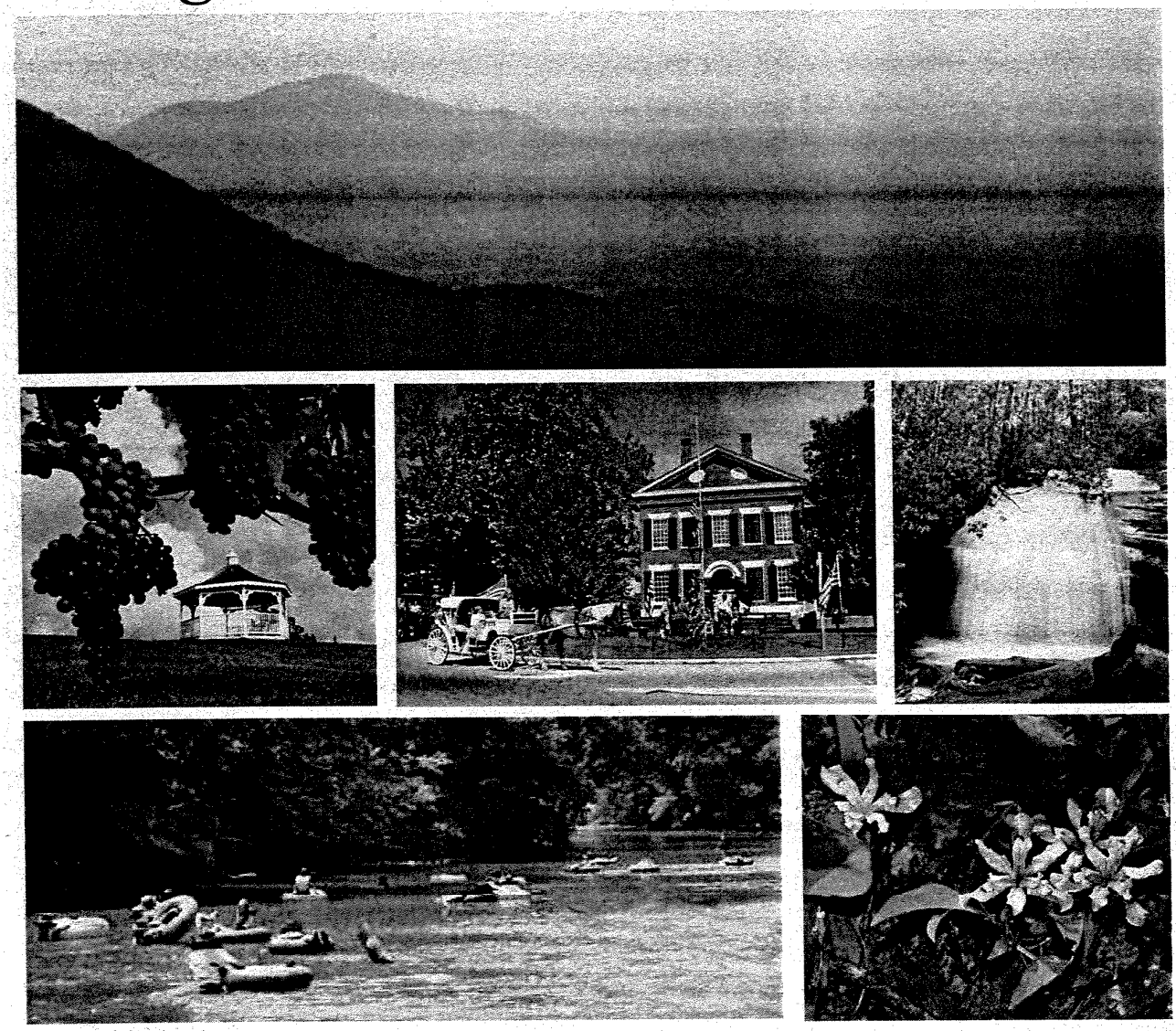
Lumpkin County, Georgia

2004



Photos by: Jack Anthony

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2004

Prepared by: The Lumpkin County Office of Financial Administration

LUMPKIN COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2004

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Certificate of Achievement for Excellence in Financial Reporting	vii
Organizational Chart	viii
Officials of Lumpkin County, Georgia	ix
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-3j
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	4
Statement of Activities	5
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	6
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	7
Combined Statement of Revenues, Expenditures and Changes in Funds Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Assets – Proprietary Funds	10
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Statement of Fiduciary Net Assets-Fiduciary Funds	13
COMPONENT UNITS	
- Combining Statement of Net Assets	14
- Combining Statement of Activities	15
NOTES TO FINANCIAL STATEMENTS	16-44
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Pension Funding Progress	45
Schedule of Employer Retirement Contributions	46
Budgetary Comparison Schedule -General Fund	47-48
COMBINING STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	50
Supplemental Budgetary Comparison Schedule	
- Debt Service Fund	51
- Drug Rehabilitation Special Revenue Fund	52
- Law Library Special Revenue Fund	53
- Emergency 911 Special Revenue Fund	54
- Drug Court Special Revenue Fund	55
- Juvenile Services	56
- Special Programs	57
- Public Defender	58

- Hotel/Motel Tax 59

PAGE

FIDUCIARY FUNDS

Combining Statement of Assets and Liabilities – All Agency Funds 60
Combining Statement of Changes in Assets and Liabilities – All Agency Funds 61

SUPPLEMENTAL INFORMATION

Schedule of Projects Constructed with Special Purpose Local Option Sales Tax 62

STATISTICAL SECTION	TABLE	
GOVERNMENT-WIDE INFORMATION		
Government-wide Expenses by Function	1	63
Government-wide Revenues by Source	2	64
FUND INFORMATION		
General Fund Revenues and Transfers In by Source and General Fund Tax Revenues By Source	3	65
General Fund Expenditures and Transfers Out by Function	4	66
Property Tax Levies and Collections	5	67
Assessed and Estimated Actual Value of Taxable Property	6	68
Property Tax Rate- Mills	7	69
Principal Taxpayers	8	70
Computation of Direct and Overlapping Bonded Debt	9	71
Ratio of Net General Obligation Bonded Debt To Assessed Value and Net General Obligations Bonded Debt Per Capita	10	72
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Fund Expenditures and Transfers Out	11	73
Computation of Legal Debt Margin	12	74
Demographic Statistics	13	75
Property Values, Construction and Bank Deposits	14	76
Miscellaneous Statistics	15	77

OTHER REPORTS

Schedule of Expenditures of Federal Awards 78

Report on Internal Control Over Financing Reporting and on Compliance and Other Matters Required by *Government Auditing Standard* 79-80

Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance In Accordance with OMB Circular A-133 81-82

Auditor's Schedule of Findings and Questioned Costs 83-93

LUMPKIN COUNTY COMMISSIONER

STEPHEN W. GOOCH

April 22, 2005

To the Citizens of Lumpkin County, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Lumpkin County, Georgia for the fiscal year ended December 31, 2004.

This report consists of management's representations concerning the finances of Lumpkin County and was prepared by the Office of Financial Administration. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The County's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute assurance that the financial statements will be free of material misstatements. We believe the data is presented in a manner which fairly sets forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain a comprehensive understanding of the County's financial activity have been included.

The County's financial statements have been audited by Bates, Carter & Co., P.C. , a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Lumpkin County, Georgia's financial statements for the

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fiscal year ended December 31, 2004, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the County's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

General Information on Lumpkin County

Lumpkin County was officially established on December 3, 1832. Named in honor of Wilson Lumpkin, who served in both state houses, as governor, and in the U.S. House of Representatives and Senate. The County was carved out of what were then Cherokee, Hall and Habersham Counties.

Resting in the foothills of the Appalachian Mountains, Lumpkin County is 285 square miles in area, approximately one-third of which is located within the Chattahoochee National Forest. The population of the County has grown by more than 44% over the past ten years with the current estimated population to be over 23,000.

In 1836, the Old Courthouse was built in the center of Dahlonega and is today the oldest public building in North Georgia. Also in 1836, the U.S. government opened one of the first Federal Branch Mints in Dahlonega. More than $6 million in gold coins were minted at the site that was later to become North Georgia College and State University's Price Memorial Hall (the original mint building was burned to the foundation in 1878). The University was one of the first Federal Land Grant colleges and is to this day one of the premier military institutions in the nation.

Government Structure

Prior to January 1, 2005, Lumpkin County's Charter set forth a Sole Commissioner form of government under which the Commissioner was elected to serve as the executive and legislative body for the county.

The form of government was changed to a five person Board of Commissioners, effective January 1, 2005. During 2004, a Commissioner from each of the four districts established in the County, plus a Chair of the Commission was elected. Former Sole Commissioner, Stephen W. Gooch was elected Chairperson. A County Manager will handle the day-to-day operations of the County.

The citizens also elect other officials, such as the Tax Commissioner, Sheriff, Magistrate Court Judge, Probate Court Judge, Superior Court Judges, Clerk of Courts, Coroner and County Surveyor.

The County provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure, and recreational facilities.

The county maintains budgetary controls to ensure compliance with the annual appropriated budget approved by the Lumpkin County Board of Commissioners and state law. Annual appropriated budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund, and all special revenue funds. Project-length budgets are adopted for all capital projects funds. Annual operating budgets are not legally required for enterprise funds, but are prepared for use in planning, control and evaluation purposes. Budgetary control is essential to good financial management and the county has established a legacy of balanced budgets and good budgetary control. For each fund, financing sources are identified for all expenditures/expenses. The level of budgetary control (the level at which expenditures cannot legally exceed the approved budget) is established at the department level. The County does not currently use an encumbrance system under which purchase orders, contracts or other commitments for goods and services not yet received would be recorded as a reservation of fund balance. Instead, such commitments are re-budgeted each year.

Prior to January 1, 2005, The Sole Commissioner, the Director of Finance, and the Budget Officer acted as a Budget Committee. Subsequent to January 1, 2005, Georgia Senate Bill 58, the Act creating the Board of Commissioners, places the duty of budget preparation upon the County Manager.

Revenue and expenditure estimates are prepared by the responsible department and presented to the Budget Committee/County Manager in hearings open to the public. The Budget Committee/County Manager reviews the budget requests and makes decisions regarding the proposed budget. The proposed budget is presented to interested citizens during a public hearing. The Board of Commissioners then adopts the final budget at an official meeting.

Unforeseen situations may arise during the year that might require budget amendments. Department heads may request line-item budget amendments through the Finance Department, provided that the budget amendment does not increase or

decrease the overall budget for that department. Any changes in department totals require approval at an official meeting by the Board of Commissioners.

Economic Condition and Outlook

Lumpkin County lies just 40 miles north of the perimeter highway that circles Atlanta, Georgia. It is also adjacent to Dawson County, which is one of the fastest growing counties in the nation. The busy State Route 400 crosses the southern portion of Lumpkin County, providing easy access for Atlanta area commuters. As the metropolitan Atlanta growth moves northward, Lumpkin County is now on the fringes of dense development creating a demand for residential properties. This growth also increases the demand for police and fire protection and water and sewer services. In response to these demands, during the upcoming year, the County plans to complete construction of an additional fire station, a recycling center, and a County shop to service its fleet of vehicles.

The County's economy is based largely on a mix of tourism and related services, manufacturing, and agriculture. While the County has experienced a slight reduction in the rate of economic growth, its location and broad mix of industries has lessened the impact felt in other Counties in the State. We believe that the County is poised to rebound to the growth rates experienced in prior years, as the state and national economies continue to improve.

Major Initiatives & Accomplishments

During 2004, Lumpkin County accepted a grant from the Georgia Recreational Trails Program in the amount of $100,000. This brings the total of grant funds available for construction of recreational trails in the County to $299,000. The trails will be constructed primarily around the reservoir, which is a joint project with the City of Dahlonega.

Other accomplishments during the year include:

- Resurfacing approximately 34.5 lane miles of County roads, using a combination of state and local money.
- Privatization of the Transfer Station, making it more cost effective to taxpayers.
- The completion and subsequent opening of an Animal Shelter.
- The County began the initial phases of construction for a new fire station, a county fleet facility, and recycling center.
- Completion of a new softball complex and concession stand, both of which will go on-line in 2005.
- Two pedestrian bridges and one vehicle bridge crossing the Yahoola Creek were near completion at year-end at the new park.

Cash Management

The Finance Department strives to keep abreast of current trends in cash and investment management to achieve the highest rate of return on idle cash during the year. Cash received during the year was invested in demand deposit accounts bearing interest rates of 1.56% and 1.58%. In the Debt Service Fund a $2,000,000 certificate of deposit yields a 4.0% rate of return. All funds on deposit are invested and either insured by federal depository insurance or collateralized. All collateral deposits were held by a financial institution in the county's name.

Risk Management

The County is exposed to a variety of accidental losses and has established risk management strategies that attempt to minimize losses. Policies have been established to ensure that county employees and department supervisors are responsible for monitoring risk control over County property and actions by employees during the course of performing their respective duties. The primary technique used for risk financing is the County's participation in the Association of County Commissioners of Georgia Interlocal Risk Management Agency (IRMA).

IRMA is a group self-insurance fund covering general liability, automobile damage and theft, fire damage, and employee dishonesty for Georgia County governments. IRMA pays losses up to $100,000 per individual claim or $1,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer. Current insurance coverage does not expose the County to significant losses that would have a material impact on the financial position of Lumpkin County.

Pension Benefits

The County sponsors the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan, which is a defined benefit plan. Other pension benefits include a Deferred Compensation Plan and a Defined Contribution Plan.

Additional information on the County's pension plan can be found in the Notes to Financial Statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lumpkin County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation, design and publication of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated service of the entire finance office staff. We would also like to express our appreciation and thanks to the firm of Bates, Carter & Co., P.C., CPA's. The firm's dedication to the highest standard of governmental accounting and auditing and strong support of the finance office staff throughout the year has proven to be extremely beneficial.

Sincere appreciation also goes to the various elected officials, and county department directors for their assistance and positive attitude throughout the year in matters pertaining to the financial affairs of the County.

We would also like to thank local photographer Jack Anthony for generously allowing us to use his photographs in this document.

Respectfully submitted,

Stephen W. Gooch
Sole Commissioner

W. Franklin Youngblood, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lumpkin County, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



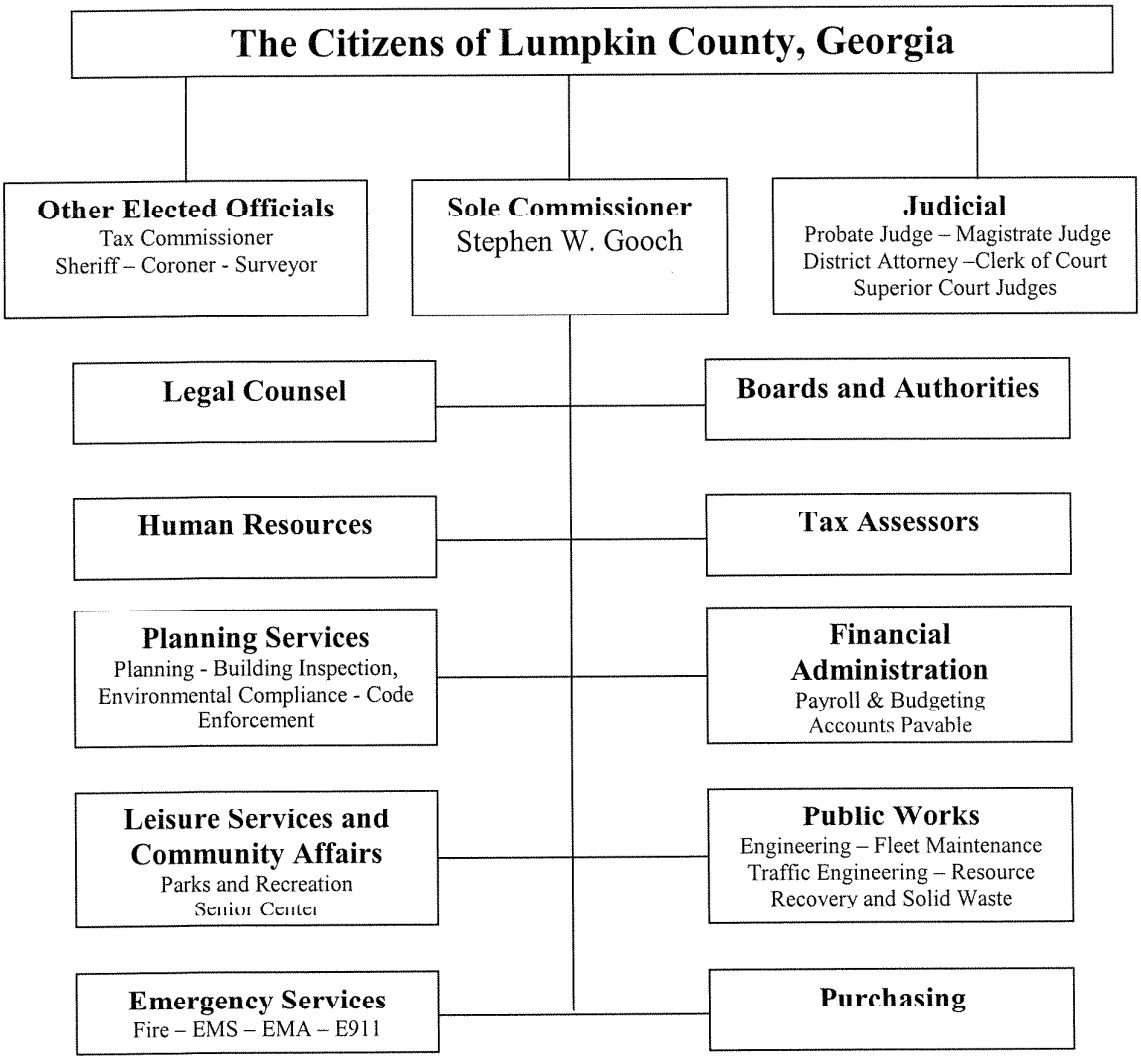
Nancy L. Zielke

President

Jeffrey R. Esser

Executive Director

Lumpkin County, Georgia
Organizational Chart



OFFICIALS OF
LUMPKIN COUNTY, GEORGIA

COMMISSIONER'S OFFICE

Stephen W. Gooch	**Sole Commissioner**
Ruth A. Bohac	**County Clerk**

DEPARTMENT DIRECTORS

Frank Youngblood	**Finance**
Eddy Harris	**Community Affairs**
Woody Hemphill	**Parks & Recreation**
Ed Eggert	**Fire Chief**
Charles Trammell	**Public Works**
Rhonda Bailey	**Senior Center**
Don Head	**Chief Appraiser**
Lyman Caldwell	**Purchasing**
Ben Chitwood	**Road Superintendent**
Don Seabolt	**Emergency Management**

