571	24,598,524
Increase (decrease) in net assets before transfers	1,399,232	(1,084,730)	359,004	2,489,724	1,758,236	1,404,994
Transfers	45,030	(25,960)	(45,030)	25,960	0	0
Increase (decrease) in net assets	1,444,262	(1,110,690)	313,974	2,515,684	1,758,236	1,404,994
Net assets - beginning (original)	49,011,759	49,882,424	17,714,083	15,198,399	66,725,842	65,080,823
Prior period adjustment	0	240,025	0	0	0	240,025
Net assets - beginning (restated)	49,011,759	50,122,449	17,714,083	15,198,399	66,725,842	65,320,848
Net assets - ending	$ 50,456,021	$ 49,011,759	$ 18,028,057	$ 17,714,083	$ 68,484,078	$ 66,725,842

Governmental Activities –

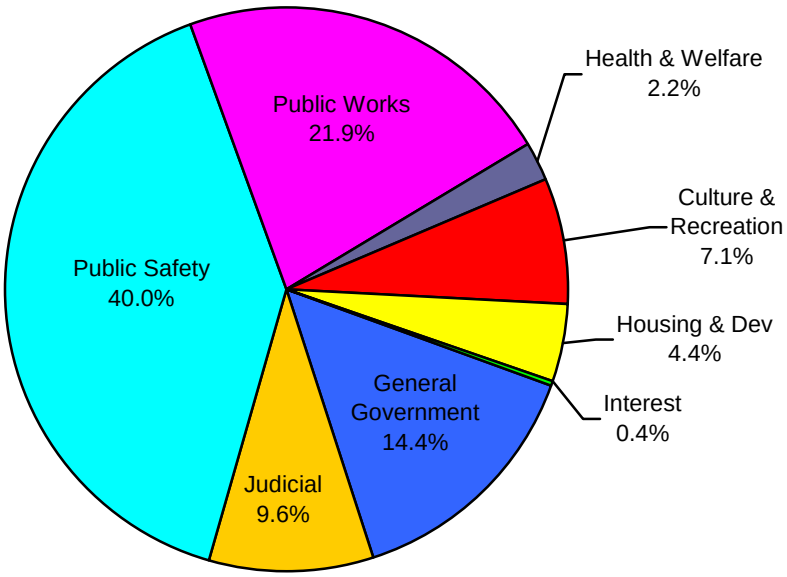
The following chart illustrates revenues of the governmental activities for the fiscal year:

Revenues by Source– Governmental Activities
Fiscal Year Ending June 30, 2008



The following chart illustrates the expenses of the governmental activities for the fiscal year:

Expenditures – Governmental Activities
Fiscal Year Ending June 30, 2008



Business-Type Activities –

Business-type activities increased Habersham County's net assets.

Financial Analysis of the County's Funds

Habersham County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The main focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of unrestricted resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

1) As the County completed this year, its governmental funds reported a combined ending fund balance of $15,263,347. Of this amount, $14,358,667 (94%) constitutes unreserved, undesignated fund balance, which is available for appropriation for the general purposes of the funds. $5,707,340 of this unreserved fund balance belongs to the General Fund.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was $5,707,340 while total fund balance reached $6,144,566. As a measure of the General Fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 36.7% of total General Fund expenditures, while total fund balance represents approximately 39.6% of that same amount. The County ended the fiscal year by increasing the overall Fund Balance by just over $771,000 or approximately 14.4%. The Habersham County Policy on fund balance calls for a minimum of 17% unreserved, undesignated fund balance to be retained.

General Fund Budget Highlights.

The original budget for the General Fund was amended several times reflecting grant awards, reimbursements, insurance claims, as well as unanticipated revenues and expenditures. The Board of Commissioners also approved interdepartmental transfers and transfers from the contingency/reserve for emergencies line item.

Overall the General Fund expenditures totaled approximately $391,421 under the final amended budget projections. However, revenues exceeded expenditures in the General Fund by about $1,222,523 or 7.9% for the year.

It is anticipated that the General Fund budget for fiscal year 2009 may be increased more than the increase for fiscal year 2008. Only a small portion of the General Fund Balance is budgeted for use in FY2009 (4.3%). Current General Fund revenues are exceeding estimates for FY2009 and the General

Fund balance is expected to continue to grow at a rate consistent with the increase in expenditures.

Proprietary Funds. Habersham County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the County's three proprietary funds totaled as follows:

- Water and Sewer $ 436,645
- Solid Waste $ (329,985)
- Transit Fund $ 20,219

The Solid Waste Fund decreased unrestricted net assets by approximately $1,702,956. Changes in engineering estimates and the construction of Cells 4 and 7 have increased the closure & post closure liability to $2,737,723 for the end of fiscal year 2008. This is an increase of $1,121,509 or 69.4%. The Water Fund has combined unrestricted & restricted net assets of approximately $5,257,953. $4,821,308 of this balance consists of proceeds from SPLOST 4 and is restricted to capital improvements.

Capital Assets and Debt Administration

Capital Assets. Habersham County has invested $50,027,589 in capital assets (net of accumulated depreciation) compared to $47,613,648 in the previous fiscal year. This represents an increase of 5%. Approximately 73% of this investment is related to governmental activities and includes infrastructure, land, buildings, and machinery and equipment.

Capital assets held by the County at the end of the fiscal year are summarized as follows:

Habersham County
Capital Assets (net of accumulated depreciation)
Fiscal Years 2007 and 2008

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	$ 3,662,952	$ 3,662,952	$ 665,702	$ 665,702	$ 4,328,654	$ 4,328,654
Land improvements	2,573,468	2,275,060	5,348,705	5,095,901	7,922,173	7,370,961
Buildings	19,460,466	19,401,857	18,923	18,923	19,479,389	19,420,780
Machinery and equipment	1,847,912	1,767,407	1,590,006	1,343,069	3,437,918	3,110,476
Furniture and fixtures	1,616,548	1,179,386	0	0	1,616,548	1,179,386
Vehicles	6,893,519	6,215,766	137,010	104,345	7,030,529	6,320,111
Infrastructure	56,425,504	56,425,504	6,569,799	6,569,799	62,995,303	62,995,303
Construction in progress	873,877	174,494	3,667,721	175,000	4,541,598	349,494
Total	93,354,246	91,102,426	17,997,866	13,972,739	111,352,112	105,075,165
Accumulated Depreciation	(56,661,909)	(53,309,504)	(4,662,614)	(4,152,013)	(61,324,523)	(57,461,517)
Net Capital Assets	$ 36,692,337	$ 37,792,922	$ 13,335,252	$ 9,820,726	$ 50,027,589	$ 47,613,648

Major capital asset expenditures during the current fiscal year for governmental activities included the following:

- Purchase of vehicles and equipment for various departments through capital leases and cash
- Major repairs to several facilities
- Road improvements, culvert repairs and bridge repairs
- Improvements to the Airport including the addition of jet fuel storage and distribution system
- Demolition of the former North Habersham Middle School to clear lot for the construction of a new County judicial facility
- Judicial, governmental and property assessment software upgrades

Major capital asset expenditures during the current fiscal year for business type activities included the following:

- Construction of two new county roads
- Design and installation of a municipal solid waste and construction/demolition disposal cell at the County Solid Waste Management Facility

Additional information on Habersham County's capital assets can be found in Note 9 on pages 46-49 of this report.

Debt/Capital Leases. On June 30, 2008, Habersham County had a total capital lease debt balance outstanding in the amount of $1,816,077. The County's total debt decreased by approximately 28.9% during the course of the fiscal year.

Additional information on the County's long-term debt can be found in Note 11 on pages 51-52 of this report.

Economic Condition and Outlook

Habersham County continues to maintain strong fund reserves and is well positioned to continue to provide services to the citizenry. Moving forward the County will continue to face challenges as a result of a slowing economy. Many key factors were considered in preparation of the budget for fiscal year 2009 that position Habersham County to meet those challenges:

- Continued reliance on residential taxes as an overall part of the tax base
- Need for improvements to the County's physical plant
- Volatility in the cost of fuel & energy
- Continued housing market volatility
- Need for additional personnel, and funds for personnel development and training
- Rising cost of healthcare and other insurance benefits
- Ongoing drought conditions in the region

Contacting the County

This financial report is designed to provide County citizens, taxpayers, customers, and creditors with a general overview of Habersham County's finances and to demonstrate the County's high level of accountability for the revenue it receives and the services it provides Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance
Habersham County
ATTN: Finance Director
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: jtinsley@habershamga.com

Administration
Habersham County
ATTN: County Manager
555 Monroe Street, Unit 20
Clarkesville, Georgia 30523
Email: jallison@habershamga.com

Website
http://www.habershamga.com/finance.cfm

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BASIC FINANCIAL STATEMENTS

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash	$ 17,769,134	$ 2,951,000	$ 20,720,134	$ 874,242
Certificates of deposit	258,921	0	258,921	0
Restricted assets				
Cash	166,112	2,415,221	2,581,333	0
Receivables (net)				
Accounts	114,509	155,370	269,879	28,768
Intergovernmental	13,930	20,769	34,699	52,675
Taxes	1,378,026	263,725	1,641,751	0
Prepaid expenses	98,291	0	98,291	0
Pension assets	9,489	0	9,489	0
Internal balances	(2,907,768)	2,907,768	0	0
Total current assets	16,900,644	8,713,853	25,614,497	955,685
Noncurrent assets				
Capital assets				
Non-depreciable	4,536,829	4,333,423	8,870,252	3,132,452
Depreciable (net)	32,155,508	9,001,829	41,157,337	1,625,286
Total noncurrent assets	36,692,337	13,335,252	50,027,589	4,757,738
Total assets	53,592,981	22,049,105	75,642,086	5,713,423
LIABILITIES				
Current liabilities				
Payables				
Accounts	631,409	378,371	1,009,780	2,726
Intergovernmental	214,639	48,881	263,520	0
Deposits	0	0	0	120,000
Retainages	0	27,078	27,078	0
Interest	12,238	4,750	16,988	18,215
Accrued salaries and expenses	210,191	9,746	219,937	0
Compensated absences	466,023	27,416	493,439	67,000
Customer deposits	0	25,011	25,011	0
Due to others	41,765	0	41,765	106,752
Capital lease payable	748,531	82,238	830,769	0
Notes payable	0	0	0	705,580
Liabilities payable from restricted assets:				
Payables				
Accounts	0	112,442	112,442	0
Intergovernmental	0	264,850	264,850	0
Retainages	0	129,398	129,398	0
Total current liabilities	2,324,796	1,110,181	3,434,977	1,020,273
Noncurrent liabilities				
Compensated absences	0	0	0	8,199
Capital lease payable	812,164	173,144	985,308	0
Notes payable	0	0	0	1,137,384
Post-closure care costs	0	2,737,723	2,737,723	0
Total noncurrent liabilities	812,164	2,910,867	3,723,031	1,145,583
Total liabilities	3,136,960	4,021,048	7,158,008	2,165,856

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

Exhibit A-1, continued

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
NET ASSETS				
Invested in capital assets, net of related debt	$ 35,131,642	$ 13,079,870	$ 48,211,512	$ 2,914,774
Restricted for:				
Judicial	579,499	0	579,499	0
Public safety	458,742	0	458,742	145,494
Health and welfare	0	0	0	424,451
Housing and development	0	0	0	62,848
Capital projects	8,040,018	4,821,308	12,861,326	0
Postclosure care	0	0	0	0
Unrestricted	6,246,120	126,879	6,372,999	0
Total net assets	$ 50,456,021	$ 18,028,057	$ 68,484,078	$ 3,547,567

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities					
General Government	$ 3,201,298	$ 518,829	$ 2,254	$ 0	$ (2,680,215)
Judicial	2,133,171	473,575	333,968	0	(1,325,628)
Public Safety	8,893,790	1,798,349	27,370	431,280	(6,636,791)
Public Works	4,862,922	0	0	268,484	(4,594,438)
Health and Welfare	497,478	0	3,000	0	(494,478)
Culture and Recreation	1,576,609	232,145	4,801	0	(1,339,663)
Housing and Development	985,908	272,256	19,914	57,165	(636,573)
Interest on long-term debt	79,556	0	0	0	(79,556)
Total governmental activities	22,230,732	3,295,154	391,307	756,929	(17,787,342)
Business-type activities					
Water and Sewer	395,019	257,441	0	0	(137,578)
Landfill	2,303,915	1,429,630	0	0	(874,285)
Transit	53,905	3,300	28,533	0	(22,072)
Total business-type activities	2,752,839	1,690,371	28,533	0	(1,033,935)
Total primary government	24,983,571	4,985,525	419,840	756,929	(18,821,277)
Component Units					
Northeast Georgia Drug Task Force					
Public Safety	246,585	42,038	115,902	0	(88,645)
Habersham County Development Authority					
Housing and Development	149,084	0	0	0	(149,084)
Habersham County Health Department					
Health and Welfare	1,237,391	506,222	330,448	0	(400,721)
Total component units	1,633,060	548,260	446,350	0	(638,450)

	Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Change in net assets				
Net (expense) revenue	$ (17,787,342)	$ (1,033,935)	$ (18,821,277)	$ (638,450)
General revenues				
Taxes				
Property	11,284,823	0	11,284,823	0
Sales	5,210,582	1,084,900	6,295,482	0
Intangible	280,837	0	280,837	0
Insurance premium	1,278,426	0	1,278,426	0
Other	390,905	0	390,905	0
Interest and investment earnings	608,416	265,288	873,704	3,111
Rental income	80,234	0	80,234	93,817
Payments from Habersham County	0	0	0	302,119
Gain on sale of assets	0	42,751	42,751	(1,298)
Miscellaneous	52,351	0	52,351	0
Transfers	45,030	(45,030)	0	0
Total general revenues, special items, and transfers	19,231,604	1,347,909	20,579,513	397,749
Change in net assets	1,444,262	313,974	1,758,236	(240,701)
Net assets - beginning (original)	49,011,759	17,714,083	66,725,842	3,819,503
Prior period adjustments	0	0	0	(31,235)
Net assets - beginning (restated)	49,011,759	17,714,083	66,725,842	3,788,268
Net assets - ending	$ 50,456,021	$ 18,028,057	$ 68,484,078	$ 3,547,567

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

Exhibit A-2

HABERSHAM COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	SPLOST #4	Nonmajor Governmental Funds	Totals
ASSETS				
Cash	$ 6,029,264	$ 10,333,203	$ 1,406,668	$ 17,769,135
Certificates of deposit	0	0	258,921	258,921
Receivables (net)				
Accounts	37,460	0	77,048	114,508
Intergovernmental	13,574	0	356	13,930
Taxes	619,236	0	758,790	1,378,026
Prepaid expenses	98,291	0	0	98,291
Due from other funds	435,154	189,264	528,764	1,153,182
Restricted Assets				
Cash	69,168	0	96,944	166,112
Total assets	$ 7,302,147	$ 10,522,467	$ 3,127,491	$ 20,952,105
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 300,097	$ 240,406	$ 90,906	$ 631,409
Intergovernmental payable	42,856	0	171,783	214,639
Accrued salaries and expenses	194,925	0	15,266	210,191
Deferred revenue	529,804	0	0	529,804
Due to other agencies	41,765	0	0	41,765
Due to other funds	48,134	3,303,779	709,037	4,060,950
Total liabilities	1,157,581	3,544,185	986,992	5,688,758
Fund balances				
Reserved for prepaids	98,291	0	0	98,291
Reserved for program expenditures	69,168	0	0	69,168
Reserved for equipment purchases	0	0	96,944	96,944
Unreserved, designated for budget	269,767	0	370,510	640,277
Unreserved, undesignated	5,707,340	6,978,282	0	12,685,622
Special Revenue Funds	0	0	624,866	624,866
Capital Projects Funds	0	0	1,048,179	1,048,179
Total fund balances	6,144,566	6,978,282	2,140,499	15,263,347
Total liabilities and fund balances	$ 7,302,147	$ 10,522,467	$ 3,127,491	$ 20,952,105

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

Exhibit A-3

HABERSHAM COUNTY, GEORGIA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
June 30, 2008

Total fund balance - total governmental funds	$	15,263,347
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets of $93,354,246, net of accumulated depreciation of ($56,661,909), and pension assets of $9,489 are not financial resources and, therefore, are not reported in the funds.		36,701,826
Long-term assets (receivables) are not available to pay current period expenditures and, therefore, are deferred in the fund. These are deferred property taxes.		529,804
Long-term liabilities are not due and payable in the current period and are not reported in the funds. These are capital leases payable of ($1,560,695), interest payable of ($12,238) and compensated absences of ($466,023).		(2,038,956)
Net assets of governmental activities	$	50,456,021