JUDICIAL & OTHER ELECTED OFFICIALS

Edward Tucker	**Clerk of Court**
Michael Chastain	**Probate Judge**
Jeff Lowe	**Magistrate Judge**
Stan Gunter	**District Attorney**
Hugh Stone	**Chief Superior Court Judge**
David Barrett	**Superior Court Judge**
Lynn Akeley-Alderman	**Juvenile Court Judge**
Jean Grizzle	**Tax Commissioner**
Jimmy Berry	**Sheriff**
Bradley McKinney	**Coroner**
John Gaston	**County Surveyor**

BATES, CARTER & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

JOHN M. NIX, CPA
DUANE B. SCHLERETH, CPA
RUSSELL D. HOPKINS, CPA
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INDEPENDENT AUDITORS' REPORT

April 22, 2005

Mr. Stephen W. Gooch, Commissioner
LUMPKIN COUNTY, GEORGIA
Dahlonega, 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 LUMPKIN COUNTY, GEORGIA, as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LUMPKIN 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 LUMPKIN COUNTY HEALTH DEPARTMENT, as of and for the year ended June 30, 2004, a component unit of the County, which statements reflect total assets of $312,640 as of June 30, 2004, and total revenues of $795,855, for the year then ended. 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 component unit named above, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 aspects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of

LUMPKIN COUNTY, GEORGIA, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated April 22, 2005, on our consideration of LUMPKIN 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 considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, Schedule of Pension Funding Progress, Schedule of Employer Retirement Contributions, Budgetary Comparison Schedule-General Fund on pages 45 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise LUMPKIN COUNTY, GEORIGA's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statement of LUMPKIN COUNTY, GEORGIA. The combining and individual nonmajor fund financial statements and 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Bates, Carter & Co, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lumpkin County's Comprehensive Annual Financial Report provides readers with a narrative overview and analysis of the County's financial performance during the fiscal year that ended on December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, the County's basic financial statements, and notes to the financial statements to enhance their understanding of the activities and financial health of Lumpkin County.

The County is required to present a discussion and analysis of our financial condition and performance for the year ended December 31, 2004.

Financial Highlights

- The assets of Lumpkin County exceeded its liabilities at December 31, 2004 by $52 million (*net assets*). Of this amount, $5.1 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2004, the governmental funds of Lumpkin County reported combined ending fund balances of $10.8 million, an increase of $1.5 million in comparison with the prior year. Approximately 47% of this amount, $5.1 million, is *available for spending* at the government's discretion (*unreserved fund balance*). The increase is primarily a result of Special Purpose Local Option Sales Tax (SPLOST) dollars being accumulated for debt service.
- At the end of 2004, unreserved fund balance for the general fund was $4.4 million, or 32% of total general fund expenditures and transfers out.
- During 2002, the voters of Lumpkin County approved a Special Purpose Local Option Sales Tax (SPLOST) to be collected and used exclusively to service the debt associated with the Public Building Authority Issue, Series 2001. At the end of 2004, the Debt Service Fund had accumulated $5.5 million toward the goal of retiring the 2001 issue.
- During 2004, Lumpkin County made principal and interest payments totaling $1.09 million on the Public Building Authority Issue, Series 2001. These payments reduced the outstanding principal to $12.455 million. The original issue was for $15.75 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's *Basic Financial Statements*. The Basic Financial Statements contain three components: government-wide financial statements, fund financial statements (including component unit statements), and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in more detail than the government-wide statements.

    - ***Governmental Fund Statements*** tell how *general government* services like general government, public safety, judicial system, public works, health and welfare, cultural and recreation, and housing and development were financed in the short-term as well as what remains for future spending.
    - ***Proprietary Fund Statements*** offer *short-term* and *long-term* financial information about the activities the County government operates similar to a private business. The Solid Waste Fund is reported as an enterprise fund.
    - ***The Fiduciary Fund Statements*** provides information about *Agency Fund* assets held by the County, which is acting solely as a *trustee or agent* for the benefit of others, to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required components, a section is included with combining statements that provide further detail about our non-major governmental funds, each of which are added together and presented in a single column in each of the basic financial statements.

Table A on the following page summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

TABLE A

Major Features of Lumpkin County's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds). The County's Component Units are shown in separate columns on the required financial statements	The activities of the County that are not proprietary or fiduciary, such as general government public safety, judicial system, public works, health and welfare, culture and recreation and housing and development	Activities the County operates similar to private business, including the Solid Waste Fund.	Instances in which the County is the trustee or agent for someone else's resources.
Required financial statements	❑ Statements of Net Assets ❑ Statements of Activities	❑ Balance Sheet ❑ Statement of Revenues, Expenditures and Changes in Fund Balance	❑ Statement of Net Assets ❑ Statement of Revenues, Expenses and Changes in Net Assets ❑ Statement of Cash Flows	❑ Statement of Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's asset and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the County's *net assets* and how they have changed. Net assets, the difference between the County's assets and liabilities, are one way to measure the County's financial health or current position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County, consideration should be given to additional non-financial factors such as changes in the County's property tax base and the condition of the County's roads.

The government-wide financial statements of the County are divided into three categories:

- *Governmental activities*: Most of the County's basic services are included here, such as general government, public safety, judicial system, public works, health and welfare, culture and recreation and housing and development. Property taxes, local option sales taxes, and State and Federal grants finance most of these activities.
- *Business-type activities*: The County charges fees to customers to help cover the costs of certain services it provides. The County's only Enterprise Fund, the Solid Waste Fund is included.
- *Component units*: The County includes five other entities in its report: The Lumpkin County Health Department, The Lumpkin County Water & Sewerage Authority, Development Authority of Lumpkin County, The Lumpkin County Hospital Authority and The Lumpkin County Public Building Authority. Although legally separate, these "component units" are important because the County is financially accountable for them. The Public Building Authority is reported as a blended component unit, since the operations are indistinguishable from those of the primary government.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds*, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The County establishes other funds to control and manage resources for particular purposes (i.e. Debt Service and Capital Projects Funds) or show that certain revenues are used appropriately (i.e. Special Revenue Funds).

The County has three kinds of funds:

- *Governmental funds:* Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page of the governmental funds statement that explains the relationship (or differences) between the two types of statements.
- *Proprietary funds:* Services for which the County charges customers a fee and are expected to be largely self-supporting, are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The County's Enterprise Fund is classified as a business-type activity on the government-wide statements, but more detailed information is provided in the Proprietary Fund Statements, such as its cash flows.
- *Fiduciary funds:* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These balances are excluded from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Financial Analysis of the County as a Whole

Net assets. As discussed earlier, net assets may serve as a useful indicator of a government's financial position. As of December 31, 2004, the County's net assets were $52 million. Table B on the following page provides a summary of the County's Governmental and Business-type net assets for 2004 and 2003.

TABLE B

LUMPKIN COUNTY, GEORGIA'S NET ASSETS
December 31, 2004 and 2003
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
CURRENT AND OTHER ASSETS	$17,.884	$17,986	$ 27	$ 17	$17,911	$18,003
CAPITAL ASSETS (net of depreciation)	60,066	59,094	548	544	60,614	59,638
TOTAL ASSETS	77,950	77,080	575	561	78,525	77,641
LONG-TERM LIABILITIES	18,754	19,419	447	463	19,201	19,882
OTHER LIABILITIES	7,584	7,179	26	18	7,610	7,197
TOTAL LIABILITIES	26,338	26,598	473	481	26,811	27,079
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	40,372	39,257	548	544	40,920	39,801
RESTRICTED FOR DEBT SERVICE	5,452	3,528	0	0	5,452	3,528
OTHER RESTRICTIONS	279	0	0	0	279	0
UNRESTRICTED	6,509	7,697	(446)	(464)	6,063	7,233
TOTAL NET ASSETS	$52,612	$50,482	$102	$ 80	$52,714	$50,562

A significant portion (77.6%) of these net assets represents the *investment in capital assets*, net of related debt. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Lumpkin County; consequently, they are not available for future spending. Although the 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.

Other restricted net assets represent resources that are subject to external restrictions on how they may be used. Included in this category are unspent SPLOST proceeds for Debt Service Reserves (10.3% of the total), and various other restrictions amounting to .6% of the total.

The remaining 11.5% of net assets represent the unrestricted portion available for the County's ongoing obligations to its citizens.

Changes in Revenues and Expenditures. Table C on the following page presents the County's 2004 and 2003 revenues and expenditures for Governmental and Business-type

activities as they are reported in the Entity Wide Statements. The revenues and expenditures include the Governmental Funds (General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and the Enterprise Fund, (Solid Waste Fund), but exclude all Component Units.

TABLE C

LUMPKIN COUNTY, GEORGIA'S CHANGES IN NET ASSETS
Year Ended December 31, 2004 and 2003
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2004	2003	2004	2003	2004	2003
REVENUES:						
PROGRAM REVENUES:						
CHARGES FOR SERVICES	$ 2,177	$ 3,414	290	423	$ 2,467	$ 3,837
OPERATING GRANTS & CONTRIBUTIONS	438	506	50	127	488	633
CAPITAL GRANTS & CONTRIBUTIONS	1,337	400	77	0	1,414	400
GENERAL REVENUE:						
PROPERTY TAXES	5,859	5,726			5,859	5,726
SALES TAXES	5,060	4,578			5,060	4,578
OTHER TAXES	1,291	1,207			1,291	1,207
UNRESTRICTED INVESTMENT EARNINGS	241	250			241	250
GRANTS & CONTRIBUTIONS NOT RESTRICTED TO A SPECIFIC PROGRAM	284	272			284	272
TOTAL REVENUE	16,687	16,353	417	550	17,104	16,903
EXPENSES:						
GENERAL GOVERNMENT	2,297	1,921			2,297	1,921
PUBLIC SAFETY	6,268	5,764			6,268	5,764
JUDICIAL SYSTEM	1,789	1,678			1,789	1,678
PUBLIC WORKS	2,125	1,741			2,125	1,741
HEALTH & WELFARE	462	401			462	401
CULTURE & RECREATION	1,243	1,107			1,243	1,107
HOUSING & DEVELOPMENT	521	550			521	550
INTEREST	791	803			791	803
SOLID WASTE			511	514	511	514
TOTAL EXPENSES	15,496	13,965	511	514	16,007	14,479
INCREASE IN NET ASSETS BEFORE TRANSFERS AND SALE OF ASSETS	1,191	2,388	(94)	36	1,097	2,424
GAIN (LOSS) ON SALE OF FIXED ASSETS	41	(89)	14		55	(89)
TRANSFERS	(102)	51	102	(51)		
INCREASE (DECREASE) IN NET ASSETS	1,130	2,350	22	(15)	1,152	2,335
NET ASSETS, BEGINNING OF YEAR	50,482	48,132	80	95	50,562	48,227
NET ASSETS, END OF YEAR	51,612	$50,482	102	$ 80	51,714	$50,562

Governmental Activities: Governmental activities accounted for $2.5 million of the excess in the County's net revenues over expenditures for 2004 primarily due to the accumulation of SPLOST dollars for debt service.

Business-type Activities: The County's only business-type activity, the Solid Waste Fund, experienced a 24.2% decrease in revenues due to a reimbursement in 2003 from the State of Georgia for costs related to closing the landfill. If the reimbursement were disregarded, the Solid Waste Fund would have experienced a 1.5% increase in revenues over 2003.

Financial Analysis of the County's Funds

Governmental Funds Overview: Lumpkin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the County's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the County's financing requirements. For example, 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.

At the end of 2004, Lumpkin County Governmental Funds reported a combined fund balance, excluding Component Units, of $10.8 million. This amount was up $1.5 million from 2003. Of the total combined fund balance, approximately 47.% consists of *unreserved fund balance*, the portion of fund balance, which serves as a measure of current available financial resources.

The *reserved fund balance* represented resources not available for spending or those on which legal restrictions have been placed. The County's reserved fund balance makes up 52.9% of the combined total and includes the following: Reserved for Debt Service ($5.4 million); and Reserved for Inventory/ Receivables/Prepaid ($0.3 million).

The General Fund, Debt Service, Community Development Block Grant, SPLOST and Capital Projects are the County's major governmental funds.

General Fund. The General Fund of Lumpkin County accounts for all transactions not accounted for in other funds. As the County's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes and charges for services. The General Fund completed the year with a fund balance of $4.7 million. This was almost identical to the previous year's fund balance due to the timing of revenues with expenditures. Of the $4.7 million, 93.8% is unreserved while the remaining 6.2% is reserved.

Debt Service. The Debt Service Fund accounts for the 2002 Special Purpose Local Option Sales Tax (SPLOST) money, including earned interest, which is reserved for retiring the Lumpkin County Public Building Authority Issue, Series 2001. This issue had an original principal balance of $15.75 million and at December 31, 2004 had an outstanding principal balance of $12.455 million. The fund balance of the Debt Service Fund is $5.5 million.

Community Development Block Grant. This fund accounts for grant revenues and expenditures related to the construction of projects paid for in large part by block grants. In 2002 and 2003 these grants provided funding for the construction of an Adult Learning Center and a Mental Health facility.

SPLOST. This fund accounts for the 1999 SPLOST money, including earned interest, which is to be used for various capital projects as provided in Title 48, Chapter 8 of the Official Code of Georgia Annotated. At December 31, 2004 the fund balance of this fund was $255 thousand.

Capital Projects. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. At December 31, 2004 the fund balance of this fund was $141 thousand.

Proprietary Funds Overview. The Proprietary fund is used to account for activities similar to those found in the private sector where determination of net income is necessary or useful to sound financial administration. Lumpkin County has one type of Proprietary Fund, The Enterprise Fund. The County's Proprietary Fund Statements provide the same type of information found in the government-wide statements, but in more detail.

Enterprise Fund. The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through user charges on a continuing basis. The Solid Waste Fund is the County's single enterprise fund. Total net assets of the enterprise fund at the end of 2004 were $102 thousand, representing an increase of $22 thousand due largely to the reduction of the noncurrent portion of landfill postclosure liabilities.

Component Unit Overview. The County has five component units: The Lumpkin County Health Department, The Lumpkin County Water & Sewerage Authority, The Lumpkin County Development Authority, The Lumpkin County Hospital Authority and The Lumpkin County Public Building Authority. Although legally separate, these "component units" are important because the County is financially accountable for them. The Public Building Authority is reported as a blended component unit, since the operations are indistinguishable from those of the primary government.

General Fund Budgetary Highlights

Over the course of the year, the governing authority revised the County's budget several times. The three primary reasons for amending the budget are:

- Carry forwards from the prior year's capital improvement projects that were not completed in the prior year and continued into the current year.
- Supplemental appropriations to increase revenue and expenditure accounts due to receipt of unanticipated grant revenue.
- Increases in appropriations to prevent budget overruns.

Even with these adjustments, actual expenditures were $251 thousand below final budget amounts.

Resources available for appropriation were $5.5 million above final budget amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of 2004, the County had acquired $60.6 million (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type activities including land, buildings, park facilities, roads, bridges, heavy machinery, vehicles and equipment, and infrastructure.

- All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
- The total increase in capital assets, net of accumulated depreciation, for the current fiscal year was $1.0 million. The percentage increase in capital assets was 1.7%.
- Additional information on the County's net assets can be found in Note 5 of the Notes to Financial Statements.

Debt Administration

Georgia Statutes provide for a general obligation debt limit of 10.0% of assessed valuation. The County had a general obligation debt capacity of $81.8 million in 2004. The County currently has $12.455 million subject to the limitation.

At December 31, 2004, Lumpkin County had the following outstanding long-term debt:

- $12.455 million in agreement for sale payable.
- $171 thousand in capital leases.
- $192 thousand in compensated absences.
- $7.1 million Georgia Environmental Facilities Authority payable.
- Additional information on the County's long-term debt can be found in Note 6 of the Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Economic conditions in the County remained rather flat during 2004, with minimal growth in the business sector. New housing starts were up in the County during 2004, increasing the tax base and increasing demands for services. In an effort to stimulate growth of light industry and shift more of the tax burden from homeowners, a project to extend water and sewerage service was begun during 2003 and continued during 2004 in the southern part of the County.

Due to the relatively flat economy, the 2005 budget plans for an increase of revenues of only about 4.5%. This small growth in revenues has necessitated a tight spending budget for 2005, with no planned increases to the size of the County workforce.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 194 Courthouse Hill, Annex A, Dahlonega, GA. 30533.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2004

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 12,160,580	$ -	$ 12,160,580	$ 1,037,140
Investments	2,095,672	-	2,095,672	1,087,780
Other receivables(net of allowance for uncollectibles)	3,280,688	6,506	3,287,194	138,206
Inventories	27,808	-	27,808	-
Internal balances	500	(500)	-	-
Due from component units	20,141	-	20,141	1,445
Restricted assets:				
Restricted cash	-	-	-	42,250
Restricted investments	-	-	-	101,080
Prepaid items	273,040	21,482	294,522	3,915
Noncurrent assets:				
Deferred charges	-	-	-	58,974
Restricted investments	-	-	-	357,359
Other assets	500	-	500	-
Net pension obligation	25,455	-	25,455	-
Land held for resale	-	-	-	403,955
Building held for resale	-	-	-	1,370,000
Capital assets:				
Land and improvements	26,701,120	192,103	26,893,223	292
Construction in progress	9,955,278	27,728	9,983,006	965,194
Buildings and improvements	16,176,569	470,319	16,646,888	-
Machinery and equipment	5,706,821	133,000	5,839,821	31,948
Water system	-	-	-	3,933,482
Infrastructure	13,402,975	-	13,402,975	-
Less: Accumulated depreciation	(11,876,716)	(275,438)	(12,152,154)	(363,547)
Capital assets, net of depreciation	60,066,047	547,712	60,613,759	4,567,369
Total Assets	77,950,431	575,200	78,525,631	9,169,473
LIABILITIES				
Accounts payable	302,569	14,370	316,939	59,489
Accrued expenses	470,812	2,235	473,047	95,292
Due to component units	-	-	-	1,445
Due to primary government	-	-	-	20,141
Unearned revenue	5,678,665	-	5,678,665	13,998
Funds held in trust	400	-	400	42,250
Noncurrent liabilities:				
Due within one year				
Compensated absences	27,400	-	27,400	7,020
Landfill closure and postclosure	-	10,000	10,000	-
Agreement for sale payable	795,000	-	795,000	-
Contracts payable	240,185	-	240,185	-
Notes payable	-	-	-	6,449
Revenue bonds payable	-	-	-	65,000
Capital leases payable	69,407	-	69,407	-
Due in more than one year				
Landfill closure and postclosure	-	447,090	447,090	-
Compensated absences	164,730	-	164,730	28,081
Agreement for sale payable	11,660,000	-	11,660,000	-
Contracts payable	6,827,233	-	6,827,233	-
Notes payable	-	-	-	1,470,979
Revenue bonds payable	-	-	-	3,500,000
Capital leases payable	102,072	-	102,072	-
Total Liabilities	26,338,473	473,695	26,812,168	5,310,144
NET ASSETS				
Invested in capital assets, net of related debt	40,372,150	547,712	40,919,862	1,061,343
Restricted for:				
Debt service	5,451,597	-	5,451,597	101,080
Drug rehabilitation program	120,774	-	120,774	-
Law library program	120,742	-	120,742	-
Other programs	38,276	-	38,276	-
Unrestricted	5,508,419	(446,207)	5,062,212	2,696,906
Total Net Assets	$ 51,611,958	$ 101,505	$ 51,713,463	$ 3,859,329

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
General Government	$ 2,296,871	$ 514,191	$ -	$ -	$ (1,782,680)	$ -	$ (1,782,680)	$ -
Public Safety	6,267,766	1,611,325	132,054	445,433	(4,078,954)	-	(4,078,954)	-
Judicial System	1,789,521	(669,986)	151,083	-	(2,308,424)	-	(2,308,424)	-
Public Works	2,125,352	8,256	-	878,527	(1,238,569)	-	(1,238,569)	-
Health and Welfare	462,638	12,172	106,318	-	(344,148)	-	(344,148)	-
Culture and Recreation	1,242,770	306,146	30,240	13,006	(893,378)	-	(893,378)	-
Housing and Development	520,862	394,474	18,558	-	(107,830)	-	(107,830)	-
Interest	790,656	-	-	-	(790,656)	-	(790,656)	-
Total Governmental Activities	15,496,436	2,176,578	438,253	1,336,966	(11,544,639)	-	(11,544,639)	-
BUSINESS-TYPE ACTIVITIES								
Solid Waste	510,614	290,251	49,605	76,824	-	(94,004)	(94,004)	-
Total Business-Type Activities	510,614	290,251	49,605	76,824	-	(94,004)	(94,004)	-
Total Primary Government	$ 16,007,120	$ 2,466,829	$ 487,858	$ 1,413,790	(11,544,639)	(94,004)	(11,638,643)	-
COMPONENT UNITS								
Health Department	$ 723,287	$ 676,980	$ 118,876	$ -	-	-	-	$ 72,569
Development Authority	235,059	79,786	69,212	126,264	-	-	-	40,203
Hospital Authority	56,211	-	-	-	-	-	-	(56,211)
Water and Sewerage Authority	635,136	634,355	-	365,156	-	-	-	364,375
Total Component Units	$ 1,649,693	$ 1,391,121	$ 188,088	$ 491,420	-	-	-	420,936
GENERAL REVENUES								
Property Taxes					5,858,709	-	5,858,709	-
Sales Taxes					5,060,220	-	5,060,220	-
Insurance Premium Taxes					716,816	-	716,816	-
Other Taxes					573,857	-	573,857	-
Unrestricted investment earnings					241,019	-	241,019	112,137
Grants and contributions not restricted to a specific program					284,197	-	284,197	-
Gain on sale of capital assets					41,334	13,900	55,234	(34,211)
TRANSFERS					(101,958)	101,958	-	-
Total General Revenues and Transfers					12,674,194	115,858	12,790,052	77,976
CHANGE IN NET ASSETS					1,129,555	21,854	1,151,409	498,912
NET ASSETS, Beginning					50,482,403	79,651	50,562,054	3,360,417
NET ASSETS, Ending					$ 51,611,958	$ 101,505	$ 51,713,463	$ 3,859,329

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

	GENERAL	DEBT SERVICE	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	$ 8,309,756	$ 2,880,088	$ 591,553	$ 160,800	$ 218,383	$ 12,160,580
Investments	-	2,095,672	-	-	-	2,095,672
Other receivables(net of allowance for uncollectibles)	2,767,808	475,837	-	-	37,043	3,280,688
Inventories	27,808	-	-	-	-	27,808
Due from other funds	354,687	-	-	-	163,224	517,911
Due from component units	20,398	-	-	-	-	20,398
Prepaid items	268,007	-	-	-	5,033	273,040
Other assets	-	-	-	-	500	500
TOTAL ASSETS	$11,748,464	$ 5,451,597	$ 591,553	$ 160,800	$ 424,183	$ 18,376,597
LIABILITIES AND FUND BALANCES						
Liabilites						
Accounts payable	$ 230,607	$ -	$ 27,704	$ 18,817	$ 25,442	$ 302,570
Accrued expenses	150,332	-	-	-	-	150,332
Due to other funds	163,224	-	308,650	351	45,186	517,411
Deferred revenue	6,477,712	-	-	-	82,294	6,560,006
TOTAL LIABILITIES	7,021,875	-	336,354	19,168	152,922	7,530,319
Fund Balances						
Reserved:						
Prepaid items and inventories	295,815	-	-	-	-	295,815
Debt Service Fund	-	5,451,597	-	-	-	5,451,597
Unreserved, undesignated:						
General Fund	4,430,774	-	-	-	-	4,430,774
Special Revenue Funds	-	-	-	-	271,261	271,261
Capital Projects Funds	-	-	255,199	141,632	-	396,831
TOTAL FUND BALANCES	4,726,589	5,451,597	255,199	141,632	271,261	10,846,278
TOTAL LIABILITIES AND FUND BALANCES	$11,748,464	$ 5,451,597	$ 591,553	$ 160,800	$ 424,183	$ 18,376,597

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
December 31, 2004

Total Fund Balances for Governmental Funds (page 6)		**$ 10,846,278**
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		60,066,047
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	552,971	
Fines	328,370	
		881,341
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2004 are:		
Accrued interest on agreement for sale payable	(321,137)	
Agreement for sale payable	(12,455,000)	
Contracts payable	(7,067,418)	
Capital leases	(171,479)	
Compensated absences	(192,130)	
		(20,207,164)
Net pension obligation		25,455
Rounding		1
Total net assets of governmental activities (page 4)		**$ 51,611,958**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2004

	GENERAL	DEBT SERVICE	COMMUNITY DEVELOPMENT BLOCK GRANT	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	$ 9,138,389	$ 2,910,571	$ -	$ -	$ -	$ 59,368	$ 12,108,328
Licenses and permits	319,893	-	-	-	-	-	319,893
Fines and forfeitures	646,286	-	-	-	-	63,480	709,766
Charges for services	2,474,209	-	-	-	-	386,298	2,860,507
Interest income	122,660	106,679	-	10,877	-	801	241,017
Intergovernmental	920,413	-	4,769	24,504	429,701	70,461	1,449,848
Contributions and donations	1,400	-	-	-	21,552	23,438	46,390
Other	1,647	-	-	-	-	18	1,665
TOTAL REVENUES	13,624,897	3,017,250	4,769	35,381	451,253	603,864	17,737,414
EXPENDITURES							
Current							
General Government	1,879,564	-	-	-	14,600	-	1,894,164
Public Safety	5,246,657	-	-	989	201,009	469,603	5,918,258
Judicial System	1,552,627	-	-	-	32,009	193,871	1,778,507
Public Works	1,243,059	-	4,769	-	20,335	-	1,268,163
Health and Welfare	441,170	-	-	-	-	-	441,170
Culture and Recreation	1,125,584	-	-	-	35,635	-	1,161,219
Housing and Development	439,523	-	-	-	-	59,290	498,813
Capital Outlay	69,559	-	-	634,169	1,470,591	-	2,174,319
Debt Service							
Principal	10,209	315,000	-	56,274	-	-	381,483
Interest	10,804	778,635	-	7,805	-	-	797,244
TOTAL EXPENDITURES	12,818,756	1,093,635	4,769	699,237	1,774,179	722,764	16,313,340
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,806,141	1,923,615	-	(663,856)	(1,322,926)	(118,900)	1,424,074
OTHER FINANCING SOURCES (USES)							
Issuance from debt	-	-	-	-	238,557	-	238,557
Proceeds from sale of capital assets	41,334	-	-	-	-	-	41,334
Transfers in	-	-	-	-	1,370,915	196,051	1,566,966
Transfers out	(1,631,424)	-	-	-	-	(37,500)	(1,668,924)
TOTAL OTHER FINANCING SOURCES (USES)	(1,590,090)	-	-	-	1,609,472	158,551	177,933
NET CHANGES IN FUND BALANCES	16,051	1,923,615	-	(663,856)	286,546	39,651	1,602,007
FUND BALANCES, Beginning of year	4,710,538	3,527,982	-	919,055	(144,914)	231,610	9,244,271
FUND BALANCE, End of year	$ 4,726,589	$ 5,451,597	$ -	$ 255,199	$ 141,632	$ 271,261	$ 10,846,278

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Net change in fund balances (page 8)		**$ 1,602,007**
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 capital outlays ($2,174,319) exceeded depreciation ($1,495,874) in the current period.		678,445
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(269,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	552,971	
Donated Assets	563,178	
Fines	328,370	
		1,444,519
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities		
Property Taxes	(451,697)	
Fines	(2,043,623)	
		(2,495,320)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due. rather than as it accrues. Also. governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of four balances.		
Proceeds from borrowing	(238,557)	
Payments on Long-Term Debt	381,483	
Compensated absences	(5,408)	
Accrued interest on Bonds	6,588	
		144,106
Net pension obligation		25,455
	Rounding	1
Change in net assets of governmental activities (page 5)		**$ 1,129,555**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
ASSETS	
Current Assets	
Other receivables(net of allowance for uncollectibles)	6,506
Prepaid items	21,482
TOTAL CURRENT ASSETS	27,988
Capital Assets	
Land	192,103
Buildings and improvements	470,319
Machinery and equipment	133,000
Construction in progress	27,728
	823,150
Less: Accumulated depreciation	(275,438)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	547,712
TOTAL ASSETS	575,700
LIABILITIES	
Current Liabilities	
Accounts payable	14,370
Accrued expenses	2,235
Due to other funds	500
Landfill closure and postclosure, current	10,000
TOTAL CURRENT LIABILITIES	27,105
Noncurrent Liabilities	
Landfill closure and postclosure	447,090
TOTAL LIABILITIES	474,195
NET ASSETS	
Invested in capital assets, net of related debt	547,712
Unrestricted	(446,207)
TOTAL NET ASSETS	$ 101,505

The accompanying notes to the financial statements are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSE AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
OPERATING REVENUES	
Charges for services	$ 290,251
OPERATING EXPENSES	
Salaries and benefits	121,390
Supplies	5,538
Waste management and operating charges	243,754
Other services and charges	41,290
Passthrough operating grant	76,824
Depreciation expense	21,888
TOTAL OPERATING EXPENSES	510,684
OPERATING INCOME (LOSS)	(220,433)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental	126,429
Gain (loss) on sale of equipment	13,900
Total Nonoperating Revenues (Expenses)	140,329
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(80,104)
Transfers in	101,958
Transfers out	-
CHANGE IN NET ASSETS	21,854
TOTAL NET ASSETS, Beginning of year	79,651
TOTAL NET ASSETS, End of year	$ 101,505

The accompanying notes to the financial statements are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	301,141
Payments to suppliers	(396,904)
Payments to employees	(121,390)
Internal activity - payments from (to) others	500
Net cash provided by (used in) operating activities	(216,653)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	101,958
Operating grants	126,429
Net cash provided by (used in) noncapital financing activities	228,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(25,833)
Proceeds from sale of capital assets	13,900
Net cash provided by (used in) capital and related financing activities	(11,933)
INCREASE (DECREASE) IN CASH	(199)
CASH, Beginning of year	199
CASH, End of year	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ (220,433)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	21,888
(Increase) Decrease in:	
Accounts receivable	10,890
Prepaid expense	(21,482)
Increase (Decrease) in:	
Accounts payable	10,210
Accrued expenses	(2,188)
Postclosure care liability	(16,038)
Due to other funds	500
Net cash provided by (used in) operating activities	$ (216,653)

The accompanying notes to the financial statements are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

	AGENCY FUNDS
ASSETS	
Cash	$ 4,506,508
TOTAL ASSETS	4,506,508
LIABILITIES	
Funds held in trust	4,506,508
TOTAL LIABILITIES	4,506,508
NET ASSETS	$ -

The accompanying notes are an integral part of this statement.

COMPONENT UNITS

Combining Statement of Net Assets - all discretely presented component units.

Combining Statement of Activities - all discretely presented component units.

LUMPKIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2004

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
ASSETS					
Cash	$ 240,228	$ 449,876	$ 218,470	$ 128,566	$ 1,037,140
Investments	-	-	1,087,780	-	1,087,780
Other receivables(net of allowance for uncollectibles)	67,808	28,745	16,331	25,322	138,206
Due from component units	-	-	-	1,445	1,445
Restricted assets:					
Restricted cash	-	-	-	42,250	42,250
Restricted investments	-	-	-	101,080	101,080
Prepaid items	-	-	-	3,915	3,915
Noncurrent assets:					
Deferred charges	-	-	-	58,974	58,974
Restricted investments	-	-	-	357,359	357,359
Land held for resale	-	403,955	-	-	403,955
Building held for resale	-	1,370,000	-	-	1,370,000
Capital assets:					
Land and improvements	-	-	-	292	292
Construction in progress	-	929,019	-	36,175	965,194
Machinery and equipment	12,344	-	-	19,604	31,948
Water system	-	-	-	3,933,482	3,933,482
Less: Accumulated depreciation	(7,740)	-	-	(355,807)	(363,547)
Capital assets, net of depreciation	4,604	929,019	-	3,633,746	4,567,369
Total Assets	312,640	3,181,595	1,322,581	4,352,657	9,169,473
LIABILITIES					
Accounts payable	13,864	3,291	-	42,334	59,489
Accrued expenses	-	8,142	-	87,150	95,292
Due to component units	-	1,445	-	-	1,445
Due to primary government	-	20,141	-	-	20,141
Unearned revenue	9,998	-	-	4,000	13,998
Funds held in trust	-	-	-	42,250	42,250
Noncurrent liabilities:					
Due within one year					
Compensated absences	7,020	-	-	-	7,020
Notes payable	-	6,449	-	-	6,449
Revenue bonds payable	-	-	-	65,000	65,000
Due in more than one year					
Compensated absences	28,081	-	-	-	28,081
Notes payable	-	1,470,979	-	-	1,470,979
Revenue bonds payable	-	-	-	3,500,000	3,500,000
Total Liabilities	58,963	1,510,447	-	3,740,734	5,310,144
NET ASSETS					
Invested in capital assets, net of related debt	4,604	929,019	-	127,720	1,061,343
Restricted for:					
Debt service	-	-	-	101,080	101,080
Unrestricted	249,073	742,129	1,322,581	383,123	2,696,906
Total Net Assets	$ 253,677	$ 1,671,148	$ 1,322,581	$ 611,923	$ 3,859,329

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
COMPONENT UNITS									
Health Department	$ 723,287	$ 676,980	$ 118,876	$ -	$ 72,569	$ -	$ -	$ -	$ 72,569
Development Authority	235,059	79,786	69,212	126,264	-	40,203	-	-	40,203
Hospital Authority	56,21[illegible]	-	-	-	-	-	(56,211)	-	(56,211)
Water and Sewerage Authority	635,136	419,784	-	579,727	-	-	-	330,164	330,164
Total Component Units	$ 1,649,693	$ 1,176,550	$ 188,088	$ 705,991	72,569	40,203	(56,211)	330,164	386,725
GENERAL REVENUES									
Unrestricted investment earnings					-	30,342	77,465	4,380	112,187
Total General Revenues					-	30,342	77,465	4,380	112,187
CHANGE IN NET ASSETS					72,569	70,545	21,254	334,544	498,912
NET ASSETS, Beginning					181,108	1,600,603	1,301,327	277,379	3,360,417
NET ASSETS, Ending					**$ 253,677**	**$ 1,671,148**	**$ 1,322,581**	**$ 611,923**	**$ 3,859,329**

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by a Sole Commissioner. In addition, there are four Constitutional Officers: the Tax Commissioner, Probate Court Judge, Sheriff, and Clerk of Superior Court. The Constitutional Officers are elected county wide. The Sole Commissioner budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The blended component unit has a December 31 year end.