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

HABERSHAM COUNTY, GEORGIA
STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2008

	General	SPLOST #4	Nonmajor Governmental Funds	Totals
REVENUES				
Taxes	$ 12,998,438	$ 4,089,825	$ 1,146,827	$ 18,235,090
Licenses and permits	272,256	0	0	272,256
Fines, fees and forfeitures	1,191,813	0	174,785	1,366,598
Charges for services	919,851	0	730,982	1,650,833
Intergovernmental	959,155	157,900	31,177	1,148,232
Interest	265,209	280,062	63,145	608,416
Contributions	5,470	0	0	5,470
Other	132,459	0	126	132,585
Total revenues	16,744,651	4,527,787	2,147,042	23,419,480
EXPENDITURES				
Current				
General Government	2,773,641	0	0	2,773,641
Judicial	2,104,266	0	19,021	2,123,287
Public Safety	6,568,804	0	1,396,586	7,965,390
Public Works	1,728,820	0	0	1,728,820
Health and Welfare	435,453	0	0	435,453
Culture and Recreation	1,171,594	0	0	1,171,594
Housing and Development	739,550	0	10,428	749,978
Capital outlay	0	3,389,935	1,753,455	5,143,390
Total expenditures	15,522,128	3,389,935	3,179,490	22,091,553
Excess (deficiency) of revenues over (under) expenditures	1,222,523	1,137,852	(1,032,448)	1,327,927
Other financing sources (uses)				
Transfers in	158,423	0	603,470	761,893
Transfers out	(638,721)	0	(78,142)	(716,863)
Proceeds from sale of assets	29,519	0	0	29,519
Issuance of capital leases	0	0	625,000	625,000
Total other financing sources (uses)	(450,779)	0	1,150,328	699,549
Net change in fund balance	771,744	1,137,852	117,880	2,027,476
Fund balances, July 1	5,372,822	5,840,430	2,022,619	13,235,871
Fund balances, June 30	$ 6,144,566	$ 6,978,282	$ 2,140,499	$ 15,263,347

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

Exhibit A-5

HABERSHAM COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2008

Net change in fund balances - total governmental funds	$	2,027,476
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of ($3,526,246) exceeded capital outlays of $2,460,264 in the current period.		(1,065,982)
In the statement of activities, the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the cost of the assets sold of ($208,444), net of related accumulated depreciation of $173,841.		(34,603)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable deferred revenue.		210,482
The proceeds of debt issuance 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 by which debt repayments of $950,246 exceed proceeds of ($625,000).		325,246
Employer contributions to retirement plans in excess of annual pension cost are reported as expenditures in the governmental funds, but result in assets in the governmental activities.		9,489
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. These include the net increase in compensated absences ($33,416) and the net decrease in interest payable $5,570.		(27,846)
Change in net assets of governmental activities	$	1,444,262

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

Exhibit A-6

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2008

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 12,874,800	$ 12,874,800	$ 12,998,438	$ 123,638
Licenses and permits	397,500	397,500	272,256	(125,244)
Fines, fees and forfeitures	952,000	948,500	1,191,813	243,313
Charges for services	754,000	754,000	919,851	165,851
Intergovernmental	353,156	863,871	959,155	95,284
Interest	177,500	177,500	265,209	87,709
Contributions	500	3,797	5,470	1,673
Other	110,500	131,637	132,459	822
Total revenues	15,619,956	16,151,605	16,744,651	593,046
EXPENDITURES				
Current				
General Government				
County-Wide	553,200	553,200	489,993	63,207
Commissioners	179,635	185,635	193,590	(7,955)
County Manager	114,108	114,108	99,790	14,318
County Finance	209,839	209,839	199,732	10,107
County Human Resources	83,210	83,210	85,392	(2,182)
Tax Commissioner	314,889	314,889	301,330	13,559
Tax Assessor	485,214	485,214	446,389	38,825
Board of Equalization	5,250	5,250	3,832	1,418
County Clerk	64,431	64,431	45,996	18,435
Engineer	75,289	75,289	75,744	(455)
Economic Development	102,133	102,133	4,961	97,172
Registar	100,629	100,629	97,521	3,108
Buildings and Grounds	522,814	522,814	484,311	38,503
County Annex	80,100	82,100	88,320	(6,220)
Information Technology	147,983	150,983	156,307	(5,324)
Cannery	6,820	6,820	433	6,387
Judicial				
Drug Abuse Treatment	125,000	125,000	75,099	49,901
Probate Court	217,286	217,286	206,235	11,051
Magistrate Court	387,114	388,114	381,093	7,021
Clerk of Superior Court	544,421	544,421	531,021	13,400
Superior Court	173,104	173,104	146,933	26,171
District Attorney	70,456	75,656	59,072	16,584
Public Defender	275,125	275,125	255,032	20,093
Juvenile Supervision	5,000	5,000	5,307	(307)
Juvenile Court	217,314	217,314	226,751	(9,437)
State Court Judge	141,345	141,345	129,050	12,295
State Court Solicitor	92,662	92,662	88,673	3,989
Public Safety				
Sheriff	1,920,321	2,013,482	2,189,215	(175,733)
Jail	1,781,814	1,742,814	1,718,092	24,722
Animal Control	92,030	92,030	77,752	14,278
Coroner	23,313	25,313	24,631	682
Fire	1,103,618	1,661,273	1,581,685	79,588
Emergency Management Agency	149,127	149,127	119,131	29,996
Ambulance	635,500	645,500	686,355	(40,855)
Animal Shelter	89,500	89,500	86,824	2,676
Northeast Georgia Drug Task Force	85,119	85,119	85,119	0
Public Works				
Road Department	1,654,118	1,671,844	1,728,820	(56,976)

Exhibit A-7, continued

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP) AND ACTUAL
For the fiscal year ended June 30, 2008

	Budget			Variance with
	Original	Final	Actual	Final Budget
Health and Welfare				
Georgia Mountains Community				
Mental Health	$ 25,900	$ 25,900	$ 25,900	$ 0
Senior Center	164,322	164,322	164,234	88
Habersham County				
Health Department	180,000	180,000	180,000	0
Child Welfare	60,306	60,306	53,719	6,587
Food Bank	2,500	2,500	2,500	0
US Dept. Int. Geo Survey	9,425	9,425	9,100	325
Culture and Recreation				
Fairgrounds	29,025	29,025	19,139	9,886
Libraries	310,000	310,000	310,000	0
Recreation	798,623	801,920	842,455	(40,535)
Housing and Development				
Airport	14,390	14,390	13,242	1,148
Extension Service	77,042	77,042	63,904	13,138
Forestry	3,462	3,462	3,462	0
Development Authority	37,000	37,000	37,000	0
Building	251,041	251,041	272,936	(21,895)
Planning	379,391	378,691	279,273	99,418
Planning Commission	10,400	11,100	9,229	1,871
Code Enforcement	69,852	69,852	60,504	9,348
Total expenditures	15,251,510	15,913,549	15,522,128	391,421
Excess (deficiency) of revenues over (under) expenditures	368,446	238,056	1,222,523	984,467
Other financing sources (uses)				
Transfers in	236,029	236,029	158,423	(77,606)
Transfers out	(596,465)	(596,465)	(638,721)	(42,256)
Sale of capital assets	30,000	30,000	29,519	(481)
Contingency	(253,033)	(178,533)	0	178,533
Total other financing sources (uses)	(583,469)	(508,969)	(450,779)	58,190
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(215,023)	(270,913)	771,744	1,042,657
Fund balances, July 1	215,023	270,913	5,372,822	5,101,909
Fund balances, June 30	$ 0	$ 0	$ 6,144,566	$ 6,144,566

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

Exhibit A-7, continued

HABERSHAM COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
ASSETS				
Current assets				
Cash	$ 226,124	$ 2,724,876	$ 0	$ 2,951,000
Restricted assets				
Cash	2,415,221	0	0	2,415,221
Due from other funds	2,912,777	0	0	2,912,777
Receivables (net)				
Accounts	15,964	139,406	0	155,370
Intergovernmental	0	0	20,769	20,769
Taxes	263,725	0	0	263,725
Due from other funds	0	69,586	0	69,586
Total current assets	5,833,811	2,933,868	20,769	8,788,448
Noncurrent assets				
Capital assets				
Non-depreciable	3,294,797	1,038,626	0	4,333,423
Depreciable (net)	5,507,447	3,483,545	10,837	9,001,829
Total noncurrent assets	8,802,244	4,522,171	10,837	13,335,252
Total assets	14,636,055	7,456,039	31,606	22,123,700
LIABILITIES				
Current liabilities				
Payables				
Accounts	10,788	367,583	0	378,371
Intergovernmental	19,260	29,621	0	48,881
Retainages	0	27,078	0	27,078
Interest	0	4,750		4,750
Accrued salaries	2,321	6,875	550	9,746
Compensated absences	555	26,861	0	27,416
Customer deposits	25,011	0	0	25,011
Due to other funds	11,233	63,362	0	74,595
Capital leases payable	0	82,238	0	82,238
Liabilities payable from restricted assets:				
Payables				
Accounts	112,442	0	0	112,442
Intergovernmental	264,850	0	0	264,850
Retainages	129,398	0	0	129,398
Total current liabilities	575,858	608,368	550	1,184,776
Noncurrent liabilities				
Capital leases payable	0	173,144	0	173,144
Postclosure care	0	2,737,723	0	2,737,723
Total noncurrent liabilities	0	2,910,867	0	2,910,867
Total liabilities	575,858	3,519,235	550	4,095,643
NET ASSETS				
Invested in capital assets, net of related debt	8,802,244	4,266,789	10,837	13,079,870
Restricted for restricted assets	4,821,308	0	0	4,821,308
Unrestricted	436,645	(329,985)	20,219	126,879
Total net assets	$ 14,060,197	$ 3,936,804	$ 31,056	$ 18,028,057

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

Exhibit A-8

HABERSHAM COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
OPERATING REVENUES				
Charges for sales and services	$ 257,441	$ 1,429,630	$ 3,300	$ 1,690,371
Total operating revenues	257,441	1,429,630	3,300	1,690,371
OPERATING EXPENSES				
Costs of sales and services	218,882	1,530,869	13,962	1,763,713
Personal services	41,506	376,115	32,718	450,339
Depreciation	134,631	377,130	7,225	518,986
Total operating expenses	395,019	2,284,114	53,905	2,733,038
Operating income (loss)	(137,578)	(854,484)	(50,605)	(1,042,667)
Non-operating revenues (expenses)				
Interest revenue	150,726	114,562	0	265,288
Interest expense	0	(19,801)	0	(19,801)
Intergovernmental revenue	0	0	28,533	28,533
Gain (loss) on sale of assets	0	42,751	0	42,751
Total non-operating revenues (expenses)	150,726	137,512	28,533	316,771
Net income before capital contributions and transfers	13,148	(716,972)	(22,072)	(725,896)
Capital contributions				
Special purpose local option sales tax	1,084,900	0	0	1,084,900
Net income before transfers	1,098,048	(716,972)	(22,072)	359,004
Transfers				
Transfers in	0	0	35,251	35,251
Transfers out	(18,310)	(61,971)	0	(80,281)
Total transfers	(18,310)	(61,971)	35,251	(45,030)
Change in net assets	1,079,738	(778,943)	13,179	313,974
Net assets, July 1	12,980,459	4,715,747	17,877	17,714,083
Net assets, June 30	$ 14,060,197	$ 3,936,804	$ 31,056	$ 18,028,057

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

Exhibit A-9

HABERSHAM COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended June 30, 2008

	Business-Type Activities			
	Water and Sewer	Landfill	Transit	Totals
Cash flows from operating activities:				
Receipts from customers	$ 267,597	$ 1,381,707	$ 3,301	$ 1,652,605
Payments to suppliers	(230,832)	(171,108)	(13,962)	(415,902)
Payments to employees	(42,124)	(387,857)	(34,167)	(464,148)
Net cash provided (used) by operating activities	(5,359)	822,742	(44,828)	772,555
Cash flows from non-capital financing activities:				
Receipts from other governments	0	0	7,764	7,764
Receipts from other funds	0	63,362	37,064	100,426
Payments to other funds	(39,354)	(179,299)	0	(218,653)
Net cash provided (used) by non-capital financing activities	(39,354)	(115,937)	44,828	(110,463)
Cash flows from capital and related financing activities:				
Receipts from other governments	628,533	0	0	628,533
Receipts from other funds	4,434,356	0	0	4,434,356
Interest paid	0	(21,430)	0	(21,430)
Principal payments - capital leases	0	(413,714)	0	(413,714)
Proceeds from sale of capital assets	0	53,000	0	53,000
Acquisition of capital assets	(2,645,772)	(864,221)	0	(3,509,993)
Net cash provided (used) by capital and related financing activities	2,417,117	(1,246,365)	0	1,170,752
Cash flows from investing activities:				
Interest received	150,726	114,562	0	265,288
Net cash provided (used) by investing activities	150,726	114,562	0	265,288
Net increase (decrease) in cash and cash equivalents	2,523,130	(424,998)	0	2,098,132
Cash and cash equivalents, July 1	118,215	3,149,874	0	3,268,089
Cash and cash equivalents, June 30	$ 2,641,345	$ 2,724,876	$ 0	$ 5,366,221
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (137,578)	$ (854,484)	$ (50,605)	$ (1,042,667)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	134,631	377,130	7,225	518,986
Closure/postclosure costs	0	1,121,509	0	1,121,509
(Increase) decrease in accounts receivable	7,991	(47,923)	0	(39,932)
Increase (decrease) in accounts payable	(31,210)	232,724	0	201,514
Increase (decrease) in intergovernmental payable	19,260	5,528	0	24,788
Increase (decrease) in deposits payable	2,165	0	0	2,165
Increase (decrease) in accrued payroll liabilities	(618)	(11,742)	(1,449)	(13,809)
Total adjustments	132,219	1,677,226	5,776	1,815,221
Net cash provided (used) by operating activities	$ (5,359)	$ 822,742	$ (44,829)	$ 772,554

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

Exhibit A-10

HABERSHAM COUNTY, GEORGIA
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	Agency Funds
ASSETS	
Cash	$ 954,131
Accounts receivable	1,535,450
Total assets	2,489,581
LIABILITIES	
Due to other agencies	$ 2,489,581

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

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2008

	Northeast Georgia Drug Task Force	Habersham County Development Authority	Habersham County Health Department	Totals
ASSETS				
Current assets				
Cash	$ 199,571	$ 201,063	$ 473,608	$ 874,242
Receivables (net)				
Accounts	0	0	28,768	28,768
Intergovernmental	52,675	0	0	52,675
Total current assets	252,246	201,063	502,376	955,685
Noncurrent assets				
Capital assets				
Non-depreciable	0	3,132,452	0	3,132,452
Depreciable (net)	60,913	1,549,133	15,240	1,625,286
Total noncurrent assets	60,913	4,681,585	15,240	4,757,738
Total assets	313,159	4,882,648	517,616	5,713,423
LIABILITIES				
Current liabilities				
Payables				
Accounts	0	0	2,726	2,726
Deposits	0	120,000	0	120,000
Interest	0	18,215	0	18,215
Compensated absences	0	0	67,000	67,000
Due to other agencies	106,752	0	0	106,752
Notes payable	0	705,580	0	705,580
Total current liabilities	106,752	843,795	69,726	1,020,273
Noncurrent liabilities				
Compensated absences	0	0	8,199	8,199
Notes payable	0	1,137,384	0	1,137,384
Total noncurrent liabilities	0	1,137,384	8,199	1,145,583
Total liabilities	106,752	1,981,179	77,925	2,165,856
NET ASSETS				
Invested in capital assets, net of related debt	60,913	2,838,621	15,240	2,914,774
Restricted for:				
Public Safety	145,494	0	0	145,494
Health and Welfare	0	0	424,451	424,451
Housing and Development	0	62,848	0	62,848
Total net assets	$ 206,407	$ 2,901,469	$ 439,691	$ 3,547,567

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

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the fiscal year ended June 30, 2008

	Northeast Georgia Drug Task Force	Habersham County Development Authority	Habersham County Health Department	Totals
Expenses				
Public Safety	$ 246,585	$ 0	$ 0	$ 246,585
Health and Welfare	0	0	1,237,391	1,237,391
Housing and Development	0	149,084	0	149,084
Total expenses	246,585	149,084	1,237,391	1,633,060
Program revenues				
Charges for services	42,038	0	506,222	548,260
Operating grants and contributions	115,902	0	330,448	446,350
Total program revenues	157,940	0	836,670	994,610
Net (expense) revenue	(88,645)	(149,084)	(400,721)	(638,450)
General revenues				
Interest	640	2,471	0	3,111
Gain (loss) on sale of assets	(1,298)	0	0	(1,298)
Rental income	0	93,817	0	93,817
Payments from Habersham County	85,119	37,000	180,000	302,119
Total general revenues	84,461	133,288	180,000	397,749
Change in net assets	(4,184)	(15,796)	(220,721)	(240,701)
Net assets, July 1 (original)	241,826	2,917,265	660,412	3,819,503
Prior period adjustments	(31,235)	0	0	(31,235)
Net assets, July 1 (restated)	210,591	2,917,265	660,412	3,788,268
Net assets, June 30	$ 206,407	$ 2,901,469	$ 439,691	$ 3,547,567

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

Exhibit A-13

1. Description of Government Unit

Habersham County, Georgia (the County) is located in the foothills of the Georgia mountains about seventy-five miles northeast of Atlanta.

The County provides a full range of governmental services, including public safety, health and welfare services, recreational programs, public works, water and sewer services, and solid waste services.

The government is governed by an elected Chairperson and four Commissioners.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Habersham County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Blended Component Units – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Habersham County Airport Commission – The Airport Commission's Governing Board is appointed by the Habersham County Board of Commissioners. The County contracts with a private individual for the management of the airport facilities. The County owns and maintains all of the airport facilities. The Commission is blended with the General Fund. Separate financial statements are not issued for the Commission.

Discretely Presented Component Units – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government.

Northeast Georgia Drug Task Force – The Northeast Georgia Drug Task Force was created to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The Task Force is a coordinated effort involving Habersham and Rabun Counties. Habersham County is the fiscal agent for the federal grant funds from the Criminal Justice Coordinating Council. There is no separately issued stand-alone financial report for the Task Force.

Habersham County Development Authority – The Authority exists to promote business development in Habersham County. The Habersham County Board of Commissioners appoints the majority of the governing board and the Development Authority receives the majority of its funding through payments from the County. There is no separately issued stand-alone financial report for the Authority.

2. Summary of Significant Accounting Policies (continued)

B. Reporting Entity, continued

Habersham County Health Department – The Habersham County Health Department was established as a legally separate entity and operates pursuant to the Georgia Health Code 88-2, Georgia Laws 1964. The District Health Director is the Executive Officer of the Habersham County Health Department and is responsible for the overall coordination of the local health activities. The Habersham County Health Department is funded by the State and County under the Grant-in-Aid provisions, and operated under the supervision of the local Board of Health. The Habersham County Health Department has a June 30 year-end. A copy of the Habersham County Health Department financial statements can be obtained from District 2, Public Health, 1280 Athens Street, Gainesville, GA 30507. This component unit has not been included as part of the notes to the financial statements.

C. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34. This statement establishes new financial reporting requirements for state and local governments throughout the United States. Its implementation creates new information and restructures much of the information that governments have presented in the past. The GASB's intent is to make annual reports more comprehensive and easier to understand.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

2. Summary of Significant Accounting Policies (continued)

C. Government-wide and Fund Financial Statements, continued

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated, however, those transactions between governmental and business-type activities have not been eliminated. Governmental activities that normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Governmental Fund Financial Statements

Governmental Fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Those revenues susceptible to accrual are property taxes, sales taxes, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. The County considers property taxes as available in the period for which they were levied if they are collected within 60 days subsequent to year-end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenue.

The County reports the following major governmental funds:

General Fund - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Local Option Sales Tax #4 Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of capital facilities financed by special purpose local option sales taxes.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The County reports the following major proprietary funds:

Water and Sewer Enterprise Fund – This fund is used to account for the activities connected with the development, operation, and maintenance of water and sewer services in Habersham County.

Landfill Enterprise Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's landfill. The landfill provides services to all citizens of Habersham County.

Transit Enterprise Fund – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

Additionally, the County reports the following fund types:

Governmental Fund Types

Special Revenue Funds - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Capital Projects Funds – This fund type is used to account for financial resources to be use for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Fiduciary Fund Types

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held either for the County or for others.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

Fiduciary Fund Types (continued)

Pension Trust Fund – This fund was used to account for the activities of the Habersham County Employees' Retirement Plan, which accumulated resources for pension benefit payments to qualified employees. During fiscal year 2007, this fund was closed and the investments moved to the Association of County Commissioners (ACCG) retirement plan as described in Note 15.

Component Units

The Northeast Georgia Drug Task Force, the Habersham County Development Authority, and the Habersham County Health Department are accounted for using a current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

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

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

2. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal services funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

E. Budgets and Budgetary Accounting

The Board of Commissioners adopts an annual budget for all governmental fund types, prior to July 1, except for the Capital Projects Funds. The Capital Projects Funds are budgeted by the Board of Commissioners when capital projects are approved. The operating budget includes proposed expenditures and the means of financing them. The budget is legally enacted at a public meeting.

Each year in April, a Budget Committee consisting of the Board of Commissioners, the County Manager, and the Financial Director prepare the proposed budget. Budget requests from the various County departments are presented to this committee for consideration. Public hearings are held to discuss the proposed budget and to obtain input from the citizens of Habersham County. These hearings are publicized in the local newspaper for at least one week before the hearings, and the budget document is made available for public inspection during this time.

The final proposed budget is presented at a Board of Commissioners meeting for final passage prior to July 1.

2. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting, continued

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level. Any changes in total departmental expenditures/expenses, personnel benefits, or capital purchases must be approved by the Board of Commissioners.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the legal level of budgetary control which is the department, sub-department, or project level. Expenditures may not exceed the appropriations within a fund. Budgets, as reported in the financial statements, are as originally passed by ordinance and subsequently amended. During the year, several supplementary appropriations are made as needed. The results are increases and decreases to the appropriations within the funds. All annual appropriations lapse at year end. The County does not use the encumbrance system of accounting.

F. Cash and Investments

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

G. Intergovernmental Receivables

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items.

2. Summary of Significant Accounting Policies (continued)

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 requires the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical costs nor related depreciation has historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

	Useful Life in Years	Capitalization Threshold
Land	N/A	$ 1
Buildings and improvements	7-40	$ 5,000
Land Improvements	15	$ 5,000
Machinery and Equipment	7-10	$ 5,000
Furniture and Fixtures	7	$ 5,000
Vehicles	5-10	$ 5,000
Computer Equipment and Software	3-5	$ 5,000
Distribution System	50	$ 5,000
Infrastructure	15-50	$ 50,000 - $150,000

The costs of normal maintenance and repairs that do not add value or materiality extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

2. Summary of Significant Accounting Policies (continued)

J. Compensation for Future Absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

2. Summary of Significant Accounting Policies (continued)

L. Capital Contributions

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

M. Reservations and Designations of Fund Balances

Reservations represent the portions of fund balances, which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent the portions of fund balance for which the government has made tentative plans.

N. Comparative Data and Reclassifications

Comparative total data of the prior period has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the County's financial position and operations. Certain 2007 amounts have been reclassified to conform to the 2008 presentation.

3. Deposit and Investment Risk

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Deposit and Investment Risk (continued)

Credit Risk

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of any corporation of the United States government, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices.

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA 36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Georgia Fund 1 is managed by the Georgia Office of Treasury and Financial Services. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAm by Standard & Poor's. The weighted average maturity at June 30, 2008 was 37 days. At June 30, 2008, the County's balance in Georgia Fund 1 was $406,116.

Concentration of Credit Risk

The County has no formal policy on the amount the County may invest in any one issuer.

Foreign currency risk

The County has no investments denominated in a foreign currency.

4. Accounts Receivable

Net accounts receivable at June 30, 2008 consist of the following:

Primary Government:		
Major Funds		
General Fund		$ 37,460
Enterprise Funds		
Water and Sewer	$ 15,964	
Landfill	184,306	
Less: Allowance for Uncollectibles	(44,900)	155,370
Nonmajor Funds		
Emergency 911 Special Revenue Fund		77,048
Total primary government		$ 269,878
Fiduciary Funds		
Agency Funds		
Clerk of Court	$ 2,866,592	
Less: Allowance for Uncollectibles	(1,407,369)	
Magistrate Court	86,540	
Less: Allowance for Uncollectibles	(10,313)	$ 1,535,450

5. Intergovernmental Receivables

Intergovernmental receivables at June 30, 2008 consist of the following:

Major Funds		
General Fund		
Northeast Georgia Drug Task Force	$ 810	
Georgia Public Defender Standards Council	1,223	
Legacy Link	704	
Habersham County Senior Center	619	
Habersham County Medical Center	3,083	
Habersham County Board of Health	437	
City of Clarkesville, Georgia	5,691	
City of Baldwin, Georgia	897	
City of Demorest, Georgia	80	
City of Tallulah Falls, Georgia	30	$ 13,574
Transit Enterprise Fund		
Georgia Department of Transportation		20,769
Nonmajor Funds		
Drug Abuse Treatment Special Revenue Fund		
City of Baldwin, Georgia		356
Total primary government		$ 34,699
Component Units		
Northeast Georgia Drug Task Force		
Habersham County, Georgia	$ 41,765	
Criminal Justice Coordinating Council	10,910	$ 52,675

6. Property Taxes

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1st each year. Property taxes for digest year 2007, based upon the assessments of January 1, 2007, were levied on July 30, 2007, billed on October 20, 2007, and due on December 20, 2007. Tax liens may be issued 90 days after the due date.

7. Interfund Receivables and Payables

A summary of interfund receivables and payables as of June 30, 2008 is as follows:

Due to/Due from other funds:

Receivable Fund	Payable Fund	Amount
General	SPLOST #3	$ 305,867
	SPLOST #4	54,692
	Water and Sewer	11,233
	Landfill	63,362
SPLOST #4	SPLOST #5	189,264
Water and Sewer	SPLOST #4	2,786,972
	SPLOST #5	125,805
Landfill	Nonmajor Governmental	69,586
Nonmajor Governmental	General	48,134
	SPLOST #4	462,115
	Nonmajor Governmental	18,515
Total		$ 4,135,545

The balances reported as Due to/Due from represent loans between the borrower funds and the lender funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. Interfund Transfers

A summary of interfund transfers as of June 30, 2008 is as follows:

	Transfers out: Major Funds			Nonmajor Funds	
	General	Water and Sewer	Landfill	Governmental	Total
Transfers in:					
Major Funds					
General	$ 0	$ 18,310	$ 61,971	$ 78,142	$ 158,423
Enterprise Funds					
Transit	35,251	0	0	0	35,251
Nonmajor Funds					
Governmental	603,470	0	0	0	603,470
Total	$ 638,721	$ 18,310	$ 61,971	$ 78,142	$ 797,144

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

9. Capital Assets

During fiscal year 2005, the County inventoried all capital assets. The historical cost of land and buildings was determined using County records. Historical cost estimates of furniture, fixtures and equipment are based on price levels at the estimated time of acquisition. These price levels were established using invoices, purchase orders, and other procurement documentation of similar furniture and equipment. The costs of all other general fixed assets were determined by reference to original County documents from the year of acquisition and estimated discounted values. As part of this inventory, the County early implemented the capital asset infrastructure portion of GASB Statement No. 34 by reporting all infrastructure constructed since fiscal year 1981.

9. Capital Assets (continued)

Capital asset activity for the primary government for the year ended June 30, 2008 was as follows:

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
Governmental activities				
Non-depreciable assets				
Land	$ 3,662,952	$ 0	$ 0	$ 3,662,952
Construction in progress	174,494	756,307	(56,924)	873,877
Total non-depreciable assets	3,837,446	756,307	(56,924)	4,536,829
Depreciable assets				
Buildings	19,401,857	58,609	0	19,460,466
Land improvements	2,275,060	298,408	0	2,573,468
Machinery and equipment	1,767,407	145,500	(64,995)	1,847,912
Furniture and fixtures	1,179,386	437,162	0	1,616,548
Vehicles	6,215,766	821,202	(143,449)	6,893,519
Infrastructure	56,425,504	0	0	56,425,504
Total depreciable assets	87,264,980	1,760,881	(208,444)	88,817,417
Less accumulated depreciation				
Buildings	(5,699,645)	(550,817)	0	(6,250,462)
Land improvements	(452,834)	(118,194)	0	(571,028)
Machinery and equipment	(924,474)	(137,416)	42,995	(1,018,895)
Furniture and fixtures	(471,313)	(151,678)	0	(622,991)
Vehicles	(4,492,922)	(719,073)	130,846	(5,081,149)
Infrastructure	(41,268,316)	(1,849,068)	0	(43,117,384)
Total accumulated depreciation	(53,309,504)	(3,526,246)	173,841	(56,661,909)
Total depreciable assets, net	33,955,476	(1,765,365)	(34,603)	32,155,508
Governmental activities capital assets, ne	$ 37,792,922	$ (1,009,058)	$ (91,527)	$ 36,692,337
Business-type activities				
Non-depreciable assets				
Land	$ 665,702	$ 0	$ 0	$ 665,702
Construction in progress	175,000	3,492,721	0	3,667,721
Total non-depreciable assets	840,702	3,492,721	0	4,333,423
Depreciable assets				
Buildings	18,923	0	0	18,923
Distribution system	6,569,799	0	0	6,569,799
Land improvements	5,095,901	252,804	0	5,348,705
Machinery and equipment	1,343,069	265,571	(18,634)	1,590,006
Vehicles	104,345	32,665	0	137,010
Total depreciable assets	13,132,037	551,040	(18,634)	13,664,443
Less accumulated depreciation				
Buildings	(5,219)	(521)	0	(5,740)
Distribution system	(960,385)	(131,364)	0	(1,091,749)
Land improvements	(2,618,980)	(254,967)	0	(2,873,947)
Machinery and equipment	(492,144)	(120,014)	8,385	(603,773)
Vehicles	(75,285)	(12,120)	0	(87,405)
Total accumulated depreciation	(4,152,013)	(518,986)	8,385	(4,662,614)
Total depreciable assets, net	8,980,024	32,054	(10,249)	9,001,829
Business-type activities capital assets, ne	$ 9,820,726	$ 3,524,775	$ (10,249)	$ 13,335,252

9. Capital Assets (continued)

Capital asset activity for the discretely presented component units for the year ended June 30, 2008 was as follows:

	Balance 6/30/07	Increases	Decreases	Balance 6/30/08
Northeast Georgia Drug Task Force				
Depreciable assets				
Vehicles	$ 106,096	$ 24,034	$ (37,640)	$ 92,490
Less accumulated depreciation				
Vehicles	(30,560)	(19,859)	18,842	(31,577)
Northeast Georgia Drug Task Force capital assets, net	$ 75,536	$ 4,175	$ (18,798)	$ 60,913
Habersham County Development Authority				
Non-depreciable assets				
Land	$ 2,475,629	$ 656,823	$ 0	$ 3,132,452
Construction in progress	1,231,030	0	(1,231,030)	0
Total non-depreciable assets	3,706,659	656,823	(1,231,030)	3,132,452
Depreciable assets				
Buildings	50,000	1,251,068	0	1,301,068
Land improvements	321,656	0	0	321,656
Total depreciable assets	371,656	1,251,068	0	1,622,724
Less accumulated depreciation				
Buildings	(8,750)	(27,314)	0	(36,064)
Land improvements	(26,805)	(10,722)	0	(37,527)
Total accumulated depreciation	(35,555)	(38,036)	0	(73,591)
Total depreciable assets, net	336,101	1,213,032	0	1,549,133
Habersham County Development Authority capital assets, net	$ 4,042,760	$ 1,869,855	$ (1,231,030)	$ 4,681,585

9. Capital Assets (continued)

Depreciation expense was charged to functions/programs as follows:

Primary Government

Governmental activities	
General Government	$ 173,798
Judicial	1,804
Public Safety	838,665
Public Works	1,905,089
Health and Welfare	62,025
Culture and Recreation	312,863
Housing and Development	232,002
Total depreciation expense for governmental activities	$ 3,526,246
Business-type activities	
Water and Sewer	$ 134,631
Landfill	377,130
Transit	7,225
Total depreciation expense for busines-type activities	$ 518,986
Discretely presented component units	
Northeast Georgia Drug Task Force	$ 19,859
Habersham County Development Authority	38,036
	$ 57,895

10. Capital and Operating Lease Agreements

The County has entered into agreements for the lease of certain equipment. The terms of the agreements meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The balances of these leases at June 30, 2008 are $1,560,695 and $255,382 for governmental and business-type activities, respectively. Total assets leased under capital leases are $2,543,686 and $418,925 for governmental and business-type activities, respectively, consisting of:

	Governmental Activities	Business-type Activities
Machinery and equipment	$ 1,291,777	$ 418,925
Vehicles	1,251,909	0
Total assets under capital leases	$ 2,543,686	$ 418,925

The following is a schedule of the future minimum lease payments together with the present value of the net minimum lease payments as of June 30, 2008:

Year Ending June 30,	Governmental activities	Business-type activities
2009	$ 802,499	$ 91,994
2010	617,980	91,952
2011	225,776	90,268
Total minimum lease payments	1,646,255	274,214
Less amounts representing interest	(85,560)	(18,832)
Present value of minimum lease payments	$ 1,560,695	$ 255,382

The County's lease agreements, other than such agreements described above, are relatively minor commitments and are in compliance with state law.