Blended Component Unit: The Lumpkin County Public Building Authority (Building Authority) which provides financing for County buildings, is governed by a five-member board appointed by the Commissioner of Lumpkin County. The Building Authority is considered a blended component unit; as such, the building authority does not issue separate financial statements.

Discretely Presented Component Units: The Lumpkin County Health Department (Health Department) monitors and controls all health activities in the County. The Lumpkin County Board of Health (Board) governs the health department. The Health Department is dependent upon the government because the government approves the Health Department's budget and the government has the ability to impose its will upon the Health Department. During 2004, the County supplemented the Health Department's budget in the amount of $118,876. The Health Department is presented as a governmental fund type. The Health Department's fiscal year end is June 30.

The Lumpkin County Water and Sewerage Authority (Water Authority) was created for the purpose of acquiring, constructing, equipping, maintaining and operating adequate water supply, treatment and distribution facilities and sewerage collection, treatment and distribution facilities making such facilities and the services thereof available to public and private consumers and users located in Lumpkin County. The Water Authority is dependent upon the government because the government approves the Water Authority's budget and the government has the ability to impose its will upon the Water Authority. The

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Authority is presented as a proprietary fund type. The Water Authority's fiscal year end is December 31.

The Development Authority of Lumpkin County (Development Authority) is charged with aiding economic development within the County. It is governed by a seven-member board appointed by the Commissioner of Lumpkin County. The Development Authority is dependent upon the government because the government approves the Development Authority's budget and the government has the ability to impose its will upon the Development Authority. During 2004, the County supplemented the Development Authority's budget in the amount of $69,212. The Development Authority is presented as a proprietary fund type. The Development Authority's fiscal year end is December 31.

The Lumpkin County Hospital Authority (Hospital Authority) is governed by a seven-member board appointed by the Commissioner of Lumpkin County. The Hospital Authority is dependent upon the government because the government approves the Hospital Authority's budget and the government has the ability to impose its will upon the Hospital Authority. The hospital authority is presented as a proprietary fund type. The hospital authority does not issue separate financial statements. The Hospital Authority's fiscal year end is December 31.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Lumpkin County Health Department
56 Short Street
Dahlonega, Georgia 30533
(June 30 year-end)

Lumpkin County Water & Sewerage Authority
194 Courthouse Hill, Annex A
Dahlonega, Georgia 30533

Development Authority of Lumpkin County
194 Courthouse Hill, Annex A
Dahlonega, Georgia 30533

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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 services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 latter 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.

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes as available if they are collected within 60 days by the end of the current fiscal year for which they are levied. Fines are considered available if they are collected within 60 days of the end of the current fiscal year. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period for which they are imposed. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, fines, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt not being financed by other funds.

The *Community Development Block Grant* accounts for Federal grant funds received for construction of a Mental Health Facility and for the construction of an Adult Learning Center.

The *SPLOST Capital Projects Fund* accounts for funds received from a local 1% sales tax reserved for construction of various capital projects.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition and construction of major capital projects.

The government reports the following major proprietary fund:

The *Solid Waste Disposal Facility Enterprise Fund* accounts for the activities of the County's solid waste disposal and recycling programs.

Additionally, the government reports the following fund type:

The *Agency Funds* are custodial in nature and do not represent 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 the government holds for others in an agency capacity.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The government has elected not to follow subsequent private-sector guidance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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. The principal operating revenues for the Solid Waste Disposal Facility enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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 nonoperating revenues and expenses.

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

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U.S. Treasury and its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposits of banks insured by FDIC.

Investments are recorded as fair value based on quoted market prices as of the balance sheet date. Increases or decreases in fair value during the year are recognized as a component of interest income.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied October 20. Taxes were payable by December 20. Interest and penalties may be assessed on taxes not paid by this date.

The County's property taxes were levied on the assessed values of all real and personal property with utilities including mobile homes and motor vehicles located in the County.

The County bills and collects its own property taxes and also those for the School Board, City of Dahlonega and the State.

Only the County's tax levy is recognized as revenue when levied and uncollected taxes are recorded as deferred revenue in the general fund.

3. Inventories and Prepaid Items

Inventories, consisting of expendable supplies, not held for resale are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2004.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Nonstructural improvements	20
Machinery and equipment	5-20
Vehicles	3-10
Water lines and system	50
Infrastructure	19-50

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, "Accounting for Compensated Absences," no liability is reported for unpaid accumulated sick leave because the benefits are paid only upon illness of an employee, and the amount of such payments cannot be reasonably estimated. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

6. 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, or proprietary fund type statement of net assets.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Management estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Prior to July 1, the department heads submit to the Commissioner a proposed operating budget for each department for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.

The Commissioner holds a public hearing on the budget, giving notice thereof at least seven days in advance by publication in the official organ of the County.

The budget is then revised and adopted or amended by the Commissioner at a public meeting.

The budget may be amended during the year only by formal action of the Commissioner in a regular meeting.

The budget is adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted only for the general fund, debt service fund and all special revenue funds. Project length budgets are adopted for the Capital Projects Funds. Annual operating budgets are prepared for the Enterprise Fund for planning, control, cost allocation and evaluation purposes. Budgetary amounts are not formally integrated into the proprietary fund general ledger. All annual appropriations lapse at fiscal year end.

Budget amounts are as originally adopted, or as amended by the Commissioner. The County's budgets are adopted at the department level, which constitutes its legal level of control. However, expenditures may not legally exceed budgeted appropriations at the department level.

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

Material excesses (if both over 1 percent and greater than $3,000) of expenditures over appropriations at the department level (the legal level of control) are presented below:

DEPARTMENT	ACTUAL	BUDGETED	DIFFERENCE
Enotah Circuit	$ 265,066	$ 236,011	$ 29,055
Senior Center	$ 183,661	$ 172,687	$ 10,974

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The excess has been funded by additional revenue and prior year fund balance. In the future, budget amendments will be adopted when unbudgeted costs become known.

(C) DEFICIT FUND BALANCE

At December 31, 2004, the Emergency 911 Special Revenue Fund had a fund balance deficit of $8,531, which resulted primarily from having to defer revenues due to state statutes regarding E-911 wireless. In 2005, the general fund will transfer funds to eliminate the fund deficit.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS. As of December 31, 2004, the carrying amount of the County's deposits for the primary government and discretely presented component units was $16,667,088 and $1,079,390 and the bank balance was $17,220,272 and $1,126,304 respectively. The amount of the total bank balance is classified into three categories of credit risk: (1) deposits that are insured or collateralized with securities held by the County or by its agent in the County's name, (2) deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and (3) uncollateralized bank accounts.

The County's deposits are displayed as follows:

Statement of net assets (page 4)	
Cash	$ 12,160,580
Statement of Fiduciary net assets (page 13)	
Cash, agency funds	4,506,508
Total	$ 16,667,088

The County's deposits are classified as follows at December 31, 2004:

Category	Primary Government Bank Balance	Discretely presented Component Units
1	$ 716,057	$ 442,500
2	16,504,215	683,804
3		
	$ 17,220,272	$ 1,126,304

Statutes require collateral pledged in the amount of 110% of deposits.

Depositories may secure deposits of public funds using the dedicated method or the pooled method as described below.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

- Under the dedicated method, a depository shall secure the deposits of each of its public depositors separately.

- Under the pooled method, a depository shall secure deposits of public bodies which have deposits with it through a pool of collateral established by the depository with a custodian for the benefit of public bodies having deposit with such depository as set forth in code Section 45-8-13.1.

The County utilized both methods to secure deposits of public funds.

INVESTMENTS. The County's investments are categorized as either (1) insured or registered, or securities held by the County or its agent in the County's name, (2) uninsured or unregistered, with securities held by the counter party's trust department or agent in the County's name, or (3) uninsured and unregistered, with securities held by the counter party in the County's name, or by its trust department or agent but not in the County's name.

	Categories			
	1	2	3	Fair Value
Certificates of Deposit	$ 2,095,672			$ 2,095,672

At year end, investments held by component units were as follows:

	Categories			
	1	2	3	Fair Value
U.S. Government Securities	$ 1,546,219	$ -	$ -	$ 1,546,219

NOTE 4 – RECEIVABLES

Primary Government

Receivables as of year end for the County's individual major funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Nonmajor Governmental Funds	Solid Waste
Receivables:				
Property Taxes	$ 1,399,008	$ -	$ -	$ -
Accounts:				
Fines receivable	2,608,311	-	-	-
Other	368,140	-	37,043	6,506
Total accounts	2,976,451	-	37,043	6,506
Intergovernmental	835,393	475,837	-	-
Total Gross Receivables	5,210,852	475,837	37,043	6,506
Less: Allowance for Uncollectibles	(2,443,044)	-	-	-
Total Net Receivables	$ 2,767,808	$ 475,837	$ 37,043	$ 6,506

NOTE 4 – RECEIVABLES (CONTINUED)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED
Delinquent property taxes receivable (General Fund)	$ 552,971	$ -
Current year property taxes (General Fund)	-	5,561,985
Probation fines (General Fund)	328,370	-
E-911 fees (Emergency Telephone System Fund)	-	82,295
Grant drawdowns prior to meeting all eligibility requirements (General Fund)	-	34,385
Total deferred/unearned revenue for governmental funds	$ 881,341	$ 5,678,665

Property taxes receivable at December 31, 2004, consist of the following:.

	GENERAL FUND		
DIGEST YEAR	TAX	PENALTIES & INTEREST	TOTAL
2004	$ 844,648	$ 8,446	$ 853,094
2003	149,428	24,089	173,517
2002	72,901	17,863	90,764
2001	48,482	17,834	66,316
2000	72,485	32,619	105,104
1999	56,510	32,211	88,721
1998	2,520	1,789	4,309
1997	6,926	5,748	12,674
1996	2,313	2,196	4,509
Total	$ 1,256,213	$ 142,795	$ 1,399,008

NOTE 4 – RECEIVABLES (CONTINUED)

Discretely Presented Component Units

	Health Department	Hospital Authority	Water Authority	Development Authority
Receivables:				
Accounts	$ 38,281	$ 16,331	$ 28,135	$ -
Intergovernmental	29,527	-	-	28,745
Total Gross Receivables	67,808	16,331	28,135	28,745
Less: Allowance for Uncollectibles	-	-	(2,813)	-
Total Net Receivables	$ 67,808	$ 16,331	$ 25,322	$ 28,745

On January 22, 2004, Siemens and the Authority entered into a lease termination agreement due to default by Siemens.. Siemens made a payment of $113,979 which reduced the balance of the note payable to $1,500,000. The Authority took ownership of the land and buildings. No gain or loss was incurred in the lease termination. On that same date, the authority entered into an operating lease with Masterpiece Millwork, Inc. This lease is for a period of 60 months at a base rental of $11,800 per month. The lessee has an option to purchase the property at any time during the lease for the amount of principal and accrued interest on the note payable to the bank. At that same time, the bank modified the loan agreement to require 60 monthly payments commencing March 5, 2004 of $11,294, including interest at a fixed rate of 6.625%. The loan is secured by the property and by assignment of the lease proceeds.

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments And Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 13,212,681	$ 53,236	$ (24,690)	$ -	$ 13,241,227
Infrastructure land improvements	13,389,433	92,232	(21,772)	-	13,459,893
Construction in progress	9,100,028	1,049,669	(2)	(194,417)	9,955,278
Total non-depreciable capital assets	35,702,142	1,195,137	(46,464)	(194,417)	36,656,398
Depreciable Assets:					
Buildings and improvements	15,979,523	20,208	-	176,838	16,176,569
Machinery and equipment	2,420,330	345,126	(38,660)	17,579	2,744,375
Vehicles	2,808,889	409,782	(256,225)	-	2,962,446
Infrastructure	13,286,625	767,244	(650,894)	-	13,402,975
Total depreciable capital assets	34,495,367	1,542,360	(945,779)	194,417	35,286,365
Less Accumulated Depreciation for:					
Buildings and improvements	1,915,451	293,221	-	-	2,208,672
Machinery and equipment	1,497,351	186,729	(37,826)	-	1,646,254
Vehicles	1,757,818	236,636	(230,603)	-	1,763,851
Infrastructure	5,932,805	779,288	(454,154)	-	6,257,939
Total accumulated depreciation	11,103,425	1,495,874	(722,583)	-	11,876,716
Total depreciable capital assets, net	23,391,942	46,486	(223,196)	194,417	23,409,649
Governmental activities capital assets, net	$ 59,094,084	$ 1,241,623	$ (269,660)	$ -	$ 60,066,047

Capital Outlay	$ 2,174,319
Donated roads, including underlying land	563,178
Total	$ 2,737,497
Non-depreciable capital assets additions	$ 1,195,137
Depreciable capital assets additions	1,542,360
Total	$ 2,737,497

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-Depreciable Assets:					
Land and improvements	$ 192,103	$ -	$ -	$ -	$ 192,103
Construction in progress	1,895	25,833			27,728
Total non-depreciable capital assets	193,998	25,833	-	-	219,831
Depreciable Assets:					
Buildings and improvements	470,319	-	-	-	470,319
Machinery and equipment	133,000	-	-	-	133,000
Total depreciable capital assets	603,319	-	-	-	603,319
Less Accumulated Depreciation for:					
Land improvements	138,715	12,085	-	-	150,800
Buildings	24,328	4,583	-	-	28,911
Machinery and equipment	90,507	5,220	-	-	95,727
Total accumulated depreciation	253,550	21,888	-	-	275,438
Total depreciable capital assets, net	349,769	(21,888)	-	-	327,881
Business-type activities capital assets, net	$ 543,767	$ 3,945	$ -	$ -	$ 547,712

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 132,271
Judicial	14,292
Public Health and Welfare	21,913
Public Safety	362,780
Public Works	860,206
Recreation and Culture	82,191
Housing and Development	22,221
	$ 1,495,874
Business-type Activities:	
Solid Waste	$ 21,888

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2004 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Governmental activities:					
Reservoir	$ 6,742,567	$ 6,581,766	$ -	$ 160,801	GEFA
Yahoola Creek Park	3,097,644	3,122,136	-	-	Fund Balance
County Shop - Road Dept	500,000	87,204	295,025	117,771	Fund Balance
Fire Station #4	679,000	164,172	49,950	464,878	Fund Balance
	$ 11,019,211	$ 9,955,278	$ 344,975	$ 743,450	
Business-type activities:					
Recycling Center	$ 325,000	$ 27,728	$ 276,273	$ 20,999	Net Assets

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 12,344	$ -	$ -	$ 12,344
Less accumulated depreciation	5,805	1,935	-	7,740
Capital assets, net	$ 6,539	$ (1,935)	$ -	$ 4,604

Activity of the Development Authority for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Construction in progress	$ 508,293	$ 581,706	$ (3,500)	$ (157,480)	$ 929,019
Total non-depreciable capit	$ 508,293	$ 581,706	$ (3,500)	$ (157,480)	$ 929,019

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The Development Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2004 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project costs are noted below:

Project	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
12" Water Line & 6" Sewer Line	$ 577,767	$ 577,767	-	$ -	Net assets
Long Branch Site Plan and Grading	107,588	107,588	-	-	Net assets
Red Oak Flat Road	266,916	243,664	23,252	-	Net assets & DOT grants
	$ 952,271	$ 929,019	$ 23,252	$ -	

Activity for the Water Authority for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	$ 292	$ -	$ -	$ -	$ 292
Construction in progress	36,175	-	-	-	36,175
Total non-depreciable capital assets	36,467	-	-	-	36,467
Depreciable assets:					
Machinery and equipment	19,604	-	-	-	19,604
Water system	3,591,372	402,016	(59,906)	-	3,933,482
Total depreciable capital assets	3,610,976	402,016	(59,906)	-	3,953,086
Less accumulated depreciation for:					
Machinery and equipment	10,590	3,767	-	-	14,357
Water system	238,305	126,342	(23,197)	-	341,450
Total accumulated depreciation	248,895	130,109	(23,197)	-	355,807
Total depreciable capital assets, net	3,362,081	271,907	(36,709)	-	3,597,279
Business-type capital assets, net	$ 3,398,548	$ 271,907	$ (36,709)	$ -	$ 3,633,746

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The Water and Sewerage Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2004 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project costs are noted below:

Project	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Longbranch pump station	$ 39,222	$ 36,175	$ -	$ -	Net assets

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 237,963	$ -	$ (66,484)	$ 171,479	$ 69,407
Agreement for sale payable	12,770,000	-	(315,000)	12,455,000	795,000
Compensated absences	186,722	243,273	(237,865)	192,130	27,400
Contracts payable	6,828,860	238,558	-	7,067,418	240,185
Governmental activities long-term liabilities	$ 20,023,545	$ 481,831	$ (619,349)	$ 19,886,027	$ 1,131,992
Business-Type Activities:					
Landfill closure/postclosure	$ 473,128	$ -	$ (16,038)	$ 457,090	$ 10,000

Compensated absences are generally liquidated by the general fund.

Capital Leases - The County leases certain equipment under non-cancelable capital leases. Ownership of the related assets will be transferred to the County at the end of the lease terms. The assets acquired through capital leases are as follows:

	GOVERNMENTAL ACTIVITIES
Equipment and vehicles	$358,463
Less accumulated depreciation	(56,899)
	$301,564

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Minimum future lease obligations for these leases, as of December 31, 2004, are as follows:

Year Ending December 31,	Governmental Activities
2005	$ 76,410
2006	69,071
2007	37,031
2008	416
Total minimum lease payments	182,928
Less: amount representing interest (3.66% - 10.83%)	(11,449)
Present value of minimum lease payments	$ 171,479

Agreement For Sale Payable - In order to secure financing for the debts of the previous administration, the County transferred certain public buildings to a newly created entity, The Lumpkin County Public Building Authority. In February 2001, this Authority then sold those assets back to the County in exchange for the County's promise of payment backed by its full faith and credit and taxing power. The right to receive those payments under this Agreement for Sale were then assigned to the bank which provided $15,750,000 in financing. Scheduled repayment of this sum including interest from 5.02% to 7.26%, is outlined below. Final payment is due February 1, 2017. In the event of any early payment, a premium as determined by the February 2001 agreement would be due. During 2002, a Special Purpose Local Option Sales Tax was passed as provided by O.C.G.A. Sec 48-8-100, et seg. for the purpose of paying off and retiring a substantial portion of this debt.