11. Long-Term Debt

Long - Term Debt

The County has entered into capital lease agreements for the purchase of police, fire, and extension service vehicles, and public works and landfill equipment. The capital lease obligations have been recorded in long-term debt.

Notes Payable

Habersham County Development Authority Component Unit

The Authority has entered into an owner-financed lending agreement for the purchase of real property in the original amount of $121,245. At June 30, 2008, the balance of this note was $8,717. Quarterly installments of $4,434 principal and interest are due through August 1, 2008, with an installment of $4,549 principal and interest due November 1, 2008; interest at 8.00%.

The Authority entered into a lending agreement with Community Bank and Trust for the construction of a building in the industrial park in the original amount of $1,201,644. At June 30, 2008, the balance of this note is $1,177,424. Unpaid principal and interest are due on September 1, 2008; interest at 6.00%. On August 4, 2008, the Authority refinanced this note, therefore the note is reported as long-term debt.

The Authority entered into a lending agreement with Community Bank and Trust for the purchase of land in the original amount of $656,823. At June 30, 2008, the balance of this note is $656,823. Unpaid principal and interest are due on December 31, 2008; interest at 4.50%.

Annual debt service requirements for notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	$ 705,580	$ 75,583	$ 781,163
2010	1,137,384	7,097	1,144,481
Totals	$ 1,842,964	$ 82,680	$ 1,925,644

11. Long-Term Debt (continued)

The following is a summary of changes in long-term debt of the County for the fiscal year ending June 30, 2008:

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008	Due Within One Year
Governmental activities					
Capital lease obligations	$ 1,885,941	$ 625,000	$ 950,246	$ 1,560,695	$ 748,531
Compensated absences	432,607	466,023	432,607	466,023	466,023
Total governmental activities	$ 2,318,548	$ 1,091,023	$ 1,382,853	$ 2,026,718	$ 1,214,554
Business-type activities					
Capital lease obligations	$ 669,096	$ 0	$ 413,714	$ 255,382	$ 82,238
Landfill post-closure care costs	1,616,214	1,121,509	0	2,737,723	0
Compensated absences	22,360	27,416	22,360	27,416	27,416
	$ 2,307,670	$ 1,148,925	$ 436,074	$ 3,020,521	$ 109,654
Habersham County Development Authority Component Unit					
Notes payable	$ 881,781	$ 1,001,616	$ 40,433	$ 1,842,964	$ 705,580

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General and Emergency 911 Special Revenue Funds. The landfill post-closure care costs are paid for by the Landfill Fund.

12. Landfill Post-Closure Care Costs

In 1994, the County opened a solid waste landfill. State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of $2,737,723 as of June 30, 2008, which is based on 43.55% usage (filled) of the landfill. It is estimated that an additional $3,549,154 will be recognized as closure and post-closure care expense between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2029).

The estimated total current cost of the landfill closure and post-closure care ($1,121,509) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2008. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

13. Designated Equity Balances

A. General Fund

An amount of $269,767 has been designated for the fiscal year 2009 budget.

B. Special Revenue Funds

An amount of $336,060 has been designated in the Emergency 911 Fund for the fiscal year 2009 budget.

An amount of $34,450 has been designated in the Drug Abuse Treatment Fund for the fiscal year 2009 budget.

14. Reserved Equity Balances

A. General Fund

Reserved for prepaid items - An amount of $98,291 has been reserved for prepaid items since this amount is not legally available for appropriation.

Reserved for program expenditures – The total of $69,168 has been reserved to reflect amounts that are restricted by revenue source, but are accounted for in the General Fund.

B. Capital Projects Funds

Reserved for equipment purchases - An amount of $96,944 has been reserved in the Capital Improvements Fund for equipment purchases since this amount is not legally available for appropriation.

15. Changes in Beginning Balances

Northeast Georgia Drug Task Force Component Unit

A prior period adjustment has been made to remove an intergovernmental receivable incorrectly recorded in the prior period. This adjustment decreased beginning net assets by $31,235.

16. Pension Plan

Plan Description and Contribution Information

Description

Habersham County contributes to the Association of County Commissioners of Georgia ("ACCG") Defined Benefit Plan ("Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. The County elected to participate in the Plan as of the result of Board of Commissioner vote and a contract between the County and the ACCG. The county has been participating in the Plan since they moved the plan from Principal Financial Group on July 1, 2006.

The Plan's assets may be used only for the payment of benefits to the members of the Plan, in accordance with the terms of the Plan. See Note 2 – Summary of Significant Accounting Policies for reporting of investments. The ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to Pension Service Company, 1100 Circle 75 Parkway, Suite 320, Atlanta, GA 30339.

All full-time County employees are eligible to participate in the Plan after completing one year of service and having reached their 21st birthday. Benefits vest evenly over five years of service. Participants become eligible to retire with unreduced benefits at age 65 with 5 years of plan participation. The amount of monthly retirement benefits to be provided for each participant at their normal retirement date is equal to one percent of the participant's average monthly compensation multiplied by the participant's total number of years of service. County Commissioners receive a benefit equal to $30 per month multiplied by years of service. The Plan also provides benefits in the event of death or disability. These benefit provisions and powers to amend the plan were established by a resolution executed by the County Board of Commissioners.

16. Pension Plan (continued)

Plan Description and Contribution Information, continued

Current membership and current year payrolls are as follows:

Retirees and beneficiaries currently receiving benefits	11
Terminated vested participants entitled to but not yet receiving benefits	59
Active participants	194
Disabled participants currently receiving benefits	1
Total number of participants	265

Funding Policy

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, based on an actuarially determined rate. The current rate is 4.4% of annual covered payroll. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy.

Annual Pension Cost and Net Pension Obligation

The net pension obligation was computed as part of an actuarial valuation performed as of January 1, 2007. Significant actuarial assumptions used in the valuation include:

Rate of return on investments of present and future assets compounded annually	8.0%
Projected salary increases due to:	
Inflation	3.0%
Merit	2.0%
Post-retirement benefit increases	none
Life expectancy before and after retirement (Group Annuity Mortality table)	1983

16. Pension Plan (continued)

Annual Pension Cost and Net Pension Obligation, continued

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate funds so that sufficient assets will be available to pay benefits when due. The contribution rate for normal cost is determined using the projected unit credit actuarial funding method. The actuarial value of Habersham County's assets was determined using market value. The unfunded actuarially accrued liability is being amortized as a level dollar of projected payroll on a closed basis over a thirty-year period. The remaining amortization period at January 1, 2007 was 10 years.

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

Annual required contribution (ARC)	$	249,539
Interest on net pension obligation		(759)
Adjustment to ARC		801
Annual pension cost		249,581
Contributions made		259,027
Increase (decrease) in net pension obligation		(9,446)
Net pension obligation - beginning of year		(43)
Net pension obligation - end of year	$	(9,489)

16. Pension Plan (continued)

Historical Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information for the pension plan is presented below.

Schedule of Employer Contributions

Plan Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
7/1/2003	306,214	100%	0
7/1/2004	374,994	100%	0
7/1/2005	422,923	0%	422,923
7/1/2006	135,694	0%	558,617
12/31/2006	126,205	542%	(43)
12/31/2007	249,581	106%	(9,489)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2003	1,728,079	1,966,548	238,469	87.8%	3,527,643	6.8%
7/1/2004	1,791,687	2,142,042	350,355	83.6%	4,046,214	8.7%
7/1/2005	2,164,816	2,471,867	307,051	87.6%	4,644,084	6.6%
7/1/2006	2,553,484	3,036,500	483,016	84.1%	5,406,876	8.9%
12/31/2006	2,822,398	3,219,177	396,779	87.7%	5,406,876	7.3%
12/31/2007	3,145,265	3,519,184	373,919	89.4%	5,388,060	6.9%

17. Hotel/Motel Lodging Tax

The County has levied a 5% lodging tax in accordance with OCGA 48-13-51. A summary of the transactions for the year ending June 30, 2008 follows:

Lodging tax receipts	$	26,070	
Disbursements for tourism and trade	$	10,428	40%

18. Joint Ventures

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Georgia Mountains Regional Development Center (GMRDC) and is required to pay annual dues thereto. During the year ended June 30, 2008, the County paid $31,945 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. A copy of the GMRDC financial statements can be obtained from GMRDC, 1310 West Ridge Road, Gainesville, Georgia 30501.

19. Risk Financing Activities

Material estimates have been made by management about the historical cost of fixed assets and the life of the depreciated fixed assets. Management has used a conservative approach on these estimates.

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all cost taxed against the members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation, or defense.

Settled claims in the past three years have not exceeded the coverages.

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At June 30, 2008, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

20. Commitments and Contingencies

Contingencies

Habersham County participates in a number of Revenue Sharing Grants. Expenditures financed by Revenue Sharing Grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

The County's legal counsel has stated that there are presently no determinable lawsuits.

Commitments

The County has active construction projects as of June 30, 2008. At fiscal year end, the County's commitments with contractors are as follows:

Project	Amount Spent to Date	Remaining Commitment
Improvements to the industrial park	$ 122,725	$ 1,800
Improvements to the water and sewer distribution system	2,787,722	259,487
Improvements to the airport	153,951	101,448
Construction of new judicial facility	75,714	107,213
Judicial software	113,550	136,500
Expansion of the landfill	315,582	1,523,252
Total	$ 3,569,244	$ 2,129,700

21. Excess of Expenditures over Appropriations in Individual Governmental Funds for which Budgets are Adopted

During the fiscal year, the County incurred material expenditures in the General Fund which were in excess of the amounts appropriated:

Department	Budget	Actual	Variance
Commissioners	$ 185,635	$ 193,590	$ (7,955)
County Annex	82,100	88,320	(6,220)
Information Technology	150,983	156,307	(5,324)
Juvenile Supervision	5,000	5,307	(307)
Juvenile Court	217,314	226,751	(9,437)
Sheriff	2,013,482	2,189,215	(175,733)
Ambulance	645,500	686,355	(40,855)
Road Department	1,671,844	1,728,820	(56,976)
Recreation	801,920	842,455	(40,535)
Building	251,041	272,936	(21,895)

Habersham County Management concurs with this finding. The Finance Director will be reviewing the comparative financial statements to budget and recommending any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

COMBINING STATEMENTS

Nonmajor Governmental Funds

HABERSHAM COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2008

	Jail	Emergency 911	Hotel/Motel Tax	Law Library
ASSETS				
Cash	$ 101,241	$ 389,165	$ 0	$ 7,639
Certificates of deposit	0	0	0	258,921
Receivables (net)				
Accounts	0	77,048	0	0
Intergovernmental	0	0	0	0
Taxes	0	0	0	0
Due from other funds	0	19,957	0	0
Restricted assets				
Cash	0	0	0	0
Total assets	$ 101,241	$ 486,170	$ 0	$ 266,560
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables				
Accounts	$ 0	$ 18,173	$ 0	$ 0
Intergovernmental	0	0	0	0
Accrued salaries and expenses	0	15,266	0	0
Due to other funds	0	72,137	0	0
Total liabilities	0	105,576	0	0
Fund balances				
Reserved for equipment purchases	0	0	0	0
Unreserved, designated for budget	0	336,060	0	0
Unreserved, undesignated	101,241	44,534	0	266,560
Total fund balances	101,241	380,594	0	266,560
Total liabilities and fund balances	$ 101,241	$ 486,170	$ 0	$ 266,560

Special Revenue		Capital Projects				Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	SPLOST #3	SPLOST #5	Capital Improvements	
$ 243,415	$ 3,210	$ 195,079	$ 8,143	$ 406,117	$ 52,659	$ 1,406,668
0	0	0	0	0	0	258,921
0	0	0	0	0	0	77,048
356	0	0	0	0	0	356
0	0	0	0	758,790	0	758,790
0	0	0	462,115	0	46,692	528,764
0	0	0	0	0	96,944	96,944
$ 243,771	$ 3,210	$ 195,079	$ 470,258	$ 1,164,907	$ 196,295	$ 3,127,491
$ 0	$ 0	$ 72,733	$ 0	$ 0	$ 0	$ 90,906
0	0	0	0	171,783	0	171,783
0	0	0	0	0	0	15,266
0	0	0	305,867	315,069	15,964	709,037
0	0	72,733	305,867	486,852	15,964	986,992
0	0	0	0	0	96,944	96,944
34,450	0	0	0	0	0	370,510
209,321	3,210	122,346	164,391	678,055	83,387	1,673,045
243,771	3,210	122,346	164,391	678,055	180,331	2,140,499
$ 243,771	$ 3,210	$ 195,079	$ 470,258	$ 1,164,907	$ 196,295	$ 3,127,491

HABERSHAM COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the fiscal year ended June 30, 2008

	Jail	Emergency 911	Hotel/Motel Tax	Law Library
REVENUES				
Taxes	$ 0	$ 0	$ 26,070	$ 0
Fines, fees, and forfeitures	99,151	0	0	39,134
Charges for services	0	644,785	0	0
Intergovernmental	0	0	0	0
Interest	474	13,460	0	17,849
Other	0	126	0	0
Total revenues	99,625	658,371	26,070	56,983
EXPENDITURES				
Current				
Judicial	0	0	0	13,689
Public safety	69,807	1,242,531	0	0
Housing and development	0	0	10,428	0
Capital outlay	0	0	0	0
Total expenditures	69,807	1,242,531	10,428	13,689
Excess (deficiency) of revenues over (under) expenditures	29,818	(584,160)	15,642	43,294
Other financing sources (uses)				
Transfers in	0	412,820	0	0
Transfers out	0	0	(15,642)	0
Issuance of capital leases	0	17,500	0	0
Total other financing sources (uses)	0	430,320	(15,642)	0
Net change in fund balance	29,818	(153,840)	0	43,294
Fund balances, July 1	71,423	534,434	0	223,266
Fund balances, June 30	$ 101,241	$ 380,594	$ 0	$ 266,560

Special Revenue		Capital Projects				Total Nonmajor Governmental Funds
Drug Abuse Treatment	Inmate Welfare	SPLOST #2	SPLOST #3	SPLOST #5	Capital Improvements	
$ 0	$ 0	$ 0	$ 0	$ 1,120,757	$ 0	$ 1,146,827
36,500	0	0	0	0	0	174,785
0	86,197	0	0	0	0	730,982
31,177	0	0	0	0	0	31,177
3,564	0	8,015	671	290	18,822	63,145
0	0	0	0	0	0	126
71,241	86,197	8,015	671	1,121,047	18,822	2,147,042
5,332	0	0	0	0	0	19,021
0	84,248	0	0	0	0	1,396,586
0	0	0	0	0	0	10,428
0	0	166,058	17,606	442,992	1,126,799	1,753,455
5,332	84,248	166,058	17,606	442,992	1,126,799	3,179,490
65,909	1,949	(158,043)	(16,935)	678,055	(1,107,977)	(1,032,448)
0	0	0	0	0	190,650	603,470
(62,500)	0	0	0	0	0	(78,142)
0	0	0	0	0	607,500	625,000
(62,500)	0	0	0	0	798,150	1,150,328
3,409	1,949	(158,043)	(16,935)	678,055	(309,827)	117,880
240,362	1,261	280,389	181,326	0	490,158	2,022,619
$ 243,771	$ 3,210	$ 122,346	$ 164,391	$ 678,055	$ 180,331	$ 2,140,499

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GENERAL FUND

The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 6,029,264	$ 5,432,315
Receivables (net)		
Accounts	37,460	35,076
Intergovernmental	13,574	49,034
Taxes	619,236	576,909
Prepaid expenses	98,291	183,591
Due from other funds	435,154	466,578
Restricted Assets		
Cash	69,168	43,547
Total assets	$ 7,302,147	$ 6,787,050
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables		
Accounts	$ 300,097	$ 295,702
Intergovernmental	42,856	0
Accrued salaries and expenses	194,925	188,804
Retirement contributions	0	497,874
Deferred revenue	529,804	319,322
Due to other agencies	41,765	39,831
Due to other funds	48,134	72,695
Total liabilities	1,157,581	1,414,228
Fund balances		
Reserved for prepaids	98,291	183,591
Reserved for program expenditures	69,168	43,547
Unreserved, designated for budget	269,767	158,300
Unreserved, undesignated	5,707,340	4,987,384
Total fund balances	6,144,566	5,372,822
Total liabilities and fund balances	$ 7,302,147	$ 6,787,050

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
REVENUES		
Taxes	$ 12,998,438	$ 12,849,045
Licenses and permits	272,256	422,018
Fines, fees and forfeitures	1,191,813	1,052,925
Charges for services	919,851	788,877
Intergovernmental	959,155	329,026
Interest	265,209	186,476
Contributions	5,470	1,023
Other	132,459	118,459
Total revenues	16,744,651	15,747,849
EXPENDITURES		
Current		
General Government	2,773,641	2,709,794
Judicial	2,104,266	1,980,233
Public Safety	6,568,804	5,515,717
Public Works	1,728,820	1,531,172
Health and Welfare	435,453	426,231
Culture and Recreation	1,171,594	1,149,589
Housing and Development	739,550	2,310,619
Total expenditures	15,522,128	15,623,355
Excess (deficiency) of revenues over (under) expenditures	1,222,523	124,494
Other financing sources (uses)		
Transfers in (out)		
Hotel/Motel Tax Fund	15,642	15,355
Landfill Fund	61,971	59,300
SPLOST 3 Fund	0	80,000
E911 Fund	(412,820)	(495,065)
Drug Abuse Treatment Fund	62,500	0
Capital Improvements Fund	(190,650)	(17,000)
Water and Sewer Fund	18,310	(62,520)
Transit Fund	(35,251)	(22,740)
Proceeds from the sale of assets	29,519	5,593
Total other financing sources (uses)	(450,779)	(437,077)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	771,744	(312,583)
Fund balances, July 1	5,372,822	5,685,405
Fund balances, June 30	$ 6,144,566	$ 5,372,822

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes				
General property taxes				
Current and prior year levies	$ 9,773,000	$ 9,815,138	$ 42,138	$ 9,715,498
Motor vehicle tax	788,000	864,393	76,393	872,164
Mobile home tax	120,500	220,305	99,805	95,813
Timber tax	1,000	865	(135)	508
Cost, penalties, and interest	245,000	173,639	(71,361)	267,861
Total general property taxes	10,927,500	11,074,340	146,840	10,951,844
Intangibles tax	295,000	280,837	(14,163)	302,912
Real estate transfer tax	100,000	74,136	(25,864)	101,083
Franchise tax	81,000	74,600	(6,400)	77,797
Insurance premium tax	1,274,000	1,278,426	4,426	1,215,797
Alcohol excise tax	16,000	41,002	25,002	15,639
Occupational tax	170,400	167,687	(2,713)	169,559
Other	10,900	7,410	(3,490)	14,414
Total taxes	12,874,800	12,998,438	123,638	12,849,045
Licenses and permits				
Building permits	360,000	246,370	(113,630)	381,443
Other permits	37,500	25,886	(11,614)	40,575
Total licenses and permits	397,500	272,256	(125,244)	422,018
Fines, fees and forfeitures	948,500	1,191,813	243,313	1,052,925
Charges for Services				
Fire protection	0	0	0	23,285
Sheriff services	14,000	16,235	2,235	15,381
Prisoner board	45,000	78,189	33,189	26,782
Recreation fees	219,000	232,145	13,145	224,851
Collection commissions	475,000	517,331	42,331	468,010
Other charges for services	1,000	75,951	74,951	30,568
Total charges for services	754,000	919,851	165,851	788,877
Intergovernmental	863,871	959,155	95,284	329,026
Interest	177,500	265,209	87,709	186,476
Contributions	3,797	5,470	1,673	1,023
Other				
Rental Income	92,200	80,234	(11,966)	69,421
Miscellaneous	39,437	52,225	12,788	49,038
Total other	131,637	132,459	822	118,459
Total revenues	$ 16,151,605	$ 16,744,651	$ 593,046	$ 15,747,849

Exhibit C-3

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
EXPENDITURES				
Current				
General Government				
County-Wide				
Personal services	$ 67,500	$ 28,556	$ 38,944	$ 10,061
Contract services	485,200	462,471	22,729	491,167
Materials and supplies	500	(1,034)	1,534	12,741
Total County-Wide	553,200	489,993	63,207	513,969
Commissioners				
Personal services	107,970	110,622	(2,652)	101,907
Contract services	65,665	68,805	(3,140)	56,215
Materials and supplies	12,000	14,163	(2,163)	12,072
Total Commissioners	185,635	193,590	(7,955)	170,194
County Manager				
Personal services	105,893	90,311	15,582	100,937
Contract services	5,815	7,887	(2,072)	35,185
Materials and supplies	2,400	1,592	808	1,503
Total County Manager	114,108	99,790	14,318	137,625
County Finance				
Personal services	192,884	181,543	11,341	140,806
Contract services	11,955	13,156	(1,201)	3,799
Materials and supplies	5,000	5,033	(33)	3,607
Total County Finance	209,839	199,732	10,107	148,212
County Human Resources				
Personal services	74,865	77,861	(2,996)	49,699
Contract services	6,345	5,110	1,235	5,611
Materials and supplies	2,000	2,421	(421)	2,301
Total County Human Resources	83,210	85,392	(2,182)	57,611
Tax Commissioner				
Personal services	256,189	241,636	14,553	235,477
Contract services	54,642	55,809	(1,167)	45,723
Materials and supplies	4,058	3,885	173	4,222
Total Tax Commissioner	314,889	301,330	13,559	285,422
Tax Assessor				
Personal services	418,344	387,575	30,769	371,069
Contract services	57,079	49,229	7,850	41,803
Materials and supplies	9,791	9,585	206	8,664
Total Tax Assessor	485,214	446,389	38,825	421,536
Board of Equalization				
Personal services	0	0	0	343
Contract services	5,250	3,832	1,418	660
Total Board of Equalization	5,250	3,832	1,418	1,003

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
General Government (continued)				
County Clerk				
Personal services	$ 56,706	$ 42,500	$ 14,206	$ 47,760
Contract services	6,925	2,814	4,111	5,514
Materials and supplies	800	682	118	747
Total County Clerk	64,431	45,996	18,435	54,021
Engineer				
Personal services	73,074	73,797	(723)	66,766
Contract services	2,215	1,773	442	0
Materials and supplies	0	174	(174)	0
Total Engineer	75,289	75,744	(455)	66,766
Economic Development				
Personal services	88,633	2,178	86,455	38,679
Contract services	10,400	2,783	7,617	8,427
Materials and supplies	3,100	0	3,100	120
Total Economic Development	102,133	4,961	97,172	47,226
Registrar				
Personal services	84,929	82,687	2,242	80,424
Contract services	11,900	12,310	(410)	12,053
Materials and supplies	3,800	2,524	1,276	877
Total Registrar	100,629	97,521	3,108	93,354
Buildings and Grounds				
Personal services	245,916	234,528	11,388	231,272
Contract services	133,700	125,566	8,134	88,641
Materials and supplies	100,100	102,340	(2,240)	120,257
Capital outlay	43,098	21,877	21,221	67,127
Total Buildings and Grounds	522,814	484,311	38,503	507,297
County Annex				
Contract services	62,600	68,269	(5,669)	49,300
Materials and supplies	19,500	20,051	(551)	12,768
Total County Annex	82,100	88,320	(6,220)	62,068
Information Technology				
Personal services	95,533	96,996	(1,463)	90,818
Contract services	49,850	53,691	(3,841)	45,328
Materials and supplies	5,600	5,620	(20)	6,731
Total Information Technology	150,983	156,307	(5,324)	142,877
Cannery				
Personal services	1,920	0	1,920	0
Contract services	4,350	0	4,350	198
Materials and supplies	550	433	117	415
Total Cannery	6,820	433	6,387	613
Total General Government	3,056,544	2,773,641	282,903	2,709,794

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Judicial				
Drug Abuse Treatment				
Contract services	$ 101,000	$ 67,658	$ 33,342	$ 0
Materials and supplies	24,000	7,441	16,559	0
Total Drug Abuse Treatment	125,000	75,099	49,901	0
Probate Court				
Personal services	162,321	151,769	10,552	163,802
Contract services	27,850	28,496	(646)	42,195
Materials and supplies	27,115	25,970	1,145	13,022
Total Probate Court	217,286	206,235	11,051	219,019
Magistrate Court				
Personal services	324,914	322,230	2,684	303,989
Contract services	37,850	39,365	(1,515)	43,002
Materials and supplies	25,350	19,498	5,852	15,727
Total Magistrate Court	388,114	381,093	7,021	362,718
Clerk of Superior Court				
Personal services	441,321	430,390	10,931	391,140
Contract services	75,807	73,875	1,932	73,899
Materials and supplies	27,293	26,756	537	20,726
Total Clerk of Superior Court	544,421	531,021	13,400	485,765
Superior Court				
Personal services	74,224	77,783	(3,559)	75,304
Contract services	95,280	65,785	29,495	84,368
Materials and supplies	3,600	3,365	235	2,231
Total Superior Court	173,104	146,933	26,171	161,903
District Attorney				
Personal services	4,200	3,740	460	0
Contract services	14,150	13,669	481	14,697
Materials and supplies	4,900	3,721	1,179	4,170
Payments to other agencies	52,406	37,942	14,464	50,039
Total District Attorney	75,656	59,072	16,584	68,906
Public Defender				
Personal services	37,068	42,801	(5,733)	30,547
Contract services	231,257	197,899	33,358	214,881
Materials and supplies	6,800	14,332	(7,532)	12,451
Total Public Defender	275,125	255,032	20,093	257,879
Juvenile Supervision				
Contract services	5,000	5,307	(307)	3,803

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Judicial (continued)				
Juvenile Court				
Personnel services	$ 164,914	$ 164,333	$ 581	$ 162,760
Contract services	45,396	55,924	(10,528)	40,762
Materials and supplies	7,004	6,494	510	7,186
Total Juvenile Court	217,314	226,751	(9,437)	210,708
State Court Judge				
Personal services	84,545	82,039	2,506	72,248
Contract services	47,200	37,411	9,789	42,702
Materials and supplies	9,600	9,600	0	9,600
Total State Court Judge	141,345	129,050	12,295	124,550
State Court Solicitor				
Personal services	82,087	79,043	3,044	74,475
Contract services	975	30	945	807
Materials and supplies	9,600	9,600	0	9,700
Total State Court Solicitor	92,662	88,673	3,989	84,982
Total Judicial	2,255,027	2,104,266	150,761	1,980,233
Public Safety				
Sheriff				
Personal services	1,598,371	1,652,513	(54,142)	1,493,431
Contract services	196,361	212,602	(16,241)	174,408
Materials and supplies	218,750	320,374	(101,624)	213,765
Capital outlay	0	3,726	(3,726)	0
Total Sheriff	2,013,482	2,189,215	(175,733)	1,881,604
Jail				
Personal services	1,210,314	1,193,836	16,478	1,139,668
Contract services	401,500	386,937	14,563	459,234
Materials and supplies	131,000	137,319	(6,319)	162,081
Total Jail	1,742,814	1,718,092	24,722	1,760,983
Animal Control				
Personal services	69,555	58,352	11,203	57,763
Contract services	8,125	6,107	2,018	76,640
Materials and supplies	14,350	13,293	1,057	23,732
Total Animal Control	92,030	77,752	14,278	158,135
Coroner				
Personal services	16,988	16,469	519	15,792
Contract services	6,375	6,647	(272)	4,729
Materials and supplies	1,950	1,515	435	1,921
Total Coroner	25,313	24,631	682	22,442

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Public Safety (continued)				
Fire				
Personal services	$ 908,418	$ 895,922	$ 12,496	$ 844,971
Contract services	62,050	61,423	627	89,256
Materials and supplies	690,805	594,340	96,465	131,226
Capital outlay	0	30,000	(30,000)	0
Payments to other agencies	0	0	0	35
Total Fire	1,661,273	1,581,685	79,588	1,065,488
Emergency Management Agency				
Personal services	112,867	90,773	22,094	113,987
Contract services	26,610	18,955	7,655	17,305
Materials and supplies	9,650	9,403	247	9,547
Total Emergency Management Agency	149,127	119,131	29,996	140,839
Ambulance				
Contract services	41,900	57,575	(15,675)	32,285
Materials and supplies	49,600	74,780	(25,180)	47,350
Payments to other agencies	554,000	554,000	0	389,598
Total Ambulance	645,500	686,355	(40,855)	469,233
Animal Shelter				
Contract services	77,300	75,678	1,622	0
Materials and supplies	12,200	11,146	1,054	0
Total Animal Shelter	89,500	86,824	2,676	0
Northeast Georgia Drug Task Force				
Payments to other agencies	85,119	85,119	0	16,993
Total Public Safety	6,504,158	6,568,804	(64,646)	5,515,717
Public Works				
Road Department				
Personal services	1,279,768	1,268,648	11,120	1,146,229
Contract services	141,776	134,876	6,900	119,819
Materials and supplies	250,200	325,296	(75,096)	253,854
Capital outlay	100	0	100	11,270
Total Public Works	1,671,844	1,728,820	(56,976)	1,531,172
Health and Welfare				
Georgia Mountains Community Mental Health				
Payments to other agencies	25,900	25,900	0	25,100

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Health and Welfare (continued)				
Senior Center				
Contract services	$ 4,300	$ 5,054	$ (754)	$ 4,130
Materials and supplies	12,000	11,158	842	11,292
Payments to other agencies	148,022	148,022	0	137,089
Total Senior Center	164,322	164,234	88	152,511
Habersham County Health Department				
Payments to other agencies	180,000	180,000	0	185,000
Child Welfare				
Payments to other agencies	60,306	53,719	6,587	61,120
Food Bank				
Payments to other agencies	2,500	2,500	0	2,500
US Dept. Int. Geo Survey				
Contract services	9,425	9,100	325	0
Total Health and Welfare	442,453	435,453	7,000	426,231
Culture and Recreation				
Fairgrounds				
Contract services	25,825	17,397	8,428	17,678
Materials and supplies	3,200	1,742	1,458	2,546
Total Fairgrounds	29,025	19,139	9,886	20,224
Libraries				
Payments to other agencies	310,000	310,000	0	298,100
Recreation				
Personal services	424,753	436,551	(11,798)	411,217
Contract services	41,120	25,430	15,690	35,141
Materials and supplies	248,997	266,759	(17,762)	291,146
Payments to other agencies	87,050	113,715	(26,665)	93,761
Total Recreation	801,920	842,455	(40,535)	831,265
Total Culture and Recreation	1,140,945	1,171,594	(30,649)	1,149,589
Housing and Development				
Airport				
Contract services	10,380	8,758	1,622	12,773
Materials and supplies	4,010	4,484	(474)	4,184
Total Airport	14,390	13,242	1,148	16,957
Extension Service				
Contract services	66,742	49,477	17,265	49,860
Materials and supplies	7,800	11,938	(4,138)	4,808
Payments to other agencies	2,500	2,489	11	2,500
Debt service	0	0	0	8,290
Total Extension Service	77,042	63,904	13,138	65,458

HABERSHAM COUNTY, GEORGIA
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
Housing and Development (continued)				
GIS				
Contract services	$ 0	$ 0	$ 0	$ 98
Forestry				
Payments to other agencies	3,462	3,462	0	3,462
Development Authority				
Payments to other agencies	37,000	37,000	0	1,607,319
Building				
Personal services	221,891	242,428	(20,537)	223,437
Contract services	12,850	12,883	(33)	9,785
Materials and supplies	16,300	17,625	(1,325)	14,050
Total Building	251,041	272,936	(21,895)	247,272
Planning				
Personal services	284,141	221,690	62,451	208,928
Contract services	80,150	44,386	35,764	84,008
Materials and supplies	14,400	13,197	1,203	6,977
Total Planning	378,691	279,273	99,418	299,913
Planning Commission				
Contract services	10,400	9,229	1,171	8,308
Materials and supplies	700	0	700	0
Total Planning Commission	11,100	9,229	1,871	8,308
Code Enforcement				
Personal services	58,887	50,168	8,719	52,909
Contract services	7,551	6,184	1,367	5,729
Materials and supplies	3,414	4,152	(738)	3,194
Total Code Enforcement	69,852	60,504	9,348	61,832
Total Housing and Development	842,578	739,550	103,028	2,310,619
	$ 15,913,549	$ 15,522,128	$ 391,421	$ 15,623,355

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Jail Fund – This fund is used to account for fines and fees received restricted for the maintenance of the County Jail.