Year Ending December 31,	Principal	Interest	Total
2005	$ 795,000	$ 745,623	$ 1,540,623
2006	840,000	693,944	1,533,944
2007	900,000	638,846	1,538,846
2008	955,000	579,966	1,534,966
2009	1,020,000	517,121	1,537,121
2010- 2014	6,205,000	1,481,675	7,686,675
2015 - 2017	1,740,000	134,034	1,874,034
Total	$ 12,455,000	$ 4,791,209	$ 17,246,209

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Contracts Payable - In September 1999, Lumpkin County and the City of Dahlonega borrowed $4,475,000 from the Georgia Environmental Facility Authority (GEFA) to develop a reservoir. During 2001, the City and Lumpkin County entered into an agreement to increase the loan amount to $13,730,000. The loan agreement provides that if the reservoir is completed before June 30, 2005, the City and County may convey the title to the property to GEFA in exchange for forgiveness of the debt. When the title is transferred, GEFA intends to enter into an agreement with the North Georgia Mountains Authority (NGMA) to operate the reservoir facilities. The County's share of the obligation as of December 31, 2004, was $7,067,418 or 50% of the total "draw downs" of all GEFA notes related to the reservoir project. Even though it is very likely that the title to the reservoir project will be transferred and debt forgiven, the amortization is shown below in the unlikely event that the City and County retain title.

Year Ending December 31,	Principal	Interest	Total
2005	240,185	279,124	519,309
2006	249,938	269,371	519,309
2007	260,086	259,223	519,309
2008	270,647	248,662	519,309
2009	281,636	237,673	519,309
2010 - 2014	1,589,288	1,007,258	2,596,545
2015 - 2019	1,939,233	657,312	2,596,545
2020 - 2024	2,236,405	230,313	2,466,718
Total	$ 7,067,418	$ 3,188,935	$ 10,256,353

On January 27, 2005, the County and the City submitted a joint proposal to the State to buy back the reservoir. The total owed on the reservoir at this date was $15,419,916. The joint proposal ask the State to forgive $1,689,916 in accrued interest and convert one-half of the debt to a grant. The State has rejected this proposal and the County and City are working on a counter proposal.

Conduit Debt - In December 2001, the Lumpkin County Public Building Authority issued $5,000,000 in aggregate principal amount of Lumpkin County School District Qualified Zone Academy Project, Series 2001 Bonds. The proceeds were used to rehabilitate, repair, renovate, extend and improve Lumpkin County Middle School and Lumpkin County Elementary School. As of December 31, 2004, the amount outstanding related to these bonds was $5,000,000. The obligation of Lumpkin County School District to make the payment required by the contract is a general obligation of the School District for which its full faith and credit and taxing power are pledged. The Public Building Authority has no obligation to repay this debt beyond the funds received from the School District.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 32,179	$ 27,768	$ (24,846)	$ 35,101	$ 7,020

Activity for the Development Authority for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Note payable - Siemens Property	$ 1,616,348	$ -	$ (138,920)	$ 1,477,428	$ 6,449

On February 5, 2005, the Authority began making interest only payments of 2.40% above the 30 day LIBOR rate. The principal balance of $1,470,979 will mature in full on January 13, 2006.

The annual requirements to amortize all debts of the Development Authority outstanding as of December 31, 2004 are as follows:

Year	Principal	Interest	Total
2005	$ 6,449	$ 72,865	$ 79,314
2006	1,470,979	5,884	1,476,863
Total	$ 1,477,428	$ 78,749	$ 1,556,177

Activity for the Water Authority for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
2000 Series Bonds	$ 3,610,000	$ -	$ (45,000)	$ 3,565,000	$ 65,000

These revenue bonds, originally $3,610,000, were issued to acquire the water system from the primary government and to construct additions to the system. The bonds bear interest of 5.65%.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debts of the Water Authority outstanding as of December 31, 2004 are as follows:

	Principal	Interest	Total
2005	65,000	198,056	263,056
2006	85,000	193,348	278,348
2007	105,000	187,509	292,509
2008	130,000	180,282	310,282
2009	155,000	171,624	326,624
2010 - 2014	1,025,000	691,299	1,716,299
2015 - 2019	1,350,000	351,006	1,701,006
2020 - 2021	650,000	21,988	671,988
Total	$ 3,565,000	$ 1,995,112	$ 5,560,112

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2004, consist of the following:

$ 308,650	Due to the General Fund from the SPLOST Fund for capital purchases.
350	Due to the General Fund from the Capital Projects Fund for accrued payroll.
500	Due to the General Fund from the Solid Waste Fund for accrued payroll.
45,171	Due to the General Fund from nonmajor funds for Hotel/Motel tax to the Chamber of Commerce.
127,510	Due to nonmajor funds from the General Fund for fines collected.
35,714	Due to nonmajor funds from the General Fund for deferred revenues
16	Other Balances.
$ 517,911	Total

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Summary of balances due from other funds reported in fund financial statements:

$ 517,411	Due from other funds, Balance Sheet-Governmental Funds.
500	Due from other funds, Balance Sheet-Proprietary Funds.
$ 517,911	Total

Transfers to/from other funds at December 31, 2004, consist of the following:

$ 1,370,915	From the General Fund to Capital Projects Fund to pay for various building improvements, land acquisitions and vehicle purchases.
196,051	From the General Fund to nonmajor funds to supplement fiscal year 2004 operating budget.
101,958	From the General Fund to Solid Waste Fund to supplement fiscal year 2004 operating budget.
$ 1,668,924	Total

Summary of transfers out to other funds reported in fund financial statements:

$ 1,688,924	Transfers Out, Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.

NOTE 8 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN
(A) PLAN DESCRIPTION

The County sponsors the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan (Plan), which is a defined benefit plan. The plan was effective January 1, 2004.

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

NOTE 8-RETIREMENT PLANS (CONTINUED)

provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The Plan issues a stand-alone report. This report may be obtained from: GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest at 75 % after 3 years of service and 100% after 4 years of service. Participants become eligible to retire at the earlier of: a) age 65 or b) the third anniversary of the first day of the Plan Year in which the participant commenced participation in the Plan.

Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death before retirement. These benefit provisions were established by an adoption agreement executed by the Lumpkin County Commissioner.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The required contribution amount of $162,255 was paid in fiscal year 2004. The County's payroll for employees participating in the Plan as of January 1, 2004, (the most recent actuarial valuation date) was $3,451,296 (based on covered earnings of preceding year.)

(B) FUNDING POLICY

Contributions totaling $162,255 ($162,255 employer and $0 employer) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2004. The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes.

(C) ANNUAL PENSION COST

The cost of administering the plan is funded with earnings from investments.

The Georgia Constitution enables the governing authority of the County, the Sole Commissioner, to establish, and amend from time-to-time contributions rates for the County and its plan participants.

NOTE 8-RETIREMENT PLANS (CONTINUED)

Participants as of January 1, 2004 (the most recent actuarial valuation date) are shown below:

Retirees and beneficiaries receiving benefits	97
Deferred Vested (former employees)	11
Total number of plan participants	108

The information was determined as part of the actuarial valuation as of January 1, 2004. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2004
Actuarial Cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	29 years
(The estimated amortization period for all unfunded liabilities is combined into one amount.)	
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate return*	8.0%
Projected salary increases*	6.0%
*Includes inflation at	2.5%
Cost-of-living adjustments	N/A
Post-retirement benefit increases	N/A

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

Derivation of annual pension cost:	2004	2003
Annual required contribution	$ 136,800	$ 124,894
Interest on net pension obligation	-	-
Amortization of net pension obligation	-	-
Annual pension cost	136,800	124,894
Contributions made with interest	(162,255)	(124,894)
Increase (decrease) in net pension obligation	(25,455)	-
Net pension obligation, January 1, 2003	-	-
Net pension obligation, January 1, 2004	$ (25,455)	$ -

NOTE 8-RETIREMENT PLANS (CONTINUED)

DEFINED CONTRIBUTION PLAN

The County, by resolution, adopted the ACCG 401(a), a defined contribution retirement plan, administered by GEBCorp. The plan provisions and contribution rates may also be amended by resolution. Current full-time employees are eligible to participate, beginning on their date of hire. The County shall make a matching contribution on behalf of each Participant to the Plan equal to a 100% of the amount the Participant is contributing to the section 457(b) deferred compensation plan up to 2% of compensation.

The County's covered payroll for employees participating in this plan was $3,768,128 and total payroll was $6,307,124. The County contribution for 2004 was $78,338 and employee contributions were $0.

OTHER PLANS

In addition to the above pension plans, the following pension plans cover County employees but the county is not legally responsible for contributions to the pension plans. Other governmental entities are legally responsible for these contributions as well as required disclosures.

(A) PROBATE JUDGES' RETIREMENT FUND OF GEORGIA
The Probate Judge is covered under a pension plan which requires that certain sums from marriage licenses and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(B) CLERK OF SUPERIOR COURT RETIREMENT FUND
The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or bond forfeitures be remitted to the pension plan before the payment of any costs or other claims.

(C) SHERIFFS' RETIREMENT FUND/PEACE OFFICERS' ANNUITY AND BENEFIT FUND
The Sheriff and Sheriff's Deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

(D) GEORGIA JUDICIAL RETIREMENT SYSTEM
The Juvenile Court Judge is covered under a pension plan to which the County contributes a percentage of the Judge's salary. The Enotah Judicial Circuit reimburses the County for this cost.

NOTE 9 – RISK MANAGEMENT

The County has not decreased any of its insurance coverage from the prior year, and there have been no claims in excess of insurance coverage over the past three years.

Other

Lumpkin County is a member of the Association of County Commissioners of Georgia Interlocal Risk Management Agency (IRMA). IRMA is a group self-insurance fund covering general liability, automobile damage and theft, fire damage, and employee dishonesty for Georgia County governments. IRMA pays losses up to $100,000 per individual claim or $1,000,000 for all claims. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer.

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At December 31, 2004, there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

Workers' Compensation

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees made up of representatives from participating counties. Losses up to $450,000 per individual claims are paid by the Fund. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer. The members of the Fund are assessable if the losses that the Fund must pay exceed the assets of the pool. At December 31, 2004, there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

As part of these risk pools, (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' 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 that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the county in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the county.

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 workers' 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.

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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

In September of 2001, the County accepted a Community Development Block Grant from the Department of Community Affairs in the amount of $493,190 for the construction of a new Adult Learning Center. As a condition of the grant, the County must agree to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount will begin upon closeout of the grant and continue twenty years from that date, expected to be sometime in 2022.

In April of 1998, the County accepted a Community Development Block Grant from the Department of Community Affairs in the amount of $500,000 for the construction of a new Mental Health and Substance Abuse Facility. As a condition of the grant, the County must agree to use the facility for the approved purpose throughout the life of the facility. Should the facility be converted to an ineligible use, the Department of Community Affairs will require repayment of the grant. The repayment will be based on 20-year straight-line depreciation, except 100% repayment of the grant funds will be required to be repaid if the facility is converted during the first five years after the grant closeout date. The period for calculating the repayment amount will begin upon closeout of the grant and continue twenty years from that date, expected to be sometime in 2022.

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports an estimated portion of these closure and postclosure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date. The County received its closure certificate on June 17, 2003. As of December 31, 2004, the County has recorded a liability for the landfill of $457,090 which represents the estimated postclosure cost based on 100% of landfill capacity used to date. All estimated liability for these costs has

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST(CONTINUED)

been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2004. The estimated costs are subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. As of December 31, 2004, the County was able to demonstrate those requirements using the financial ratio tests.

NOTE 12 - CERTAIN SIGNIFICANT ESTIMATES

As discussed in NOTE 1, estimates are used in the preparation of these financial statements. Four of the estimates qualified as significant, in that it is reasonably possible that the estimate will change in the near term due to one or more future confirming events and this change will have a material effect on the financial statements.

The estimate for the closure/postclosure costs of the County's landfill qualifies as a significant estimate.

The estimate for allowance for doubtful accounts relating to Lumpkin County EMS accounts receivable qualifies as a significant estimate. The estimate is calculated based on the previous year's collection percentage of accounts greater than one year old.

The estimate for allowance for doubtful accounts related to fines receivable qualifies as a significant estimate. The estimate is calculated based on prior years' collection experience.

The estimate for accumulated depreciation on capital assets qualifies as a significant estimate. This estimate is based on the original or estimated cost of the assets, depreciated over the estimated useful lives using the straight line method.

NOTE 13 – GEORGIA MOUNTAIN REGIONAL DEVELOPMENT CENTER

Under Georgia law, the County, in conjunction with other cities and counties in the area, are members of the Georgia Mountain Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended December 31, 2004, the County paid $17,250 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 of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

NOTE 13 – GEORGIA MOUNTAIN REGIONAL DEVELOPMENT CENTER (CONTINUED)

Georgia Mountain Regional Development Center
P. O. Box 1720
Gainesville, Georgia 30503-1720

NOTE 14 – HOTEL/MOTEL TAX

During the year ended December 31, 2004, the County collected $59,368 of which $23,747 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $59,290. This was 250% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County complied with the requirements of this law.

NOTE 15 – JOINT VENTURES

Lumpkin County participates with Union and Towns Counties in the North Georgia Waste Management Authority. The Authority studied solid waste disposal issues, developed a plant to recycle waste paper and has leased those facilities to private entities. Lumpkin County has an ongoing financial interest and obligation for funding debt service requirements. The participating counties are annually assessed varying amounts to cover the Authority's inability to service its debt. During 2004, the County paid $66,740 to the Authority. Financial statements for the Authority are available from the Authority at 170 Scoggins Drive, Demorest, Georgia 30535..

Lumpkin County and the City of Dahlonega share an undivided interest in a reservoir to be financed using loan proceeds from the Georgia Environmental Facilities Authority (GEFA).The environmental services contract with GEFA began in September 1999 with Lumpkin County and the City of Dahlonega each owning 50% undivided interest in the reservoir project. While the GEFA loan indicates that the City of Dahlonega and Lumpkin County are jointly and severally liable for the debt, the County and the City have entered into an intergovernmental agreement where the City guarantees the County's maximum liability to one-half of the debt.

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2004
"Unaudited'

Actuarial Valuation Date (01/01)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2003	$0	$644,262	0%	$644,262	$3,188,737	20%
2004	106,545	773,337	13.8%	666,792	3,451,296	20%

Analysis of the dollar amounts of actuarial value of assets available for benefits, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets available for benefits as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Plan.

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

2003 was the first year that this plan was effective.

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2004
"Unaudited'

Fiscal Year	Annual Required Contributions	Actual Contribution	Percentage Contributed
2003	$124,894	$124,894	100%
2004	138,600	162,255	117.6%

2003 was the first year that this plan was effective

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2004
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 4,710,538	$ 4,710,538	$ 4,710,538	$ -
RESOURCES (INFLOWS)				
Taxes	8,863,793	8,808,793	9,138,389	329,596
Licenses and permits	265,700	265,700	319,893	54,193
Fines and forfeitures	560,950	561,950	646,286	84,336
Charges for services	2,181,785	2,251,149	2,474,209	223,060
Interest income	118,205	118,206	122,660	4,454
Intergovernmental	540,067	860,035	920,413	60,378
Contributions and donations	1,500	1,500	1,400	(100)
Other	-	-	1,647	1,647
Proceeds from sale of capital assets	24,000	37,552	41,334	3,782
Total Resources (Inflows)	12,556,000	12,904,885	13,666,231	761,346
AMOUNTS AVAILABLE FOR APPROPRIATION	17,266,538	17,615,423	18,376,769	761,346
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Commissioner	260,694	260,694	260,682	12
Elections	105,236	150,236	149,625	611
Financial Administration	262,347	276,247	274,512	1,735
Legal	50,000	91,000	86,838	4,162
Data Processing/GIS	65,096	65,096	62,902	2,194
Human Resources	36,750	46,873	46,753	120
Tax Commissioner	343,332	344,332	344,247	85
Tax Assessor	275,256	275,256	270,314	4,942
Board of Equalization	3,869	3,869	1,528	2,341
Risk Management	100,000	40,755	40,754	1
Public/General Buildings	307,822	316,576	314,660	1,916
Administrative Support	240,102	19,524	17,748	1,776
General Administrative Fees	24,600	24,600	22,675	1,925
Total General Government	2,075,104	1,915,058	1,893,238	21,820
Public Safety				
Sheriff-Criminal Investigation	579,832	581,179	577,099	4,080
Drug Task	96,268	76,268	68,733	7,535
Sheriff-Uniform Patrol	1,423,570	1,455,214	1,460,511	(5,297)
Detention Center	1,712,880	1,821,533	1,819,295	2,238
Sheriff-Animal Control	42,125	42,125	41,628	497
Fire Department	340,616	340,616	312,304	28,312
Ambulance	788,554	828,555	819,774	8,781
Emergency Management	86,455	92,455	92,121	334
Coroner	20,235	24,735	24,374	361
Animal Shelter	65,000	50,000	38,157	11,843
Total Public Safety	5,155,535	5,312,680	5,253,996	58,684

CONTINUED.....

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
. The budgetary basis of accounting used this schedule is the same as GAAP.
. See Notes to Financial Statements, Note 2, page 23, for budget violations.