Emergency 911 Fund – This fund is used to account for the County's share of telephone fees for the operation of the 911 emergency system.

Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax collections which are used to support tourism in Habersham County.

Law Library Fund – This fund is used to account for the funds court office fines and fees legally restricted for operation of the Habersham County Law Library.

Drug Abuse Treatment Fund – This fund is used to account for fines and fees received restricted for drug treatment and education programs in the County.

Inmate Welfare Fund – This fund is used to account for monies legally restricted for the benefit of detainees in the County jail.

HABERSHAM COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 101,241	$ 79,443
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 8,020
Fund balances		
Unreserved	101,241	71,423
Total liabilities and fund balances	$ 101,241	$ 79,443

HABERSHAM COUNTY, GEORGIA
JAIL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 69,608	$ 99,151	$ 29,543	$ 74,295
Interest	200	474	274	166
Total revenues	69,808	99,625	29,817	74,461
EXPENDITURES				
Current				
Public Safety				
Contract services	48,708	69,807	(21,099)	20,636
Materials and supplies	21,100	0	21,100	13,314
Capital outlay	0	0	0	10,193
Total expenditures	69,808	69,807	1	44,143
Excess (deficiency) of revenues over (under) expenditures	0	29,818	29,818	30,318
Fund balances, July 1	0	71,423	71,423	41,105
Fund balances, June 30	$ 0	$ 101,241	$ 101,241	$ 71,423

HABERSHAM COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 389,165	$ 350,843
Accounts receivable	77,048	86,231
Due from other funds	19,957	25,705
Restricted assets		
Equity in pooled cash	0	151,516
Total assets	$ 486,170	$ 614,295
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 18,173	$ 28,988
Accrued salaries and expenses	15,266	12,144
Retirement contributions	0	38,729
Due to other funds	72,137	0
Total liabilities	105,576	79,861
Fund balances		
Reserved for equipment purchases	0	151,516
Unreserved, designated for budget	336,060	0
Unreserved, undesignated	44,534	382,918
Total fund balances	380,594	534,434
Total liabilities and fund balances	$ 486,170	$ 614,295

HABERSHAM COUNTY, GEORGIA
EMERGENCY 911 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 583,300	$ 644,785	$ 61,485	$ 577,716
Interest	5,500	13,460	7,960	7,827
Other	100	126	26	171
Total revenues	588,900	658,371	69,471	585,714
EXPENDITURES				
Current				
Public Safety				
Personal Services	705,681	718,409	(12,728)	644,658
Contract services	198,900	170,771	28,129	182,761
Materials and supplies	22,350	21,963	387	26,402
Capital outlay	317,515	203,535	113,980	96,269
Debt service	116,500	127,853	(11,353)	48,497
Total expenditures	1,360,946	1,242,531	118,415	998,587
Excess (deficiency) of revenues over (under) expenditures	(772,046)	(584,160)	187,886	(412,873)
Other financing sources (uses)				
Transfers in (out)				
General Fund	383,531	412,820	29,289	495,065
Capital Improvements Fund	0	0	0	(39,345)
Issuance of capital leases	317,515	17,500	(300,015)	149,515
Total other financing sources (uses)	701,046	430,320	(270,726)	605,235
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(71,000)	(153,840)	(82,840)	192,362
Fund balances, July 1	71,000	534,434	463,434	342,072
Fund balances, June 30	$ 0	$ 380,594	$ 380,594	$ 534,434

HABERSHAM COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

	2008	2007
ASSETS	$ 0	$ 0
LIABILITIES AND FUND BALANCES	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Taxes	$ 26,070	$ 26,070	$ 0	$ 25,591
Total revenues	26,070	26,070	0	25,591
EXPENDITURES				
Current				
Housing and Development				
Tourism				
Habersham County Chamber of Commerce	10,428	10,428	0	10,236
Total expenditures	10,428	10,428	0	10,236
Excess (deficiency) of revenues over (under) expenditures	15,642	15,642	0	15,355
Other financing sources (uses)				
Transfers in (out)				
General Fund	(15,642)	(15,642)	0	(15,355)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	0	0	0
Fund balances, July 1	0	0	0	0
Fund balances, June 30	$ 0	$ 0	$ 0	$ 0

HABERSHAM COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 7,639	$ 4,239
Certificates of deposit	258,921	219,027
Total assets	$ 266,560	$ 223,266
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 266,560	$ 223,266

HABERSHAM COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 33,000	$ 39,134	$ 6,134	$ 36,857
Interest	4,000	17,849	13,849	9,774
Total revenues	37,000	56,983	19,983	46,631
EXPENDITURES				
Current				
Judicial				
Personal services	4,800	5,200	(400)	4,400
Materials and supplies	10,000	8,489	1,511	4,491
Total expenditures	14,800	13,689	1,111	8,891
Excess (deficiency) of revenues over (under) expenditures	22,200	43,294	21,094	37,740
Fund balances, July 1	(22,200)	223,266	245,466	185,526
Fund balances, June 30	$ 0	$ 266,560	$ 266,560	$ 223,266

HABERSHAM COUNTY, GEORGIA
DRUG ABUSE TREATMENT SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 243,415	$ 257,694
Accounts receivable	0	2,776
Intergovernmental receivable	356	0
Total assets	$ 243,771	$ 260,470
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other funds	$ 0	$ 20,108
Fund balances		
Unreserved, designated for budget	34,450	0
Unreserved, undesignated	209,321	240,362
Total fund balances	243,771	240,362
Total liabilities and fund balances	$ 243,771	$ 260,470

HABERSHAM COUNTY, GEORGIA
DRUG ABUSE TREATMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Fines, fees, and forfeitures	$ 41,500	$ 36,500	$ (5,000)	$ 44,849
Intergovernmental	0	31,177	31,177	0
Interest	1,000	3,564	2,564	587
Total revenues	42,500	71,241	28,741	45,436
EXPENDITURES				
Current				
Judicial				
Personal services	0	0	0	148
Contract services	42,500	5,332	37,168	16,249
Materials and supplies	0	0	0	8,931
Total expenditures	42,500	5,332	37,168	25,328
Excess (deficiency) of revenues over (under) expenditures	0	65,909	65,909	20,108
Other financing sources (uses)				
Transfers in (out)				
General Fund	(125,000)	(62,500)	62,500	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and and other financing uses	(125,000)	3,409	128,409	20,108
Fund balances, July 1	125,000	240,362	115,362	220,254
Fund balances, June 30	$ 0	$ 243,771	$ 243,771	$ 240,362

HABERSHAM COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 3,210	$ 1,261
LIABILITIES AND FUND BALANCES		
Fund balances		
Unreserved	$ 3,210	$ 1,261

HABERSHAM COUNTY, GEORGIA
INMATE WELFARE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Charges for services	$ 136,500	$ 86,197	$ (50,303)	$ 114,165
Total revenues	136,500	86,197	(50,303)	114,165
EXPENDITURES				
Current				
Public safety				
Materials and supplies	136,500	84,248	52,252	118,799
Total expenditures	136,500	84,248	52,252	118,799
Excess (deficiency) of revenues over (under) expenditures	0	1,949	1,949	(4,634)
Fund balances, July 1	0	1,261	1,261	5,895
Fund balances, June 30	$ 0	$ 3,210	$ 3,210	$ 1,261

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CAPITAL PROJECTS FUNDS

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

Special Purpose Local Option Sales Tax #2 Fund – This fund is used to account for long-term projects financed by the 1993 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #3 Fund – This fund is used to account for long-term projects financed by the 1998 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #4 Fund – This fund is used to account for long-term projects financed by the 2003 passage of a special purpose local option sales tax.

Special Purpose Local Option Sales Tax #5 Fund – This fund is used to account for long-term projects financed by the 2008 passage of a special purpose local option sales tax.

Capital Improvements Fund – This fund is used to account for general purpose long-term capital projects financed from various revenue sources.

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 195,079	$ 349,958
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$ 72,733	$ 69,569
Fund balances		
Unreserved	122,346	280,389
Total liabilities and fund balances	$ 195,079	$ 349,958

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #2
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

REVENUES	**2008**	**2007**
Interest	$ 8,015	$ 19,495
Total revenues	8,015	19,495
EXPENDITURES		
Capital outlay		
Culture and Recreation		
Recreation	166,058	159,977
Intergovernmental allocations to other agencies	0	140,069
Total expenditures	166,058	300,046
Excess (deficiency) of revenues over (under) expenditures	(158,043)	(280,551)
Fund balances, July 1	280,389	560,940
Fund balances, June 30	$ 122,346	$ 280,389

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 8,143	$ 40,989
Due from other funds	462,115	462,115
Total assets	$ 470,258	$ 503,104
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 15,911
Due to other funds	305,867	305,867
Total liabilities	305,867	321,778
Fund balances		
Unreserved	164,391	181,326
Total liabilities and fund balances	$ 470,258	$ 503,104

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #3
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

REVENUES	**2008**	**2007**
Interest	$ 671	$ 14,210
Total revenues	671	14,210
EXPENDITURES		
Capital outlay		
General Government		
Tax Assessor	2,976	0
Economic Development	5,155	0
County Buildings and Grounds	5,584	276,840
Information Technology	1,067	0
Judicial		
Probate Court	2,824	0
Juvenile Court	0	3,780
Public Safety		
Fire	0	28,340
Public Works		
Roads and Bridges	0	39,937
Intergovernmental allocations to other agencies	0	6,910
Total expenditures	17,606	355,807
Excess (deficiency) of revenues over (under) expenditures	(16,935)	(341,597)
Other financing sources (uses)		
Transfers in (out)		
Water and Sewer Fund	0	(80,000)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(16,935)	(421,597)
Fund balances, July 1	181,326	602,923
Fund balances, June 30	$ 164,391	$ 181,326

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 10,333,203	$ 12,256,936
Receivables		
Intergovernmental	0	147,041
Taxes	0	669,857
Due from other funds	189,264	0
Total assets	$ 10,522,467	$ 13,073,834
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$ 240,406	$ 0
Due to other funds	3,303,779	7,233,404
Total liabilities	3,544,185	7,233,404
Fund balances		
Unreserved	6,978,282	5,840,430
Total liabilities and fund balances	$ 10,522,467	$ 13,073,834

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #4
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

REVENUES	**2008**	**2007**
Taxes	$ 4,089,825	$ 3,770,732
Intergovernmental	157,900	328,550
Interest	280,062	456,057
Total revenues	4,527,787	4,555,339
EXPENDITURES		
Capital outlay		
Public Safety		
Sheriff	38,035	113,076
Coroner	5,450	0
Fire	115,729	233,817
EMA	5,880	5,270
Ambulance	266,752	65,840
Public Works		
Roads and Bridges	1,089,593	1,631,224
Housing and Development		
Airport	492,867	139,846
Intergovernmental allocations to other agencies	1,375,629	946,693
Total expenditures	3,389,935	3,135,766
Excess (deficiency) of revenues over (under) expenditures	1,137,852	1,419,573
Fund balances, July 1	5,840,430	4,420,857
Fund balances, June 30	$ 6,978,282	$ 5,840,430

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
BALANCE SHEET
June 30, 2008

ASSETS

Cash	$ 406,117
Taxes receivable	758,790
Total assets	$ 1,164,907

LIABILITIES AND FUND BALANCES

Liabilities	
Intergovernmental Payable	$ 171,783
Due to other funds	315,069
Total liabilities	486,852
Fund balances	
Unreserved	678,055
Total liabilities and fund balances	$ 1,164,907

HABERSHAM COUNTY, GEORGIA
SPECIAL PURPOSE LOCAL OPTION SALES TAX #5
CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal year ended June 30, 2008

REVENUES	
Taxes	$ 1,120,757
Interest	290
Total revenues	1,121,047
EXPENDITURES	
Capital outlay	
General Government	
County-Wide	75,714
Information Technology	113,550
Intergovernmental allocations to other agencies	253,728
Total expenditures	442,992
Excess (deficiency) of revenues over (under) expenditures	678,055
Fund balances, July 1	0
Fund balances, June 30	$ 678,055

HABERSHAM COUNTY, GEORGIA
CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 52,659	$ 292,516
Due from other funds	46,692	45,177
Restricted assets		
Cash	96,944	0
Equity in pooled cash	0	170,287
Total assets	$ 196,295	$ 507,980
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	$ 0	$ 11,930
Due to other funds	15,964	5,892
Total liabilities	15,964	17,822
Fund balances		
Reserved for equipment purchases	96,944	170,287
Unreserved	83,387	319,871
Total fund balances	180,331	490,158
Total liabilities and fund balances	$ 196,295	$ 507,980

HABERSHAM COUNTY, GEORGIA
CAPITAL IMPROVEMENTS
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

REVENUES	**2008**	**2007**
Intergovernmental	$ 0	$ 37,500
Interest	18,822	25,711
Other	0	11,124
Total revenues	18,822	74,335
EXPENDITURES		
Capital outlay		
General Government		
County-Wide	14,194	531
County Manager	19,972	0
Tax Commissioner	0	11,328
Tax Assessor	73,845	39,312
Economic Development	50,000	0
County Buildings & Grounds	5,395	6,906
Public Safety		
Sheriff	636,200	105,923
Animal Control	9,053	15,528
Public Works		
Roads and Bridges	256,841	567,816
Health and Welfare		
Senior Center	51,281	0
Culture and Recreation		
Recreation	0	11,708
Housing and Development		
Building	10,018	22,419
Planning	0	29,965
Total expenditures	1,126,799	811,436
Excess (deficiency) of revenues over (under) expenditures	(1,107,977)	(737,101)
Other financing sources (uses)		
Transfers in (out)		
General Fund	190,650	17,000
E911 Fund	0	39,345
Issuance of capital leases	607,500	400,485
Total other financing sources (uses)	798,150	456,830
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(309,827)	(280,271)
Fund balances, July 1	490,158	770,429
Fund balances, June 30	$ 180,331	$ 490,158

Exhibit E-10

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are self-supporting in nature where the costs, including depreciation, of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

Water and Sewer Fund - Used to account for activities connected with the development, operation and maintenance of water and sewer services in Habersham County.

Landfill Fund – This fund is used to account for activities connected with the disposal of residential and commercial solid waste at the County's solid waste transfer station.

Transit Fund – This fund is used to account for activities of the County's on-call bus service, available to any County resident.