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2004
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
:ONTINUED.....				
Judicial System				
Enotah Circuit	236,011	236,011	265,066	(29,055)
Superior Court	328,625	318,625	314,918	3,707
Capital Trial	200,000	35,000	16,131	18,869
Clerk Superior Court	470,919	472,419	472,307	112
District Attorney	6,450	8,950	8,524	426
Victim Assistance	71,402	71,402	64,570	6,832
Magistrate Court	212,334	212,334	206,345	5,989
Probate Court	191,739	205,239	204,766	473
Total Judicial System	1,717,480	1,559,980	1,552,627	7,353
Public Works				
Administration- Public Works	67,623	70,623	70,564	59
Roads and Bridges	951,023	1,244,340	1,242,054	2,286
Total Public Works	1,018,646	1,314,963	1,312,618	2,345
Health and Welfare				
Rainbow House	53,709	53,709	51,472	2,237
Mental Health	6,480	8,640	-	8,640
Health Department	125,000	125,000	125,000	-
DFACS	27,500	27,500	20,071	7,429
Senior Center	160,187	172,687	183,661	(10,974)
Transportation	69,390	65,490	60,966	4,524
Total Health and Welfare	442,266	453,026	441,170	11,856
Culture and Recreation				
Administration-Community Affairs and Leisure Services	60,883	64,883	64,619	264
Park & Recreation	383,431	368,431	353,441	14,990
Community Center	155,570	170,570	168,952	1,618
After School	119,866	119,866	101,698	18,168
Library	436,874	436,874	436,874	-
Total Culture and Recreation	1,156,624	1,160,624	1,125,584	35,040
Housing and Development				
County Extension Service	46,495	46,495	40,010	6,485
Planning	260,667	260,667	257,997	2,670
Environmental Enforcement & Education	61,539	58,029	43,754	14,275
Development Authority	60,097	66,669	69,212	(2,543)
Tourism	55,500	500	500	-
Airport	25,150	33,150	28,050	5,100
Total Housing and Development	509,448	465,510	439,523	25,987
Transfers out	480,897	1,693,544	1,631,424	62,120
JTAL CHARGES TO APPROPRIATIONS	12,556,000	13,875,385	13,650,180	225,205
HANGE IN FUND BALANCE	-	(970,500)	16,051	986,551
JND BALANCES, End of year	$ 4,710,538	$ 3,740,038	$ 4,726,589	$ 986,551

TES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.
See Notes to Financial Statements, Note 2, page 23, for budget violations.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific purposes. The following special revenue funds are maintained by the County:

Drug Rehabilitation - to account for funds collected from fines & forfeitures to be used to create and maintain a Drug Abuse Treatment and Education Fund as provided in title 15, chapter 21 of the Official Code of Georgia Annotated.

Law Library - to account for funds collected from fines and forfeitures to be used to maintain the Law Library as provided in title 36, chapter 15 of the Official Code of Georgia Annotated.

Emergency Telephone System - to account for the monthly "911" charge to help fund the cost of providing the service as provided in title 46, Chapter 5 of the Official Code of Georgia Annotated.

Drug Court - to account for funds collected and the related expenditures of the Drug Court established by agreement between Lumpkin and White Counties.

Juvenile Services - to account for funds from fines and forfeitures to be used for law enforcement activities.

Special Programs - to account for funds, such as fines, confiscated monies and donations received by Elected Officials of Lumpkin County to be expended within the guidelines of each program.

Public Defender - to account for funds from contributing counties to be used to maintain a circuit public defender's office as provided in title 17, chapter 12 of the Official Code of Georgia Annotated.

Hotel/ Motel Tax - to account for taxes charged on rental of hotel/motel rooms as provided in title 48m Chapter 13 of the Official Code of Georgia Annotated. These funds are used for the promotion of tourism, conventions and trade shows in the County.

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCED SHEET
NONMAJOR GOVERMENTAL FUNDS SPECIAL REVENUE
December 31, 2004

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT
ASSETS				
Cash	$ -	$ 120,742	$ -	$ 16,387
Other receivables(net of allowance for uncollectibles)	-	-	37,043	-
Due from other funds	120,774	-	35,714	-
Prepaid items	-	-	5,033	-
Other assets	-	-	-	500
TOTAL ASSETS	$ 120,774	$ 120,742	$ 77,790	$ 16,887
LIABILITIES				
Accounts payable	$ -	$ -	$ 4,027	$ 2,444
Due to other funds	-	-	-	-
Deferred revenue	-	-	82,294	-
TOTAL LIABILITIES	-	-	86,321	2,444
FUND EQUITY				
Fund balance:				
Unreserved, undesignated	120,774	120,742	(8,531)	14,443
TOTAL FUND EQUITY	120,774	120,742	(8,531)	14,443
TOTAL LIABILITIES AND FUND EQUITY	$ 120,774	$ 120,742	$ 77,790	$ 16,887

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCED SHEET
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
December 31, 2004

	JUVENILE SERVICES	SPECIAL PROGRAMS	PUBLIC DEFENDER	HOTEL/MOTEL TAX	TOTALS
ASSETS					
Cash	$ -	$ 7,111	$ 14,323	$ 59,820	$ 218,383
Other receivables(net of allowance for uncollectibles)	-	-	-	-	37,043
Due from other funds	6,736	-	-	-	163,224
Prepaid items	-	-	-	-	5,033
Other assets	-	-	-	-	500
TOTAL ASSETS	$ 6,736	$ 7,111	$ 14,323	$ 59,820	$ 424,183
LIABILITIES					
Accounts payable	$ -	$ -	$ 4,776	$ 14,195	$ 25,442
Due to other funds	-	-	15	45,171	45,186
Deferred revenue	-	-	-	-	82,294
TOTAL LIABILITIES	-	-	4,791	59,366	152,922
FUND EQUITY					
Fund balance:					
Unreserved, undesignated	6,736	7,111	9,532	454	271,261
TOTAL FUND EQUITY	6,736	7,111	9,532	454	271,261
TOTAL LIABILITIES AND FUND EQUITY	$ 6,736	$ 7,111	$ 14,323	$ 59,820	$ 424,183

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
For the Year Ended December 31, 2004

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT
REVENUE				
Taxes	$ -	$ -	$ -	$ -
Fines and forfeitures	40,577	22,903	-	-
Charges for services	-	-	300,036	64,240
Intergovernmental	-	-	-	70,461
Contributions and donations	-	-	23,438	-
Interest income	-	-	-	340
Other	-	-	-	18
TOTAL REVENUE	40,577	22,903	323,474	135,059
EXPENDITURES				
Public Safety	9,834	-	442,406	-
Judicial System	-	7,809	-	169,960
Housing and Development	-	-	-	-
TOTAL EXPENDITURES	9,834	7,809	442,406	169,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30,743	15,094	(118,932)	(34,901)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	123,814	37,500
Transfers out	(37,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(37,500)	-	123,814	37,500
NET CHANGE IN FUND BALANCES	(6,757)	15,094	4,882	2,599
FUND BALANCES, Beginning of year	127,531	105,648	(13,413)	11,844
FUND BALANCES, End of year	$ 120,774	$ 120,742	$ (8,531)	$ 14,443

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
For the Year Ended December 31, 2004

	JUVENILE SERVICES	SPECIAL PROGRAMS	PUBLIC DEFENDER	HOTEL/MOTEL TAX	TOTAL
REVENUE					
Taxes	$ -	$ -	$ -	$ 59,368	$ 59,368
Fines and forfeitures	-	-	-	-	63,480
Charges for services	242	21,780	-	-	386,298
Intergovernmental	-	-	-	-	70,461
Contributions and donations	-	-	-	-	23,438
Interest income	-	77	8	376	801
Other	-	-	-	-	18
TOTAL REVENUE	242	21,857	8	59,744	603,864
EXPENDITURES					
Public Safety	-	17,363	-	-	469,603
Judicial System	760	-	15,342	-	193,871
Housing and Development	-	-	-	59,290	59,290
TOTAL EXPENDITURES	760	17,363	15,342	59,290	722,764
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(518)	4,494	(15,334)	454	(118,900)
OTHER FINANCING SOURCES (USES)					
Transfers in	7,254	2,617	24,866	-	196,051
Transfers out	-	-	-	-	(37,500)
TOTAL OTHER FINANCING SOURCES (USES)	7,254	2,617	24,866	-	158,551
NET CHANGE IN FUND BALANCES	6,736	7,111	9,532	454	39,651
FUND BALANCES, Beginning of year	-	-	-	-	231,610
FUND BALANCES, End of year	$ 6,736	$ 7,111	$ 9,532	$ 454	$ 271,261

LUMPKIN COUNTY, GEORGIA
DEBT SERVICE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 3,527,982	$ 3,527,982	$ 3,527,982	$ -
RESOURCES (INFLOWS)				
Taxes	1,093,636	1,093,636	2,910,571	1,816,935
Interest income	-	-	106,679	106,679
Total Resources (Inflows)	1,093,636	1,093,636	3,017,250	1,923,614
AMOUNTS AVAILABLE FOR APPROPRIATION	4,621,618	4,621,618	6,545,232	1,923,614
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt Service				
Principal	315,000	315,000	315,000	-
Interest	778,636	778,636	778,635	1
TOTAL CHARGES TO APPROPRIATIONS	1,093,636	1,093,636	1,093,635	1
CHANGE IN FUND BALANCE	-	-	1,923,615	1,923,615
FUND BALANCES, End of year	$ 3,527,982	$ 3,527,982	$ 5,451,597	$ 1,923,615

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
DRUG REHABILITATION SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 127,531	$ 127,531	$ 127,531	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	30,000	33,500	40,577	7,077
Other	14,000	14,000	-	(14,000)
Total Resources (Inflows)	44,000	47,500	40,577	(6,923)
AMOUNTS AVAILABLE FOR APPROPRIATION	171,531	175,031	168,108	(6,923)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	9,000	10,000	9,834	166
Transfers out	35,000	37,500	37,500	-
TOTAL CHARGES TO APPROPRIATIONS	44,000	47,500	47,334	166
CHANGE IN FUND BALANCE	-	-	(6,757)	(6,757)
FUND BALANCES, End of year	$ 127,531	$ 127,531	$ 120,774	$ (6,757)

OTES TO THE BUDGETARY COMPARISON SCHEDULE
. The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 105,648	$ 105,648	$ 105,648	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	26,000	26,000	22,903	(3,097)
Other	15,000	15,000	-	(15,000)
Total Resources (Inflows)	41,000	41,000	22,903	(18,097)
AMOUNTS AVAILABLE FOR APPROPRIATION	146,648	146,648	128,551	(18,097)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	41,000	41,000	7,809	33,191
TOTAL CHARGES TO APPROPRIATIONS	41,000	41,000	7,809	33,191
CHANGE IN FUND BALANCE	-	-	15,094	15,094
FUND BALANCES, End of year	$ 105,648	$ 105,648	$ 120,742	$ 15,094

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
UND BALANCES, Beginning of year	$ (13,413)	$ (13,413)	$ (13,413)	$ -
ESOURCES (INFLOWS)				
Charges for services	285,000	295,000	300,036	5,036
Contributions and donations	-	-	23,438	23,438
Transfers in	149,978	149,978	123,814	(26,164)
Total Resources (Inflows)	434,978	444,978	447,288	2,310
MOUNTS AVAILABLE FOR APPROPRIATION	421,565	431,565	433,875	2,310
HARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	434,978	444,978	442,406	2,572
OTAL CHARGES TO APPROPRIATIONS	434,978	444,978	442,406	2,572
HANGE IN FUND BALANCE	-	-	4,882	4,882
UND BALANCES, End of year	$ (13,413)	$ (13,413)	$ (8,531)	$ 4,882

TES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
DRUG COURT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 11,844	$ 11,844	$ 11,844	$ -
RESOURCES (INFLOWS)				
Charges for services	35,300	65,800	64,240	(1,560)
Interest income	250	250	340	90
Intergovernmental	55,700	70,700	70,461	(239)
Other	-	-	18	18
Transfers in	35,000	37,500	37,500	-
Total Resources (Inflows)	126,250	174,250	172,559	(1,691)
AMOUNTS AVAILABLE FOR APPROPRIATION	138,094	186,094	184,403	(1,691)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	126,250	174,250	169,960	4,290
TOTAL CHARGES TO APPROPRIATIONS	126,250	174,250	169,960	4,290
CHANGE IN FUND BALANCE	-	-	2,599	2,599
FUND BALANCES, End of year	$ 11,844	$ 11,844	$ 14,443	$ 2,599

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
JUVENILE SERVICES SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARSION SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
:UND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
:ESOURCES (INFLOWS)				
Charges for services	-	-	242	242
Transfers in	-	7,254	7,254	-
Total Resources (Inflows)	-	7,254	7,496	242
\MOUNTS AVAILABLE FOR APPROPRIATION	-	7,254	7,496	242
;HARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	-	7,254	760	6,494
[OTAL CHARGES TO APPROPRIATIONS	-	7,254	760	6,494
;HANGE IN FUND BALANCE	-	-	6,736	6,736
:UND BALANCES, End of year	$ -	$ -	$ 6,736	$ 6,736

0TES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
SPECIAL PROGRAMS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Charges for services	-	25,000	21,780	(3,220)
Interest income	-	-	77	77
Transfers in	-	-	2,617	2,617
Total Resources (Inflows)	-	25,000	24,474	(526)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	25,000	24,474	(526)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	-	25,000	17,363	7,637
TOTAL CHARGES TO APPROPRIATIONS	-	25,000	17,363	7,637
CHANGE IN FUND BALANCE	-	-	7,111	7,111
FUND BALANCES, End of year	$ -	$ -	$ 7,111	$ 7,111

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
:UND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
:ESOURCES (INFLOWS)				
Interest income	-	-	8	8
Transfers in	-	25,000	24,866	(134)
Total Resources (Inflows)	-	25,000	24,874	(126)
\MOUNTS AVAILABLE FOR APPROPRIATION	-	25,000	24,874	(126)
;HARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	-	25,000	15,342	9,658
'OTAL CHARGES TO APPROPRIATIONS	-	25,000	15,342	9,658
;HANGE IN FUND BALANCE	-	-	9,532	9,532
:UND BALANCES, End of year	$ -	$ -	$ 9,532	$ 9,532

]TES TO THE BUDGETARY COMPARISON SCHEDULE
The budgetary basis of accounting used this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2004

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	-	60,000	59,368	(632)
Interest income	-	-	376	376
Total Resources (Inflows)	-	60,000	59,744	(256)
AMOUNTS AVAILABLE FOR APPROPRIATION	-	60,000	59,744	(256)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Housing and Development	-	60,000	59,290	710
TOTAL CHARGES TO APPROPRIATIONS	-	60,000	59,290	710
CHANGE IN FUND BALANCE	-	-	454	454
FUND BALANCES, End of year	$ -	$ -	$ 454	$ 454

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
. The budgetary basis of accounting used this schedule is the same as GAAP.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. Agency funds maintained by the County are as follows:

Tax Commissioner - to account for the collection of property taxes, motor vehicle tag and title fees and mobile home fees, etc. which are disbursed to various taxing units.

Sheriff - to account for the collection of cash bonds, fines, forfeitures, fifas, etc. which are disbursed to other parties.

Clerk of Superior Court - to account for the collection of various fines, forfeitures, jury fund receipts, real estate transfer taxes, recording of intangibles, fees, civil awards, etc. which are disbursed to other parties.

Probate Court - to account for the collection of fees for probate of wills, administration of estates, issuance of marriage licenses, maintenance of other vital records, and traffic fines which are disbursed to other parties.

Magistrate Court - to account for the collection of fees in jurisdiction of small claims courts, which are disbursed to other parties.

LUMPKIN COUNTY, GEORGIA
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
December 31, 2004

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 4,362,322	$ 4,649	$ 133,623	$ 5,209	$ 705	$ 4,506,508
TOTAL ASSETS	4,362,322	4,649	133,623	5,209	705	4,506,508
LIABILITIES						
Funds held in trust	4,362,322	4,649	133,623	5,209	705	4,506,508
TOTAL LIABILITIES	4,362,322	4,649	133,623	5,209	705	4,506,508
NET ASSETS	$ -	$ -	$ -	$ -	$ -	$ -

LUMPKIN COUNTY, GEORGIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2004

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash						
Balance, January 1, 2004	$ 3,409,398	$ 6,202	$ 232,598	$ 38,196	$ 17,993	$ 3,704,387
Additions	18,706,774	149,845	2,048,356	355,284	20,532	21,280,791
Deductions	(17,753,850)	(151,398)	(2,147,331)	(388,271)	(37,820)	(20,478,670)
Cash Balance, December 31, 2004	4,362,322	4,649	133,623	5,209	705	4,506,508
TOTAL ASSETS, December 31, 2004	$ 4,362,322	$ 4,649	$ 133,623	$ 5,209	$ 705	$ 4,506,508
LIABILITIES						
Due to Lumpkin County						
Balance, January 1, 2004	$ -	$ -	$ -	$ -	$ -	$ -
Additions	6,448,642	13,106	1,049,701	214,611	9,455	7,735,515
Deductions	(6,448,642)	(13,106)	(1,049,701)	(214,611)	(9,455)	(7,735,515)
Balance, December 31, 2004	-	-	-	-	-	-
Amounts held in trust						
Balance, January 1, 2004	3,409,398	6,202	232,598	38,196	17,993	3,704,387
Additions	12,258,132	131,800	998,655	119,596	1,074	13,509,257
Deductions	(11,305,208)	(133,353)	(1,097,630)	(152,583)	(18,362)	(12,707,136)
Balance, December 31, 2004	4,362,322	4,649	133,623	5,209	705	4,506,508
TOTAL LIABILITIES						
Balance January 1, 2004	3,409,398	6,202	232,598	38,196	17,993	3,704,387
Additions	18,706,774	144,906	2,048,356	334,207	10,529	21,244,772
Deductions	(17,753,850)	(146,459)	(2,147,331)	(367,194)	(27,817)	(20,442,651)
TOTAL LIABILITIES, December 31, 2004	$ 4,362,322	$ 4,649	$ 133,623	$ 5,209	$ 705	$ 4,506,508

LUMPKIN COUNTY, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2004

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
SPLOST #4 - Commenced January 1, 1999				
Roads, streets and bridges	$ 5,000,000	$ 5,405,474	$ 5,155,473	$ 250,001
Construct and equip three fire stations and a detention center	5,000,000	8,383,859	5,283,882	449,236
	$ 10,000,000	$ 13,789,333	$ 10,439,355	$ 699,237
SPLOST #5 - Commenced April 1, 2003				
Debt Service-Public Building Authority	$ 15,750,000	$ 15,750,000	$ 1,673,254	$ 1,093,635

STATISTICAL SECTION

The Statistical Section includes financial and general information presented on a multi-year comparative basis. The statistics are used to provide detailed data on the physical, economic, social and political characteristics of the county government.