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash	$ 226,124	$ 118,215
Receivables		
Accounts	15,964	23,955
Taxes	263,725	437,894
Restricted assets		
Cash	2,415,221	0
Due from other funds	2,912,777	6,716,597
Total current assets	5,833,811	7,296,661
Capital assets		
Construction in progress	3,294,797	175,000
Distribution system	6,569,798	6,569,798
Vehicles	44,386	11,721
Accumulated depreciation	(1,106,737)	(972,106)
Total capital assets (net of accumulated depreciation)	8,802,244	5,784,413
Total assets	14,636,055	13,081,074
LIABILITIES		
Current liabilities		
Payables		
Accounts	10,788	41,998
Intergovernmental	19,260	0
Retainages	0	0
Accrued salaries	2,321	802
Compensated absences	555	594
Retirement contributions	0	2,098
Due to other funds	11,233	32,277
Customer deposits	25,011	22,846
Liabilities payable from restricted assets:		
Payables		
Accounts	112,442	0
Intergovernmental	264,850	0
Retainages	129,398	0
Total liabilities	575,858	100,615
NET ASSETS		
Invested in capital assets	8,802,244	5,784,413
Restricted for restricted assets	4,821,308	6,716,597
Unrestricted	436,645	479,449
Total net assets	$ 14,060,197	$ 12,980,459

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

OPERATING REVENUES	**2008**	**2007**
Charges for sales and services	$ 257,441	$ 288,432
Total operating revenues	257,441	288,432
OPERATING EXPENSES		
Costs of sales and services	218,882	513,837
Personal services	41,506	46,686
Depreciation	134,631	135,657
Total operating expenses	395,019	696,180
Operating income (loss)	(137,578)	(407,748)
Non-operating revenues (expenses)		
Interest revenue	150,726	3,763
Net income (loss) before capital contributions and transfers	13,148	(403,985)
Capital contributions		
Special purpose local option sales tax	1,084,900	2,464,972
Net income (loss) before transfers	1,098,048	2,060,987
Transfers in (out)		
General Fund	(18,310)	62,520
Change in net assets	1,079,738	2,123,507
Net assets, July 1	12,980,459	10,856,952
Net assets, June 30	$ 14,060,197	$ 12,980,459

HABERSHAM COUNTY, GEORGIA
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 267,597	$ 294,119
Payments to suppliers	(230,832)	(484,459)
Payments to employees	(42,124)	(46,174)
Net cash provided (used) by operating activities	(5,359)	(236,514)
Cash flows from non-capital financing activities:		
Payments to other funds	(39,354)	0
Cash flows from capital and related financing activities:		
Receipts from other funds	4,434,356	412,981
Receipts from other governments	628,533	0
Acquisition of capital assets	(2,645,772)	(181,903)
Net cash provided (used) by capital and related financing activities	2,417,117	231,078
Cash flows from investing activities:		
Interest received	150,726	3,763
Net increase (decrease) in cash and cash equivalents	2,523,130	(1,673)
Cash and cash equivalents, July 1	118,215	119,888
Cash and cash equivalents, June 30	$ 2,641,345	$ 118,215
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (137,578)	$ (407,748)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	134,631	135,657
(Increase) decrease in accounts receivable	7,991	882
Increase (decrease) in accounts payable	(31,210)	41,998
Increase (decrease) in intergovernmental payable	19,260	(12,620)
Increase (decrease) in deposits payable	2,165	4,805
Increase (decrease) in accrued payroll liabilities	(618)	512
Total adjustments	132,219	171,234
Net cash provided (used) by operating activities	$ (5,359)	$ (236,514)

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Cash	$ 2,724,876	$ 3,149,874
Accounts receivable (net)	139,406	91,483
Due from other funds	69,586	5,892
Total current assets	2,933,868	3,247,249
Capital assets		
Land	665,702	665,702
Construction in progress	372,924	0
Land improvements	5,348,705	5,095,901
Buildings	18,923	18,923
Machinery and equipment	1,590,006	1,343,069
Vehicles	56,500	56,500
Accumulated depreciation	(3,530,589)	(3,161,844)
Total capital assets (net of accumulated depreciation)	4,522,171	4,018,251
Total assets	7,456,039	7,265,500
LIABILITIES		
Current liabilities		
Payables		
Accounts	367,583	134,859
Intergovernmental	29,621	24,093
Retainages	27,078	0
Interest	4,750	6,379
Accrued salaries	6,875	5,251
Compensated absences	26,861	21,766
Retirement contributions	0	18,461
Due to other funds	63,362	53,634
Capital leases payable	82,238	410,036
Total current liabilities	608,368	674,479
Long-term liabilities		
Capital leases payable	173,144	259,060
Post-closure care	2,737,723	1,616,214
Total long-term liabilities	2,910,867	1,875,274
Total liabilities	3,519,235	2,549,753
NET ASSETS		
Invested in capital assets, net of related debt	4,266,789	3,342,776
Unrestricted	(329,985)	1,372,971
Total net assets	$ 3,936,804	$ 4,715,747

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

OPERATING REVENUES	**2008**	**2007**
Charges for sales and services	$ 1,429,630	$ 1,432,169
Miscellaneous revenues	0	140
Total operating revenues	1,429,630	1,432,309
OPERATING EXPENSES		
Costs of sales and services	1,530,869	525,486
Personal services	376,115	316,984
Depreciation	377,130	350,484
Total operating expenses	2,284,114	1,192,954
Operating income (loss)	(854,484)	239,355
Non-operating revenues (expenses)		
Interest revenue	114,562	144,072
Interest expense	(19,801)	(33,833)
Intergovernmental revenue	0	105,679
Gain (loss) on sale of assets	42,751	0
Total non-operating revenues (expenses)	137,512	215,918
Net income (loss) before transfers	(716,972)	455,273
Transfer in (out)		
General Fund	(61,971)	(59,300)
Change in net assets	(778,943)	395,973
Net assets, July 1	4,715,747	4,319,774
Net assets, June 30	$ 3,936,804	$ 4,715,747

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 1,381,707	$ 1,465,798
Payments to suppliers	(171,108)	(180,382)
Payments to employees	(387,857)	(304,250)
Other receipts	0	140
Net cash provided (used) by operating activities	822,742	981,306
Cash flows from non-capital financing activities:		
Receipts from other governments	0	105,679
Receipts from other funds	63,362	53,634
Payments to other funds	(179,299)	(106,983)
Net cash provided (used) by non-capital financing activities	(115,937)	52,330
Cash flows from capital and related financing activities:		
Interest paid	(21,430)	(27,454)
Principal payments - capital leases	(413,714)	(195,917)
Proceeds from sale of capital assets	53,000	0
Acquisition of capital assets	(864,221)	(122,549)
Net cash provided (used) by capital and related financing activities	(1,246,365)	(345,920)
Cash flows from investing activities:		
Interest received	114,562	151,842
Proceeds from investment maturities	0	1,586,569
Net cash provided (used) by investing activities	114,562	1,738,411
Net increase (decrease) in cash and cash equivalents	(424,998)	2,426,127
Cash and cash equivalents, July 1	3,149,874	723,747
Cash and cash equivalents, June 30	$ 2,724,876	$ 3,149,874

HABERSHAM COUNTY, GEORGIA
LANDFILL ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (854,484)	$ 239,355
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	377,130	350,484
Closure/postclosure costs	1,121,509	198,359
(Increase) decrease in accounts receivable	(47,923)	33,629
Increase (decrease) in accounts payable	232,724	122,652
Increase (decrease) in intergovernmental payable	5,528	24,093
Increase (decrease) in accrued payroll liabilities	(11,742)	12,734
Total adjustments	1,677,226	741,951
Net cash provided (used) by operating activities	$ 822,742	$ 981,306

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
ASSETS		
Current assets		
Intergovernmental receivable	$ 20,769	$ 0
Due from other funds	0	1,813
Total current assets	20,769	1,813
Capital assets		
Vehicles	36,124	36,124
Accumulated depreciation	(25,287)	(18,062)
Total capital assets (net of accumulated depreciation)	10,837	18,062
Total assets	31,606	19,875
LIABILITIES		
Current liabilities		
Accrued salaries	550	543
Retirement contributions	0	1,455
Total liabilities	550	1,998
NET ASSETS		
Invested in capital assets, net of related debt	10,837	18,062
Unrestricted	20,219	(185)
Total net assets	$ 31,056	$ 17,877

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the fiscal years ended June 30, 2008 and 2007

OPERATING REVENUES	**2008**	**2007**
Charges for sales and services	$ 3,300	$ 8,695
Total operating revenues	3,300	8,695
OPERATING EXPENSES		
Costs of sales and services	13,962	12,950
Personal services	32,718	30,695
Depreciation	7,225	7,225
Total operating expenses	53,905	50,870
Operating income (loss)	(50,605)	(42,175)
Non-operating revenues (expenses)		
Intergovernmental revenue	28,533	15,639
Net income (loss) before tranfers	(22,072)	(26,536)
Transfers in (out)		
General Fund	35,251	22,740
Change in net assets	13,179	(3,796)
Net Assets, July 1	17,877	21,673
Net Assets, June 30	$ 31,056	$ 17,877

HABERSHAM COUNTY, GEORGIA
TRANSIT ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the fiscal years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Receipts from customers	$ 3,301	$ 8,695
Payments to suppliers	(13,962)	(12,950)
Payments to employees	(34,167)	(30,576)
Net cash provided (used) by operating activities	(44,828)	(34,831)
Cash flows from non-capital financing activities:		
Receipts from other governments	7,764	15,639
Receipts from other funds	37,064	22,740
Payments to other funds	0	(3,548)
Net cash provided (used) by non-capital financing activities	44,828	34,831
Net increase (decrease) in cash and cash equivalents	0	0
Cash and cash equivalents, July 1	0	0
Cash and cash equivalents, June 30	$ 0	$ 0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (50,605)	$ (42,175)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	7,225	7,225
Increase (decrease) in accrued payroll liabilities	(1,449)	119
Total adjustments	5,776	7,344
Net cash provided (used) by operating activities	$ (44,829)	$ (34,831)

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AGENCY FUNDS

These funds are used to account for assets held by the County as an agent to be expended in accordance with the conditions of its agency capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Magistrate Court, Probate Court, Juvenile Court and Clerk of Court - These funds account for assets and related liabilities for the collection of court related fees.

Sheriff Department - This fund accounts for deposits held for incarcerated inmates.

HABERSHAM COUNTY, GEORGIA
AGENCY FUNDS
COMBINING BALANCE SHEET
June 30, 2008

	Tax Commissioner	Magistrate Court
ASSETS		
Cash	$ 484,022	$ 23,955
Accounts receivable	0	76,227
Total assets	$ 484,022	$ 100,182
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 484,022	$ 100,182

Probate Court	Juvenile Court	Clerk of Court	Sheriff Department	Totals
$ 56	$ 1,771	$ 374,038	$ 70,289	$ 954,131
0	0	1,459,223	0	1,535,450
$ 56	$ 1,771	$ 1,833,261	$ 70,289	$ 2,489,581
$ 56	$ 1,771	$ 1,833,261	$ 70,289	$ 2,489,581

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HABERSHAM COUNTY, GEORGIA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the fiscal year ended June 30, 2008

	Balance July 1	Additions	Deletions	Balance June 30
TAX COMMISSIONER				
ASSETS				
Cash	$ 657,613	$ 30,233,711	$ 30,407,302	$ 484,022
LIABILITIES				
Due to other agencies	$ 657,613	$ 30,233,711	$ 30,407,302	$ 484,022
MAGISTRATE COURT				
ASSETS				
Cash	$ 15,433	$ 369,837	$ 361,315	$ 23,955
Accounts receivable	69,475	6,752	0	76,227
Total	$ 84,908	$ 376,589	$ 361,315	$ 100,182
LIABILITIES				
Due to other agencies	$ 84,908	$ 376,589	$ 361,315	$ 100,182
PROBATE COURT				
ASSETS				
Cash	$ 4,713	$ 102,509	$ 107,166	$ 56
LIABILITIES				
Due to other agencies	$ 4,713	$ 102,509	$ 107,166	$ 56
JUVENILE COURT				
ASSETS				
Cash	$ 1,669	$ 5,186	$ 5,084	$ 1,771
LIABILITIES				
Due to other agencies	$ 1,669	$ 5,186	$ 5,084	$ 1,771
CLERK OF COURT				
ASSETS				
Cash	$ 383,203	$ 3,287,607	$ 3,296,772	$ 374,038
Accounts receivable	1,282,333	176,890	0	1,459,223
Total	$ 1,665,536	$ 3,464,497	$ 3,296,772	$ 1,833,261
LIABILITIES				
Due to other agencies	$ 1,665,536	$ 3,464,497	$ 3,296,772	$ 1,833,261
SHERIFF DEPARTMENT				
ASSETS				
Cash	$ 65,607	$ 316,351	$ 311,669	$ 70,289
LIABILITIES				
Due to other agencies	$ 65,607	$ 316,351	$ 311,669	$ 70,289
TOTALS				
ASSETS				
Cash	$ 1,128,238	$ 34,315,201	$ 34,489,308	$ 954,131
Accounts receivable	1,351,808	183,642	0	1,535,450
Total	$ 2,480,046	$ 34,498,843	$ 34,489,308	$ 2,489,581
LIABILITIES				
Due to other agencies	$ 2,480,046	$ 34,498,843	$ 34,489,308	$ 2,489,581

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COMPONENT UNITS

Northeast Georgia Drug Task Force – This component unit is used to account for the activities of the Northeast Georgia Drug Task Force, which exists to promote a coordinated drug enforcement effort throughout the area and to encourage maximum cooperation among all enforcement and prosecuting agencies therein. The Task Force is a coordinated effort involving Habersham and Rabun Counties.

Habersham County Development Authority – This component unit is used to account for the activities of the Habersham County Development Authority, which exists to promote business development in the County.

HABERSHAM COUNTY, GEORGIA
NORTHEAST GEORGIA DRUG TASK FORCE (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 199,571	$ 188,715
Intergovernmental receivable	52,675	39,831
Total assets	$ 252,246	$ 228,546
LIABILITIES AND FUND BALANCES		
Liabilities		
Due to other agencies	$ 106,752	$ 93,491
Fund balances		
Unreserved	145,494	135,055
Total liabilities and fund balances	$ 252,246	$ 228,546

HABERSHAM COUNTY, GEORGIA
NORTHEAST GEORGIA DRUG TASK FORCE (A COMPONENT UNIT)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the fiscal year ended June 30, 2008
(With comparative actual amounts for the fiscal year ended June 30, 2007)

	2008			2007
	Final Budget	Actual	Variance	Actual
REVENUES				
Intergovernmental	$ 174,998	$ 201,021	$ 26,023	$ 150,323
Forfeitures	66,067	42,038	(24,029)	41,782
Interest	0	640	640	372
Total revenues	241,065	243,699	2,634	192,477
EXPENDITURES				
Current				
Public Safety				
Personal services	174,998	170,781	4,217	190,694
Contract services	27,555	15,322	12,233	15,086
Supplies and materials	38,512	29,904	8,608	25,766
Capital outlay	0	24,034	(24,034)	16,550
Payments to other agencies	0	10,719	(10,719)	18,276
Total expenditures	241,065	250,760	(9,695)	266,372
Excess (deficiency) of revenues over (under) expenditures	0	(7,061)	(7,061)	(73,895)
Other financing sources (uses)				
Sale of capital assets	0	17,500	17,500	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	0	10,439	10,439	(73,895)
Fund balances, July 1	0	135,055	135,055	208,950
Fund balances, June 30	$ 0	$ 145,494	$ 145,494	$ 135,055

HABERSHAM COUNTY, GEORGIA
DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE BALANCE SHEETS
June 30, 2008 and 2007

ASSETS	**2008**	**2007**
Cash	$ 201,063	$ 130,466
LIABILITIES AND FUND BALANCES		
Current liabilities		
Payables		
Accounts	0	116,316
Deposits	120,000	120,000
Retainages	0	121,167
Total liabilities	120,000	357,483
Fund balances		
Unreserved	81,063	(227,017)
Total liabilities and fund balances	$ 201,063	$ 130,466

HABERSHAM COUNTY, GEORGIA
DEVELOPMENT AUTHORITY (A COMPONENT UNIT)
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For the fiscal years ended June 30, 2008 and 2007

REVENUES	**2008**	**2007**
Intergovernmental	$ 37,000	$ 1,607,319
Interest	2,471	4,693
Rents	93,817	9,100
Total revenues	133,288	1,621,112
EXPENDITURES		
Current		
Economic Development		
Contract services	2,412	7,408
Capital outlay	663,493	3,270,633
Debt service	133,919	137,736
Payments to other agencies	27,000	27,000
Total expenditures	826,824	3,442,777
Excess (deficiency) of revenues over (under) expenditures	(693,536)	(1,821,665)
Other financing sources (uses)		
Sale of capital assets	0	99,890
Issuance of promissory notes	1,001,616	976,851
Total other financing sources (uses)	1,001,616	1,076,741
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	308,080	(744,924)
Fund balances, July 1	(227,017)	517,907
Fund balances, June 30	$ 81,063	$ (227,017)

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OTHER SUPPLEMENTARY INFORMATION

This section contains various supplemental information provided by Habersham County.