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	*General Government*	*Public Safety*	*Judicial*	*Public Works*	*Health and Welfare*	*Culture and Recreation*	*Housing and Development*	*Interest*	*Solid Waste*	*Total*
2003	$ 1,920,851	$ 5,764,114	$ 1,678,388	$ 1,741,101	$ 400,728	$ 1,106,390	$ 550,179	$ 803,277	$ 514,378	$ 14,479,406
2004	$ 2,296,871	$ 6,267,766	$ 1,789,521	$ 2,125,352	$ 462,638	$ 1,242,770	$ 520,862	$ 790,656	$ 510,684	$ 16,007,120

The County adopted GASB 34 in 2003. Data for years prior to this are not available.

Government-Wide Revenues by Source
Last Ten Fiscal Years

	PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	*Charges for Services*	*Operating Grants and Contributions*	*Capital Grants and Contributions*	*Taxes*	*Grants and Contributions Not Restricted*	*Unrestricted Investment Income*	*Other*	*Total*
2003	$ 3,837,311	$ 633,300	$ 399,526	$ 11,511,566	$ 272,275	$ 249,792	$ (89,419)	$ 16,814,351
2004	$ 2,466,829	$ 487,858	$ 1,413,790	$ 12,209,602	$ 284,197	$ 241,019	$ 55,234	$ 17,158,529

The County adopted GASB 34 in 2003. Data for years prior to this are not available.

General Fund Revenues and Transfers In by Source
Last Ten Fiscal Years

Fiscal Year	*Taxes*	*Licenses and Permits*	*Fines and Forfeitures*	*Charges for Services*	*Interest*	*Intergovern-mental*	*Other*	*Transfers In*	*Total*
1995	$ 4,186,746	$ 40,356	$ 163,748	$ 332,816	$ 179,817	$ 668,586	$ 654,003	$ -	$ 6,226,082
1996	4,727,966	76,877	295,135	370,652	236,153	467,587	647,726	695,827	7,517,923
1997	6,294,047	147,792	485,383	1,032,418	286,078	658,711	174,410	-	9,078,839
1998	6,151,735	184,739	580,920	1,082,485	265,175	695,202	167,297	27,919	9,155,472
1999	6,301,858	191,350	606,777	1,219,056	159,684	813,462	601,036	-	9,893,223
2000	7,311,552	201,619	551,549	967,058	98,915	833,323	24,268	709,995	10,698,279
2001	8,508,834	208,961	673,916	915,526	246,830	700,534	81,413	129,659	11,465,673
2002	8,744,582	253,170	712,400	1,306,943	225,639	783,528	118,570	83,963	12,228,795
2003	8,908,483	245,434	599,127	2,037,624	174,340	905,167	9,573	138,205	13,017,953
2004	$ 9,138,389	$ 319,893	$ 646,286	$ 2,474,209	$ 122,661	$ 920,413	$ 3,047	$ -	$ 13,624,898

General Fund Tax Revenues by Source
Last Two Fiscal Years

Fiscal Year	*Property Tax*	*Interest, Cost, Penalties on Delinquent*	*Intangible Recording*	*Alcoholic Beverage*	*Real Estate Transfer*	*Sales Tax*	*Other Taxes*	*Insurance Premium Tax*	*Total*
2003	$ 5,491,006	$ 189,579	$ 252,703	$ 86,805	$ 103,479	$1,960,473	$ 161,958	$662,480	$ 8,908,483
2004	$ 5,580,418	$ 177,016	$ 262,559	$ 94,892	$ 63,198	$2,149,649	$ 93,841	$716,816	$ 9,138,389

General Fund Expenditures and Transfers Out by Function
Last Ten Fiscal Years

Fiscal Year	*General Government*	*Public Safety*	*Judicial*	*Public Works*	*Health and Welfare*	*Culture and Recreation*	*Housing and Development*	*Capital Outlay*	*Debt Service*	*Transfers Out*	*Total*
1995	$ 1,151,395	$ 1,197,183	$ 619,195	$ 1,110,086	$ 668,016	$ 374,415	$ -	$ -	$ -	$ 625,864	$ 5,746,154
1996	1,411,917	1,448,351	848,345	1,568,905	689,624	491,677	-	-	-	635,637	7,094,456
1997	1,408,566	1,278,755	716,633	838,557	858,691	675,265	-	548,585	93,331	1,271,438	7,689,821
1998	1,583,955	1,439,572	786,145	3,010,629	982,328	763,896	-	1,978,196	109,119	1,488,887	12,142,727
1999	2,137,137	2,814,061	861,300	1,154,193	157,820	930,630	-	694,296	88,086	1,727,919	10,565,442
2000	1,900,131	3,154,455	1,096,953	2,532,940	380,735	2,671,491	348,711	2,686,868	356,175	1,283,668	16,412,127
2001	1,813,244	2,993,685	1,120,937	778,970	338,188	951,005	356,115	346,976	265,996	1,783,250	10,748,366
2002	1,816,706	4,730,906	1,309,934	891,610	350,448	991,205	580,803	107,783	144,482	421,406	11,345,283
2003	1,774,496	5,019,179	1,476,100	792,406	368,916	1,023,611	523,372	67,602	87,250	1,898,968	13,031,900
2004	$ 1,874,934	$ 5,233,385	$1,549,349	$ 1,240,042	$ 440,725	$ 1,124,944	$ 439,351	$ 69,559	$ 21,013	$ 1,631,424	$13,624,726

Property Tax Levies and Collections
Last Ten Tax Years

Tax Year	*Tax Due Date*	*Total Tax Levy (1)*	*Current Tax Collections (2)*	*Percent of Current Tax Collected*	*Delinquent Tax Collections (3)*	*Total Tax Collections*	*Ratio of Total Tax Collections to Total Tax Levy*	*Outstanding Delinquent Taxes (4)*	*Ratio of Delinquent Taxes to Tax Levy*
1995	12/29/95	$ 2,574,421	$ n/a	n/a	$ n/a	$ n/a	n/a	$ n/a	n/a
1996	02/10/97	3,191,076	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1997	02/10/98	3,297,604	3,087,057	93.6%	n/a	n/a	n/a	288,075	8.7%
1998	02/15/99	3,378,122	3,169,989	93.8%	309,980	3,479,969	103.0%	278,632	8.2%
1999	03/31/00	3,495,679	3,335,068	95.4%	248,769	3,583,837	102.5%	256,420	7.3%
2000	03/31/01	4,418,813	4,096,858	92.7%	209,713	4,306,571	97.5%	427,244	9.7%
2001	12/31/01	4,770,551	4,415,089	92.5%	385,225	4,800,314	100.6%	483,311	10.1%
2002	02/20/03	5,030,593	4,559,259	90.6%	415,842	4,975,101	98.9%	632,161	12.6%
2003	12/20/03	5,059,430	4,593,804	90.8%	532,984	5,126,788	101.3%	701,101	13.9%
2004	12/20/04	$ 5,292,971	$ 4,818,797	91.0%	$ 636,417	$ 5,455,214	103.1%	$ 691,851	13.1%

(1) The amount in the Total Tax Levy column represents the levy on real & personal property for County Mainterance and Operations in the incorporated and unincorporated areas of the County.

(2) Current tax collections include collections through ninety days beyond the due date.

(3) Includes interest and penalties.

Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. For a complete discussion of revenue recognition, see Note 1 - Summary of Significant Accounting Policies.

(4) Amount of tax levy outstanding at end of fiscal year, except Tax Year 2004, which represents amount remaining at ninety days beyond due date.

Assessed and Estimated Actual Values of Taxable Property (1)
Last Ten Fiscal Years
(Amounts expressed in thousands)

	Real Property			Personal Property (2)			Total		
Tax Year	*Assessed Value*	*Estimated Actual Value*	*Exemptions*	*Assessed Value*	*Estimated Actual Value*	*Exemptions*	*Assessed Value (3)*	*Estimated Actual Value (4)*	*Assessed Value to Total Estimated Actual Value*
1995	$ 264,727	$ 661,818	$ 28,691	$ 58,090	$ 145,225	$ 4,430	$ 289,696	$ 807,043	40.0%
1996	303,478	758,695	36,361	65,637	164,093	3,998	328,757	922,788	40.0%
1997	326,654	816,635	39,032	78,341	195,853	6,522	359,441	1,012,488	40.0%
1998	343,235	858,088	40,694	80,369	200,923	6,421	376,488	1,059,010	40.0%
1999	366,169	915,423	41,308	97,159	242,898	12,222	409,797	1,158,320	40.0%
2000	394,193	985,483	35,185	107,606	269,015	9,005	457,609	1,254,498	40.0%
2001	422,340	1,055,850	44,120	118,438	296,095	11,418	485,240	1,351,945	40.0%
2002	767,522	1,918,805	108,112	125,365	313,413	9,986	774,790	2,232,218	40.0%
2003	799,342	1,998,354	119,884	120,695	301,738	4,129	796,023	2,300,092	40.0%
2004	$ 832,475	$ 2,081,187	$ 125,058	$ 115,818	$ 289,545	$ 4,976	$ 818,260	$ 2,370,732	40.0%

(1) All property is assessed as of January 1st of each year.
Total assessed value is based on 40% of estimated actual value.
(2) Personal property includes business inventories, machinery, equipment, furniture, and fixtures used in business, farm equipment, motor vehicles, aircraft, boats, timber, heavy equipment, and mobile homes.
(3) After subtracting real and personal property exemptions.
(4) Before exemptions are applied.

LUMPKIN COUNTY, GEORGIA

Property Tax Rate - Mills

Last Ten Fiscal Years

Tax Year	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*
County - Incorporated	11.140	12.020	11.520	11.020	11.020	12.740	13.150	8.360	8.275	8.275
County - Unincorporated	9.700	10.700	10.200	9.890	9.750	11.590	11.995	7.483	7.308	7.277
School Operations	16.670	14.670	14.670	15.670	16.000	16.000	16.750	13.250	13.250	14.250
City of Dahlonega	4.000	4.000	4.000	4.000	4.000	3.986	3.883	2.931	2.900	2.867
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total Incorporated	32.060	30.940	30.440	30.940	31.270	32.976	34.033	24.791	24.675	25.642
Total Unincorporated	26.620	25.620	25.120	25.810	26.000	27.840	28.995	20.983	20.808	21.777

LUMPKIN COUNTY, GEORGIA

Principal Taxpayers

Tax Year 2004

Taxpayer	*Type of Business*	*100% Assessed Valuation*	*Percentage of Assessed Valuation*	*Current Year Tax Levy(1)*	*Percentage of Current Year Tax Levy*
The Torrington Company	Industrial	$ 25,850,418	1.24%	$ 77,826	1.5%
Inland Container Corp.	Industrial	22,587,338	1.09%	65,747	1.2%
Standard Telephone	Utility	20,646,463	0.99%	63,513	1.2%
Sherman Green	Individual	14,960,975	0.72%	49,134	0.9%
Wal-Mart Store #2513	Commercial	9,086,900	0.44%	30,078	0.6%
Amicalola EMC	Utility	9,432,305	0.45%	27,457	0.5%
R Ranch	Resort	8,085,328	0.39%	23,535	0.4%
Owens Valley Farm, LP	Agriculture	7,042,685	0.34%	23,241	0.4%
Georgia Power Company	Utility	7,407,818	0.36%	22,999	0.4%
Edna A. Noblin Estate	Individual	7,563,445	0.36%	22,016	0.4%
All Other Taxpayers	General	1,948,522,958	93.63%	4,887,425	92.3%
Total		$ **2,081,186,630**	100.00%	$ **5,292,971**	100.00%

(1) The tax levy is only amount levied for just the County maintenance and operations, not for all taxing authorities. The ranking is based on amount of tax levied not on assessed value which is before exemptions.

LUMPKIN COUNTY, GEORGIA

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
December 31, 2004

Jurisdiction	*Bonded Debt Outstanding*
Direct General Obligation Debt	$ 12,455,000
Overlapping General Obligation Debt	
Lumpkin County School District	22,120,395
Total	$ 34,575,395

LUMPKIN COUNTY, GEORGIA

Ratio of Net General Obligation Bonded Debt
To Assessed Value And Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

Tax Year	Population (1)	Assessed Value (2)*	Gross Bonded Debt* (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995	17,090	$ 289,696	$ -	-	$ -
1996	17,771	328,757	-	-	-
1997	18,731	359,441	-	-	-
1998	19,709	376,488	-	-	-
1999	20,547	409,797	-	-	-
2000	21,016	457,609	-	-	-
2001	21,172	485,240	15,750	3.44%	744
2002	21,855	774,790	13,635	2.81%	624
2003	23,412	796,023	12,770	1.65%	545
2004	23,185	$ 818,260	$ 12,455	1.56%	$ 537

* Expressed in thousands.
(1) Information from U.S. Census Estimates.
(2) From Table 6.
(3) From Table 9.

LUMPKIN COUNTY, GEORGIA

Ratio of Annual Debt Service Expenditures
For General Obligation Bonded Debt
To Total General Fund Expenditures and Transfers Out
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1995	$ -	$ -	$ -	$ 5,746	-
1996	-	-	-	7,094	-
1997	-	-	-	7,690	-
1998	-	-	-	12,143	-
1999	-	-	-	10,565	-
2000	-	-	-	16,412	-
2001	-	403	403	10,748	3.75%
2002	2,115	883	2,998	11,345	26.43%
2003	865	808	1,673	13,032	12.84%
2004	$ 315	$ 779	$ 1,094	$ 13,625	8.03%

LUMPKIN COUNTY, GEORGIA

Computation of Legal Debt Margin
December 31, 2004

Assessed Valuation		
Assessed Value	$	818,259,523
Legal Debt Margin:		
Debt Limitation - 10 Percent of Total Assessed Value		81,825,952
Total Debt Applicable to limitation		12,455,000
Legal Debt Margin	$	69,370,952
Percent of Debt Limit Used		15.22%

LUMPKIN COUNTY, GEORGIA

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	*(1) Population*	*(2) Per Capita Income*	*(1) Median Age*	*(3) School Enrollment*	*(2) Unemployment Rate*
1995	17,090	$ 17,351	n/a	2,766	3.8%
1996	17,771	18,093	n/a	2,861	3.2%
1997	18,731	19,237	n/a	2,974	3.1%
1998	19,709	20,418	n/a	3,049	3.2%
1999	20,547	20,733	n/a	3,191	2.2%
2000	21,016	21,935	32.5	3,163	1.8%
2001	21,976	22,188	n/a	3,232	2.3%
2002	22,665	22,356	n/a	3,413	2.9%
2003	23,412	n/a	n/a	3,497	2.5%
2004	23,185	n/a	n/a	3,520	3.5%

Sources:
(1) Information From U.S. Census Estimates.
(2) Information From the Georgia Department of Labor.
(3) Information From the Lumpkin County School Superintendent's Office.