Officials of Habersham County

Board of County Commissioners

District 1 – Jim B. Butterworth, Chairman
District 2 – Charlie Miller
District 3 – Gerald Dunham, Vice Chairman
District 4 – Rick Austin PhD
District 5 – Doug Vermilya

Administration

County Manager - Janeann Allison

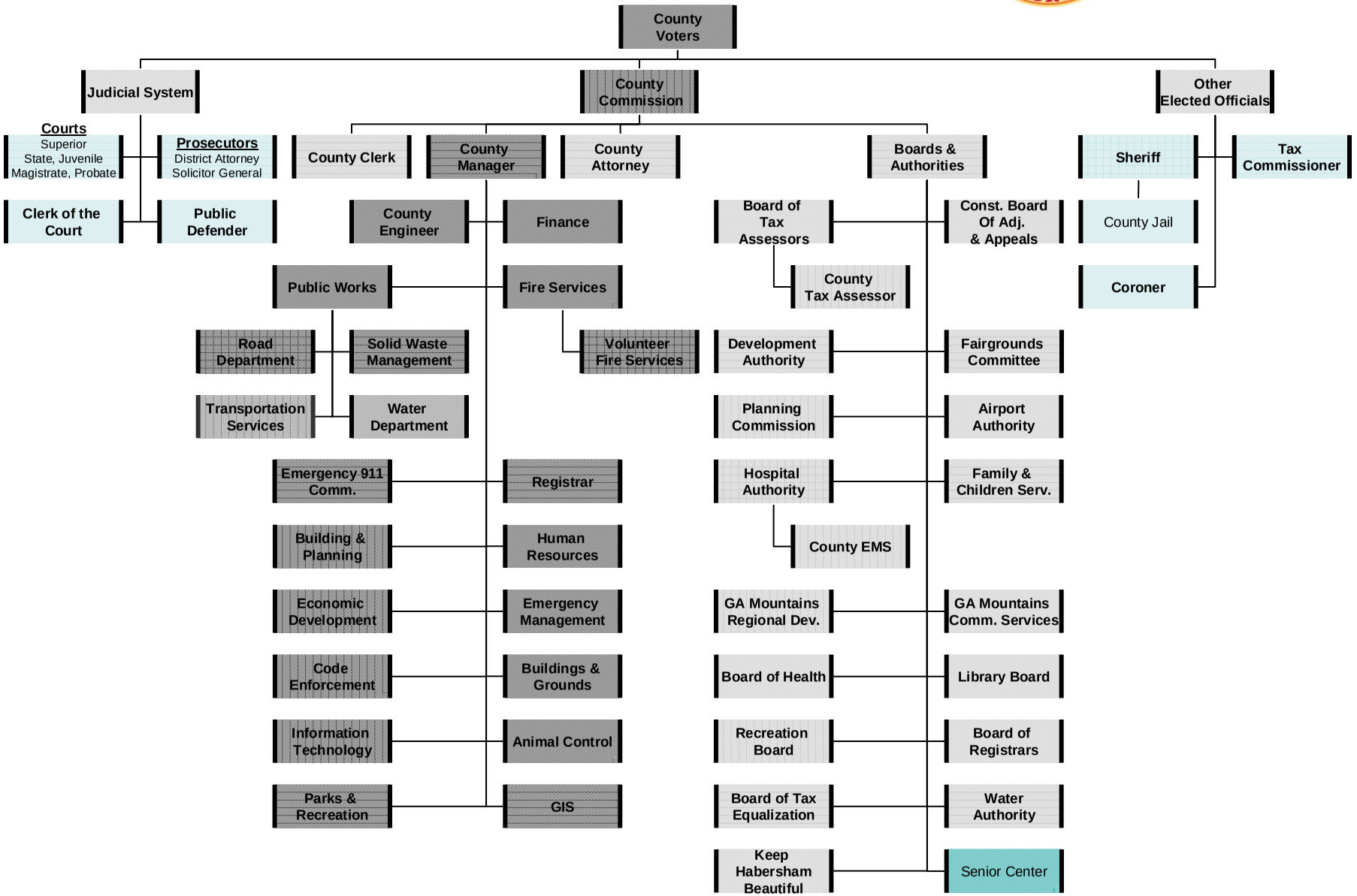
Asst. County Manager - W. Jason Tinsley

Elected Officials

Sheriff - DeRay Fincher
Chief Magistrate - James Butterworth
Tax Commissioner - June Black
Clerk of the Court - David Wall
Coroner - Don Pitts
State Court Solicitor - M. Steve Campbell
State Court Judge - Linton K. Crawford Jr.
Probate Judge - Ann Adams Jarrell

Organizational Structure

Habersham County, GA



HABERSHAM COUNTY, GEORGIA
SCHEDULE OF SALARIES FOR ELECTED & APPOINTED
COUNTY OFFICIALS
For the fiscal year ended June 30, 2008

County Commission Positions	**Annual Salary/Hourly Rate**
County Manager	$70,803
County Engineer	$35.78 per hour
Assistant County Manager/Finance Director	$64,750
County Clerk	$38,438
Human Resources Director	$56,264
E-911/Emergency Management Director	$59,113
Fire Chief	$49,920
Recreation Director	$57,668
Superintendant of Roads	$54,106
Solid Waste Management Director	$45,344
Information Technology Director	$46,488
Building & Planning Director	$56,682
Registrar	$34,944
Public Utilities Director	$65,156
Animal Control Supervisor	$14.83 per hour
Code Enforcement Official	$21.48 per hour

Elected Positions (County Paid Only)	**Annual Salary/Hourly Rate**
County Commissioner	$10,800
Sheriff	$78,540
Probate Judge	$73,404
Chief Magistrate	$70,212
Tax Commissioner	$64,164
Clerk of the Court	$67,944
Coroner	$8,724
State Court Judge	$45,000
State Court Solicitor	$40,000

Other County Supported Positions	**Annual Salary/Hourly Rate**
Economic Development Director *(Development Authority)*	$80,000
Chief Appraiser *(Board of Tax Assessors)*	$59,747
Emergency Medical Services Director *(Hospital Authority)*	$60,569

SINGLE AUDIT SECTION

This section contains reports required by OMB A-133 and grantor agencies.

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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*

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, 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 Habersham County, Georgia, as of and for the year ended June 30, 2008, which collectively comprise Habersham County, Georgia's basic financial statements and have issued our report thereon dated December 19, 2008. We did not audit the financial statements of the Habersham County Health Department, a component unit of Habersham County, Georgia. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Habersham County Health Department, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Habersham 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 Habersham County Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Habersham 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 Habersham 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 Habersham County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Habersham County, Georgia's internal control. We consider the deficiencies described in comments 08-3 through 08-11 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Habersham 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, we believe that the significant deficiencies listed above are not material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Habersham County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 the following 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 comments 08-1 and 08-2.

We noted certain matters involving the internal control over financial reporting that we have reported to management of Habersham County, Georgia in a separate letter dated December 19, 2008.

Habersham County, Georgia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Habersham County, Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, 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.

Rushton & Company

Certified Public Accountants

Gainesville, Georgia
December 19, 2008

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Honorable Chairman and Members
of the Board of Commissioners
Habersham County, Georgia

Compliance

We have audited the compliance of Habersham 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. Habersham 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 Habersham County, Georgia's management. Our responsibility is to express an opinion on Habersham 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 Habersham 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 on Habersham County, Georgia's compliance with those requirements.

In our opinion, Habersham 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

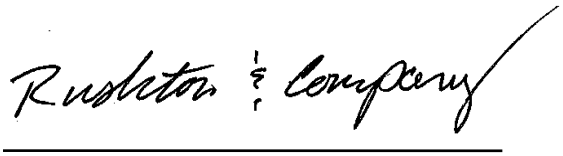
The management of Habersham County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Habersham County, Georgia's internal control over compliance with 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 Habersham 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 Habersham County, Georgia'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 Habersham County, Georgia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result 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 Habersham County, Georgia's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization, 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.



Certified Public Accountants

Gainesville, Georgia
December 19, 2008

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2008

Federal Grant/Pass-Through Grantor/Program Title	CFDA Number	Through Number	Expenditures
U.S. Department of Justice			
Passed through the Council of Juvenile Court Judges of Georgia			
Juvenile Accountability Block Grant	16.523	04B-ST-0001	$ 4,266
		05B-ST-0001	1,200
			5,466
Passed through the Criminal Justice Coordinating Council:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	B04-8-082	120,000
Total U.S. Department of Justice			125,466
U.S. Department of Transportation			
Passed through the Georgia Department of Transportation			
Airport Improvement Program	20.106	AP070-9800-12(137)	122,758
Total U.S. Department of Transportation			122,758
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	N/A	431,280
Total Federal Awards			$ 679,504

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

HABERSHAM COUNTY, GEORGIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

1. Basis of Presentation

The accompanying schedule of expenditures of federal award is a summary of the expenditures relating to the County's federal award programs. The schedule is prepared on the accrual basis of accounting. The information in this schedule 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.

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

1. Summary of the Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant Deficiencie(s) identified not considered material weaknesses?	Yes
Noncompliance material to financial statements noted?	Yes

B. Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant Deficiencie(s) identified not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	None reported
Identification of major programs:	
97.044 Assistance to Firefighters Grant	
Dollar threshold used to distinguish Between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

A. Material Noncompliance

Comment 08-1

Condition: Although the General Fund was under budget as a whole, ten General Fund departments experienced a material excess of expenditures over appropriations. We have indicated this as a material noncompliance in our letter on Internal Control and Compliance.

Criteria: State law requires that the budget at the legal level of control not be over expended.

Effect: Failure to maintain expenditures within the balanced budget for these funds will place the County in violation of state law.

Recommendation: Budgets should be reviewed regularly for compliance. This will assist management with budgetary decisions throughout the fiscal year.

Management Response: Habersham County Management concurs with this finding. The Finance Director will be reviewing the comparative financial statements to budget and recommending any necessary budget revisions to the Board of Commissioners. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-2

Condition: While performing audit procedures at the Probate Court, we noted that the Court is not making payouts in a timely manner. We noted that payouts were a couple of months behind.

Criteria: State of Georgia Code requires that all courts pay-out monies due to others in a timely manner.

Effect: Failure to make required pay-outs of monies being held by the Court will place the County in violation of state law.

Recommendation: Payouts to agencies should be made on a monthly basis.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

B. Significant Deficiencies

Comment 08-3

Condition: County personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the County relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for governments of similar size and structure to the County. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, future changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Finance Director is not trained to perform the daily accounting functions, but that the County has elected as a cost benefit to outsource this expertise to their auditors. As required, we have indicated this as a significant deficiency in our letter on Internal Control and Compliance.

Criteria: Effective internal control requires that the County accept responsibility and understanding of the audited financial report.

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: County personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the County's financial statements.

Management Response: Habersham County Management agrees with this finding and understands the requirement of SAS 112 to issue this statement as a Significant Deficiency. All employees of the Board of Commissioners Finance Office will continue to seek training in the application of generally accepted accounting principals and in the preparation of the County's financial statements. Until such time it is financially feasible for the County finance staff to prepare the County's financial statements, the Finance Office will continue to rely on an independent auditor to prepare them.

Comment 08-4

Condition: Currently, the Probate Judge manually maintains all financial records and there are no controls to prevent errors in monthly disbursements. This is a repeat comment from the prior year.

Criteria: Generally accepted accounting principles require all transactions be correctly identified and recorded in the accounting records.

Effect: Failure to properly identify and record transactions may lead to material misstatements.

Recommendation: The Court should purchase a software package to maintain the financial records. If the Court retains the manual system, the form used to record receipts and calculate payouts should be reorganized to simplify the monthly payout process.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation and will offer the assistance of our Technology Department to assist if needed. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-5

Condition: While performing audit procedures on bank reconciliations in the Probate Court, we noted that bank reconciliations are not performed on a monthly basis.

Criteria: Generally accepted accounting principles require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: The Court should reconcile the bank statements to their records on a monthly basis.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-6

Condition: While performing audit procedures at the Probate Court, we noted multiple instances where deposits were not made timely. Deposits were held for more than one week in 29 instances of 40 total receipts tested.

Criteria: Generally accepted accounting principles require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-7

Condition: While performing audit procedures at the Probate Court, we noted that the client was unable to provide supporting documentation for the commissions on birth and death certificates paid to the Probate Judge.

Criteria: Generally accepted accounting principles require that all disbursements be properly supported by appropriate documentation.

Effect: Failure to maintain proper supporting documentation for disbursements subjects the assets of the County to greater risk of misappropriation.

Recommendation: Supporting documentation for commissions paid to the judge should be retained.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-8

Condition: While performing audit procedures at the Development Authority, we noted that the current activity for a prior-year loan had not been recorded by the Development Authority. The loan is for a construction contract and the contractor was paid directly from the loan with no activity flowing through the cash account. The activity was not recorded in the Development Authority's records.

Criteria: Generally accepted accounting principles require that liabilities of the County be recorded in a timely manner.

Effect: Failure to record liabilities in a timely manner may lead to material misstatement of the financial statements and management decisions based on incorrect information.

Recommendation: All transactions should be recorded on the books at the time of the transaction.

Management Response: Habersham County Management agrees with this finding. Starting January 1, 2009, the County Finance Director will work with the members of the Development Authority to devise a system in which all transactions (including disbursements made from debt proceeds and indirect debt payments) are recorded.

Comment 08-9

Condition: While performing audit procedures at the Sheriff's Department, we noted multiple instances where deposits were not made timely. Deposits were made, on average, twice per month.

Criteria: Generally accepted accounting principles require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-10

Condition: While performing audit procedures at the Recreation Department, we noted instances where deposits were not made timely. Deposits were held for seven or more days in 8 instances of 40 total receipts tested.

Criteria: Generally accepted accounting principles require that cash receipts be deposited and transactions recorded in a timely manner.

Effect: Failure to deposit cash receipts in a timely manner exposes the County to a greater risk of loss due to fraud.

Recommendation: At a minimum, deposits should be made weekly.

Management Response: Management concurs with this finding. Management will advise the Department Head to implement the recommendation and will offer assistance, if needed, from our Financial Department to insure that deposits are made timely. This action was taken immediately upon receipt of the comment from our auditors.

Comment 08-11

Condition: While performing audit procedures on bank reconciliations at the Magistrate Court, we noted that bank reconciliations are not performed on a monthly basis.

Criteria: Generally accepted accounting principles require that cash accounts be reconciled to the general ledger in a timely manner, usually monthly.

Effect: Failure to reconcile cash accounts exposes the County to greater risk of loss and may lead to management decisions based on incorrect information.

Recommendation: The Court should reconcile the bank statements to their records on a monthly basis.

Management Response: Management concurs with this finding. Management will advise the appropriate Judicial Officials to implement the recommendation. This action was taken immediately upon receipt of the comment from our auditors.

C. Prior Year Audit Findings Follow-Ups

No prior audit findings to report.

3. Federal Award Findings and Questioned Costs

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Section 510(a) of OMB A-133.

STATE REPORTING SECTION

This section contains additional reports required by the State of Georgia.

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2008

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #2					
Recreation	$ 1,500,000	$ 1,500,000	$ 5,170,728	$ 166,058	$ 5,336,786
Landfill	1,600,000	1,600,000	1,641,330	0	1,641,330
Roads and Bridges	2,400,000	2,400,000	4,116,193	0	4,116,193
Habersham County Jail	2,500,000	2,500,000	3,681,065	0	3,681,065
Public Buildings	1,000,000	1,000,000	2,151,127	0	2,151,127
Fire Protection	2,000,000	2,000,000	2,017,463	0	2,017,463
	$ 11,000,000	$ 11,000,000	$ 18,777,906	$ 166,058	$ 18,943,964
SPLOST #3					
Recreation	$ 3,500,000	$ 3,500,000	$ 5,429,029	$ 0	$ 5,429,029
Water and Sewer	5,000,000	5,000,000	5,309,866	0	5,309,866
Fire and Emergency Services	1,500,000	1,500,000	1,524,960	0	1,524,960
Farmers Market and Industrial Development	1,000,000	1,000,000	809,108	5,155	814,263
Roads and Bridges	4,000,000	4,000,000	4,082,132	0	4,082,132
	$ 15,000,000	$ 15,000,000	$ 17,155,095	$ 5,155	$ 17,160,250
SPLOST #4					
Water, Public Safety, and Transportation Facilities and Equipment	$ 24,000,000	$ 24,000,000			
Airport Facilities and Equipment			$ 1,867,283	$ 492,867	$ 2,360,150
Police Facilities and Equipment			1,959,080	363,595	2,322,675
Fire Facilities and Equipment			1,679,796	24,893	1,704,689
EMS Facilities and Equipment			380,943	266,752	647,695
Recreation Facilities and Equipment			937,573	0	937,573
Water System and Equipment			2,495,171	785,840	3,281,011
Roads and Bridges	10,000,000	10,000,000	4,373,257	1,033,811	5,407,068
	$ 34,000,000	$ 34,000,000	$ 13,693,103	$ 2,967,758	$ 16,660,861

HABERSHAM COUNTY, GEORGIA
SCHEDULE OF PROJECTS FINANCED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
For the fiscal year ended June 30, 2008

Project	Estimated Cost *		Expenditures		
	Original	Current	Prior Years	Current Year	Total
SPLOST #5					
Judicial	$ 17,965,000	$ 17,965,000	$ 0	$ 75,714	$ 75,714
Water	14,900,000	14,900,000	0	0	0
Roads, Streets, and Bridges	10,000,000	10,000,000	0	0	0
Economic Development	2,000,000	2,000,000	0	0	0
Public Safety	1,500,000	1,500,000	0	0	0
Recreation	1,200,000	1,200,000	0	0	0
Information Technology	500,000	500,000	0	113,550	113,550
City of Alto	454,362	454,362	0	12,483	12,483
City of Baldwin	2,010,460	2,010,460	0	55,237	55,237
City of Clarkesville	1,309,523	1,309,523	0	35,979	35,979
City of Cornelia	3,281,196	3,281,196	0	90,150	90,150
City of Demorest	1,545,939	1,545,939	0	42,474	42,474
City of Mount Airy	578,511	578,511	0	15,883	15,883
City of Tallulah Falls	55,410	55,410	0	1,522	1,522
	$ 57,300,401	$ 57,300,401	$ 0	$ 442,992	$ 442,992

* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

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