LUMPKIN COUNTY, GEORGIA

Property Values, Construction and Bank Deposits
Last Ten Fiscal Years

Tax Year	*(1) Property Value**	*(2) Number of Permits*	*(2) Estimated Construction Costs**	*(3) Bank Deposits**
1995	661,818	573	n/a	154,000
1996	758,695	627	27,189	163,000
1997	816,635	690	37,007	204,000
1998	858,088	746	43,507	221,867
1999	915,423	759	64,577	247,894
2000	985,483	709	80,043	248,123
2001	1,055,850	601	38,157	292,775
2002	1,918,805	648	40,009	266,822
2003	1,998,354	625	47,720	252,015
2004	2,081,187	512	42,458	245,120

* Amounts expressed in thousands.
(1) Estimated actual value of real property from table 4, excluding exemptions.
(2) Source: Lumpkin County Planning Department.
(3) Source: Georgia Department of Banking and Finance

LUMPKIN COUNTY, GEORGIA

Miscellaneous Statistics

Date of Establishment	1832
Form of Government	Sole Commissioner
1990 Population	14,573
2000 Population	21,016
Population Percentage Gain 1990-2000	44.2%
Area in Square Miles	285
Miles of Public Roads (County Maintained)	401.97
Government Services and Facilities:	
Recreation and Culture	
Community Centers	1
Senior Centers	1
Libraries	1
Fire Services	
Number of Stations	5
Number of Full Time Employees	2
Number of Part-Time Employees	10
Number of Volunteers	60
Number of Vehicles	18
Emergency Services	
Number of Employees	29
Number of Vehicles	5
Public Safety	
Number of Employees	64
Number of Vehicles	35
Court System	
Superior Court Judges	2
Magistrate Court Judges	2
Juvenile Court Judges	1
Probate Court Judges	1
Water and Sewerage Authority	
Employees	2
Development Authority	
Employees	1
Health Department	
Number of Employees	15
Number of Buildings	1
Hospitals	1
Number of Employees	207
Number of Patient Beds	49

LUMPKIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended December 31, 2004

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION				
Passed-through the Georgia Department of Natural Resources				
Recreational Trails Program	20.219	NRT-03(17)	$ 99,000	$ 29,640
Passed-through the Georgia Department of Transportation				
Section 5311 Rural Public Transportation Operating Contract	20.509	MTG00-0119-00-066	30,764	27,925
Passed-through the Georgia Office of Highway Safety				
State and Community Highway Safety	20.600	2004-093-402PT	3,000	2,703
Total U.S. Department of Transportation			132,764	60,268
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Northeast Georgia Regional Development Center				
Special Programs for the Aging				
Title III, Part B	93.044	427-93-45228	14,337	14,337
Title III, Part C1	93.045	427-93-45228	15,733	15,733
Title III, Part C2	93.045	427-93-45228	5,007	5,007
			35,076	35,077
Social Services Block Grant	93.667	427-93-45228	12,049	12,049
Total U.S. Department of Health and Human Services			47,125	47,126
U.S. DEPARTMENT OF JUSTICE				
Passed -through the Criminal Justice Coordinating Council				
Byrne Drug Control and System Improvement	16.579	B02-8-048	31,336	12,402
Victim's Assistance	16.575	2003-VA-GX-0002	35,781	26,588
Victim's Assistance	16.575	2004-VA-GX-0004	35,781	8,889
			71,562	35,477
Violence Againtst Women Act Grant	16.588	W03-8-057	8,385	2,096
Passed -through the Council of Juvenile Court Judges:				
Purchase of Service - Juvenile Offenders Program	16.523	01B-ST-0005	10,000	9,737
Purchase of Service - Juvenile Offenders Program	16.523	03B-ST-0001	10,000	3,170
			20,000	12,907
Bulletproof Vest Program	16.607	FY 2004	20,254	6,636
Total U.S. Department of Justice			151,537	69,518
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed -through the Georgia Emergency Management Agency:				
State Homeland Security Grant Program FY03 Part 1	97.004	2003-TE-TX-0181	187,000	186,978
State Homeland Security Grant Program FY03 Part 2	97.004	2003-MU-T3-0010	46,150	44,238
State Homeland Security Grant Program FY04	97.004	2004-GE-T4-0012	10,699	10,655
			243,849	241,871
Passed -through the Federal Emergency Management Agency:				
Assistance to Firefighters Grant	97.044	EMW-2003-FG-10370	174,824	174,824
Total U.S. Department of Homeland Security			418,673	416,695
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed-through the Georgia Emergency Mangement Agency				
Emergency Services	83.516	FEMA-1554-DR-GA	28,711	28,711
Local All Hazards Emergency Operations Planning	83.562	FY 2002	5,656	2,828
Total Federal Emergency Management Agency			34,367	31,539
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through the Georgia Department of Community Affairs				
Community Development Block Grant	14.228	01-p-y-093-1-2524	493,190	4,769
Total U.S. Department of Housing and Urban Development			493,190	4,769
TOTAL FEDERAL EXPENDITURES			$ 1,277,656	$ 629,915

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
1: This schedule is prepared on the modified accrual basis of accounting.
2: The Lumpkin County Health Department, a component unit, has no Federal Awards.
3: The Lumpkin County Water and Sewerage Authority, a component unit, has no Federal Awards.
4: The Lumpkin County Development Authority, a component unit, has no Federal Awards.
5: The Lumpkin County Hospital Authority, a component unit, has no Federal Awards.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

April 22, 2005

Mr. Stephen W. Gooch, Commissioner
Lumpkin County, Georgia
Dahlonega, 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 LUMPKIN COUNTY, GEORGIA as of and for the year ended December 31, 2004, which collectively comprise the LUMPKIN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated April 22, 2005. We did not audit the financial statements of THE LUMPKIN COUNTY HEALTH DEPARTMENT, which statements reflect total assets of $312,640 as of June 30, 2004 and total revenues of $795,855 for the year then ended. Those financial statements were audited by another auditor 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 LUMPKIN COUNTY HEALTH DEPARTMENT component unit, is based solely on the reports of the other auditor. 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 LUMPKIN COUNTY, GEORGIA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or

operation of the internal control over financial reporting that, in our judgment, could adversely affect LUMPKIN COUNTY, GEORGIA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-08 through 04-16.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LUMPKIN COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 04-01 through 04-07

This report is intended for the information and use of the audit committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

April 22, 2005

Mr. Stephen W. Gooch, Commissioner
Lumpkin County, Georgia
Dahlonega, Georgia

Compliance

We have audited the compliance of LUMPKIN 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 December 31, 2004. LUMPKIN 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 LUMPKIN COUNTY, GEORGIA's management. Our responsibility is to express an opinion on LUMPKIN COUNTY, GEORGIA's compliance based on our audit.

We conducted our audit 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 LUMPKIN 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 LUMPKIN COUNTY, GEORGIA's compliance with

those requirements.

In our opinion, LUMPKIN 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 December 31, 2004.

Internal Control Over Compliance

The management of LUMPKIN 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 LUMPKIN 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Board of Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bates, Gates + G, P.C.

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LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements - Unqualified opinion
2. Compliance (financial statements) – Seven material instances of noncompliance
3. Internal Control (financial statements) – Nine reportable conditions, no material weakness
4. Compliance (major programs) - Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) - Unqualified opinion
6. Audit findings required to be reported under A133 Section 510(a)
   - i) Reportable conditions in internal controls over major programs - See (5) above
   - ii) Material noncompliance related to major programs - See (4) above
   - iii) Known questioned costs greater than $10,000 for major programs – None reported
   - iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
   - v) Circumstances if report on compliance is other than unqualified - N/A
   - vi) Known fraud - N/A
   - vii) Misrepresentation in schedule of prior audit findings - None reported
7. Major programs for the year: 97.044 Assistance to Firefighters; 97.004 Office of Domestic Preparedness State Homeland Security Grant Program
8. Dollar threshold used to distinguish between Type A and Type B programs - $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 - no.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

COMPLIANCE

04-01

Statement of Condition: Actual expenditures exceeded budgeted appropriations for the Enotah Circuit in the amount $29,055 and the Senior Center in the amount of $10,974.

Criteria: The Official Code of Georgia Section 36-81-3 states that expenditures are not allowed to exceed budgeted appropriations at the department level unless a budget amendment has been adopted by resolution or ordinance of the Commissioner.

Effect of Condition: The County is in violation of the State budget law.

Cause of Condition: The excess in both departments is primarily due to year-end accounts payable accruals.

Recommendation: At the time that it becomes known that unbudgeted costs are anticipated, a budget amendment should be adopted by the commissioner before the purchase order is prepared. Such amendments need to be adopted by ordinance or resolution by the commissioner in order to fulfill the requirements of State law.

Response: The County will prepare necessary budget amendments in the future.

WATER AND SEWERAGE AUTHORITY

04-02

Statement of Condition: The Authority did not have enough money in the sinking fund to pay the Bond Payment in February of 2004 in the amount of $146,982.

Criteria: The Authority and the County should comply with all bond covenants. One of the covenants is that the County has a responsibility to verify that the Sinking Fund Account has the required amount of funds necessary to make the bond payment. If there is a deficiency, then the county should levy taxes.

Effect of Condition: The Authority used the construction funds provided by the bond issue to pay the bond payment in February of 2004. There are no more construction funds and the project is not complete.

Cause of Condition: The Authority used the remaining funds in the construction account to satisfy the principal and interest payment in February of 2004 due to a cash flow shortfall in operations.

Recommendation: We recommend that the County properly check the balances in the sinking fund and debt service reserve accounts to be sure that all bond covenants are complied with at all times.

Response: The construction project funded by the Bond issued in the year 2000 had been completed. The present construction projects are being funded by the Lumpkin County Development Authority. The sinking fund balances were current as of April 29, 2005.

04-03 ***Statement of Condition:*** At December 31, 2004 the Authority had a balance of $101,080 in the sinking fund account. The sinking fund should have had a balance of $138,093. This is a deficit of $37,012.

Criteria: The bond covenant requires that this balance be at least proportional to the amount of principal and interest to be paid on February 1st of the next year. The Bond Covenant states that the County "will pay to the Authority amounts sufficient to enable the Authority to make up any deficiency in the Debt Services Reserve Account in the Sinking Fund."

Effect of Condition: The Authority may not have enough funds to pay the bond payment due on February 1st, 2005.

Cause of Condition: The sinking fund was not current as of December 31, 2004 due to a cash flow shortfall.

Recommendation: We recommend that the County and Authority work together to comply with all bond covenants.

Response: The Authority is dependent on non-service charge revenues such as "Tap Fees." The Authority received revenues from two unanticipated sources in December 2004, enabling the Authority to satisfy the Bond indebtedness on February 1, 2005. The bulk receipt of tap fees assisted the county in avoiding a financial contribution to fund the shortfall. In the future, the County and Authority will work together to comply with all bond covenants.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

04-04	***Statement of Condition:***	As of January 1, 2005, the Authority had not adopted a legal budget for Fiscal Year 2005.
	Criteria:	The Authority covenants that on or before the first day of each subsequent Fiscal Year during which any Bonds are outstanding, there will be adopted an annual budget of revenues and expenses for the ensuing Fiscal Year, and a copy of such budgets or amendments thereto, will be filed, upon request, with any bondholder.
	Effect of Condition:	The Authority is not complying with the bond covenants.
	Cause of Condition:	The Authority Board is in the review process of accepting the budget. An outside agency was hired to help with the budget preparation and this additional work took additional time.
	Recommendation:	We recommend that the Authority adopt a budget prior to the first day of each fiscal year.
	Response:	The Authority adopted a budget on January 20, 2005 at the regularly scheduled meeting. Upon conversion of Financial platforms, there will be amendments made to the Budget to recognize the 2005 expenses and revenues. The Authority engaged a third party consultant to do a "Rate Study Analysis" in 2004. The study was completed in 2005.
04-05	***Statement of Condition:***	Although payroll tax payments were made, 941 payroll reports were not filed for the first quarter of fiscal year 2004.
	Criteria:	Federal payroll tax reports should be completed and submitted in a timely manner.
	Effect of Condition:	The Authority was not in compliance with payroll laws and regulations.
	Cause of Condition:	Personnel failed to perform.
	Recommendation:	We recommend filing all payroll tax reports and making all deposits on a timely basis.
	Response:	The tax payments have been made and the staff person is no longer employed by the Authority.

04-06	***Statement of Condition:***	Fourth quarter state withholding was not paid in a timely fashion and the state payroll tax reports were not filed.
	Criteria:	State payroll tax reports should be submitted and payments submitted by the appropriate deadlines.
	Effect of Condition:	The Authority was not in compliance with payroll laws and regulations.
	Cause of Condition:	Personnel failed to perform.
	Recommendation:	We recommend filing all payroll tax reports and making all deposits on a timely basis.
	Response:	Fourth quarter state withholding has been paid and the staff person is no longer employed by the Authority.
04-07	***Statement of Condition:***	The fourth quarter Department of Labor quarterly taxes were not paid.
	Criteria:	State payroll tax reports should be submitted and payments submitted by the appropriate deadlines.
	Effect of Condition:	The Authority was not in compliance with payroll laws and regulations.
	Cause of Condition:	Personnel failed to perform.
	Recommendation:	We recommend filing all payroll tax reports and making all deposits on a timely basis.
	Response:	State payroll tax reports have been filed and the staff person is no longer employed by the Authority.

REPORTABLE CONDITIONS

PAYROLL

04-08	***Statement of Condition:***	The person processing the payroll also has the ability to enter new employees and/or make changes to pay rates.
	Criteria:	In order to prevent fraud, staff processing payroll should not have the ability to enter new employees and/or make changes to pay rates of existing employees.

Effect of Condition: Since there is no other compensating control, payroll staff has the ability to create phantom employees or make unauthorized changes to pay rates.

Cause of Condition: During 2004, the Human Resources Department lost key personnel, and more access was given to the Payroll Department so that the Payroll Department could shoulder the workload until a new Human Resources Director was hired. Fran Sullens assumed the responsibilities of the Human Resource Director in December 2004.

Recommendation: We recommend that the software system be modified to allow only the Human Resources Director to have the ability to enter new employees and/or make changes to the pay rates of the new employees. If access is not modified, then another compensating control should be created, such as a report of changes that can be reviewed by the Human Resource Director periodically.

Response: The County is in the process of creating a compensating control to prevent unauthorized changes by Payroll staff and other personnel.

PROBATE COURT

04-09 ***State of Condition:*** For six days in the month of August, the Probate Court account had a negative cash balance.

Criteria: In order to maintain proper controls over cash, the Clerk should verify appropriate funds are available prior to issuing checks.

Effect of Condition: The Probate Court account incurs overdraft fees as well as non-sufficient funds fees on any check that is presented for payment. The bank refunded all fees charged to the Probate Court.

Cause of Condition: The overdraft occurred because of a change in the receipting and distribution of interest earned on the Probate Court Checking.

Recommendation: We recommend that the Clerk verify that the funds are in the bank account prior to preparing checks.

Response: The prior Clerk receipted the interest monthly and included in it the normal monthly disbursals for 2002. The County didn't receipt the $2,967.03 in 2002 interest as such because it was included in the monthly regular disbursals. When the problem was discovered, the County refunded the Probate Court the $2,967.03 for 2002. This refund was promptly deposited, clearing up the negative balance. (It is noted that the previous Clerk was told in 2003 by the auditing firm not to receipt the interest monthly because the system doesn't have the ability to properly track it). The new Clerk has corrected the procedures for disbursement of interest and will verify that the funds are in the bank account prior to preparing checks in the future.

COMPONENT UNITS

DEVELOPMENT AUTHORITY

04-10

Statement of condition: Minutes of the board meeting do not contain sufficient details of contracts entered into by the Authority.

Criteria: Board meeting minutes should contain detailed information regarding contracts entered into by the Authority as well as other pertinent information affecting the Authority.

Effect of Condition: The board meeting minutes lack sufficient details of activity of the authority.

Cause of Condition: This was an oversight.

Recommendation: We recommend that the board meeting minutes be prepared with sufficient details, such as amounts and project authorization, related to contracts and other agreements.

Response: The board meeting minutes are now being prepared in detail.

WATER AUTHORITY

04-11

Statement of Condition: On December 31, 2004, there were thirteen lots receiving water that were not being metered.

Criteria: All lots that receive water should be monitored with a water meter that is read and billed for the amount of usage.

Effect of Condition: The Authority has a loss of revenue because an unknown amount of water is being used by these lots while they are billed for the minimum usage.

Cause of Condition: These customers were receiving water with no meter when the Water Authority accepted the system. There is no map of the water lines that will allow for easy installation of the meter. The owners must give permission for the Authority to find the lines and then install a meter.

Recommendation: We recommend sending notices that these customers will have an increase in the minimum bill until they give permission for meters to be installed. We also recommend working with the attorney to determine what action the law will allow to be taken.

Response: These thirteen lots are charged the monthly fee of $25.00. These lots lack the necessary easements because there is no County Right of Way at the point of water line access. Therefore, the financial expense of installing the meters exceeds the revenue generated from the sale of water. It is to be noted that the lots are served by well systems rather than the "City Line," allowing the County to serve these customers with water that is produced at a minimum of cost.

04-12

Statement of Condition: The internal control procedures over the issuance of adjustments to customer water bills were ineffective and not followed in the year ended December 31, 2004.

Criteria: Any adjustment on a customer bill should be properly documented and approved by management.

Effect of Condition: There was over $30,000 of billing adjustments made to customer bills in 2004 which had no approval and for which no support was provided.

Cause of Condition: Personnel failed to perform.

Recommendation: We recommend that all billing adjustments be given to management with support documentation for approval. Management should sign-off on these adjustments which should be retained as part of the accounting records.

	Response:	All adjustments are justified by staff and signed off by the Director. The staff person is no longer employed by the Authority.
04-13	***Statement of Condition:***	The security deposit account is not interest bearing.
	Criteria:	Interest should be earned on all eligible money held by the Authority.
	Effect of Condition:	Over $40,000 is held by the Authority for security deposits without earning interest on this money.
	Cause of Condition:	Lack of financial controls.
	Recommendation:	We recommend having the bank convert this account to an interest bearing account.
	Response:	The account is now interest bearing.
04-14	***Statement of Condition:***	In the year ended December 31, 2004, the Authority granted a reduction in tap fees for specific contractors that were less than the costs incurred by the Authority.
	Criteria:	All customers should be charged a tap fee that covers the cost that the Authority incurs when installing the tap.
	Effect of Condition:	The Authority had a loss of profit on providing tapping services to a contractor.
	Cause of Condition:	A reliance on non-service charge revenues caused a cash flow shortfall.
	Recommendation:	We recommend charging every customer the standard rate of $2,200 which was approved by the board.
	Response:	The Authority made the decision to discount the tap fees rather than ask the county to pay the deficiency on the bond.
04-15	***Statement of Condition:***	**This was a prior year finding.** The Authority does not maintain adequate records to monitor water loss.

Criteria: The Authority should be able to account for water purchased and should analyze water losses. The State and industry standards suggest water losses be 10% or less.

Effect of Condition: There is uncertainty as to what is happening to water drawn from its wells or purchased that is not sold. The Authority does not know how much water is lost in the system.

Cause of Condition: The Authority has not prepared an analysis.

Recommendation: We recommend an analysis be prepared on a monthly basis that starts with total gallons purchased, less customer sales, less authorized unmetered usage for activities such as fire fighting or flushing lines, leaving a balance of gallons unaccounted for. The unaccounted for balance should be 10% or less. If this percentage is greater than 10%, further investigation should be done to account for the usage/loss.

Response: The systems lack the necessary meters to account for water loss. However, a water purchase spreadsheet is being prepared in order to account for water purchases. Written analysis of unaccounted water will be presented by the Finance Manager and the Operations Manager to the Executive Director on a monthly basis.

04-16

Statement of Condition: The Authority does not require developers who donate waterlines to post a bond to cover the cost of repairs during the one year warranty period.

Criteria: A bond posted by the developers is necessary to ensure financing for any repairs necessary during the one year warranty period.

Effect of Condition: There is no guarantee that the Authority will receive the money necessary to cover the cost of repairs to be made on the donated water lines.

Cause of Condition: Donated waterline systems were accepted on a good faith basis.

Recommendation: We recommend that the Authority require all developers to post a bond when donating lines to the Authority. This bond will provide financing for any repairs necessary during the one year warranty period.

Response: The Authority has generated a "Letter of Credit" standard for staff and the developers to use on all future systems.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2004

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned cost relating to Federal awards reported for the year ended December 31, 2004.