LUMPKIN COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Prepared By:
The Lumpkin County Office of Financial Administration

LUMPKIN COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

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LUMPKIN COUNTY BOARD OF COMMISSIONERS

"Dr. John" Raber
District 1

Deborah A. Hutcheson
District 2

Stephen W. Gooch
Chairman

Clarence Stowers
District 3

Clarence Grindle
District 4

June 9, 2008

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, 2007.

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 Mauldin & Jenkins LLC, 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, 2007, 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

fiscal year ended December 31, 2007, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

As a recipient of federal and state financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to assure compliance with applicable laws and regulations related to those programs. Thus internal controls are subject to periodic evaluation by management.

In 2003 the County adopted the new reporting model required by Statement No. 34 of the Governmental Accounting Standards Board (GASB 34). 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 73% over the past ten years with the current estimated population to be over 26,000.

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. The Board is comprised of four

members that live in a specific district but are elected by voters county wide. Terms for the Board of Commissioners are staggered, so as to provide some continuity on the board. The Chairman is elected by voters countywide to serve a four year term. Each year, the members of the Board elect one of their own to serve as vice-chairman for the coming year. A County Manager, appointed by the Board of Commissioners, serves as the administrative head of Lumpkin County Government. The County Manager provides direction to department heads and managers to implement policies set forth by the Board of Commissioners.

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.

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 2007, Lumpkin County received two Assistance to Firefighters grants totaling $450,000 for equipment for the Fire Department. Lumpkin County was awarded a Community Development Block Grant for a new Health Department. Lumpkin County also received funding from CJCC for a Domestic Violence grant and a Victim's Assistance grant; and a grant from ACCG for a wellness program for employees.

Other accomplishments during the year include:

- Resurfacing approximately 11 lane miles of County roads, using a combination of state and local money.
- Completed construction of three new baseball fields at Yahoola Creek Park.
- The County began working on a Strategic Management Plan which is scheduled to be completed in 2008.
- The County finalized negotiations on a contract with the U.S. Army for Porter Village which will bring in $27,000 in new revenue to our budget.
- The County conducted a physical inventory of property.
- The County completed and implemented the Lumpkin County Job Classification and Pay Study.
- The County completed construction of Fire Station #4 and relocated Fire Station #3 to the Yahoola Work Center.

- The County developed a Vehicle use Policy.
- The County Finance Department created a booklet simplifying the County's budget and budget process for distribution to the public.

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 an average interest rate of 4.03%. In the Debt Service Fund a $2,000,000 certificate of deposit yields a 4.0% rate of return and a second certificate of deposit for $4,000,000 yields a 5.79% rate of return. 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, 2006. 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 Mauldin & Jenkins CPA's, LLC. 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.

Finally, we thank the Board of Commissioners for their support and direction in conducting the financial affairs of the County in a responsible manner.

Respectfully submitted,

Stanley J. Kelley
County Manager

C. Allison Martin
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, 2006

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.



Alane S. Cox

President

Jeffrey L. Esser

Executive Director

OFFICIALS OF
LUMPKIN COUNTY, GEORGIA

COMMISSIONER'S OFFICE

Stephen W. Gooch	**Chairman**
Dr. John Raber	**District 1**
Deborah Hutcheson	**District 2**
Clarence Stowers	**District 3**
Clarence Grindle	**District 4**
Stanley J. Kelley	**County Manager**
Ruth Bohac	**County Clerk**

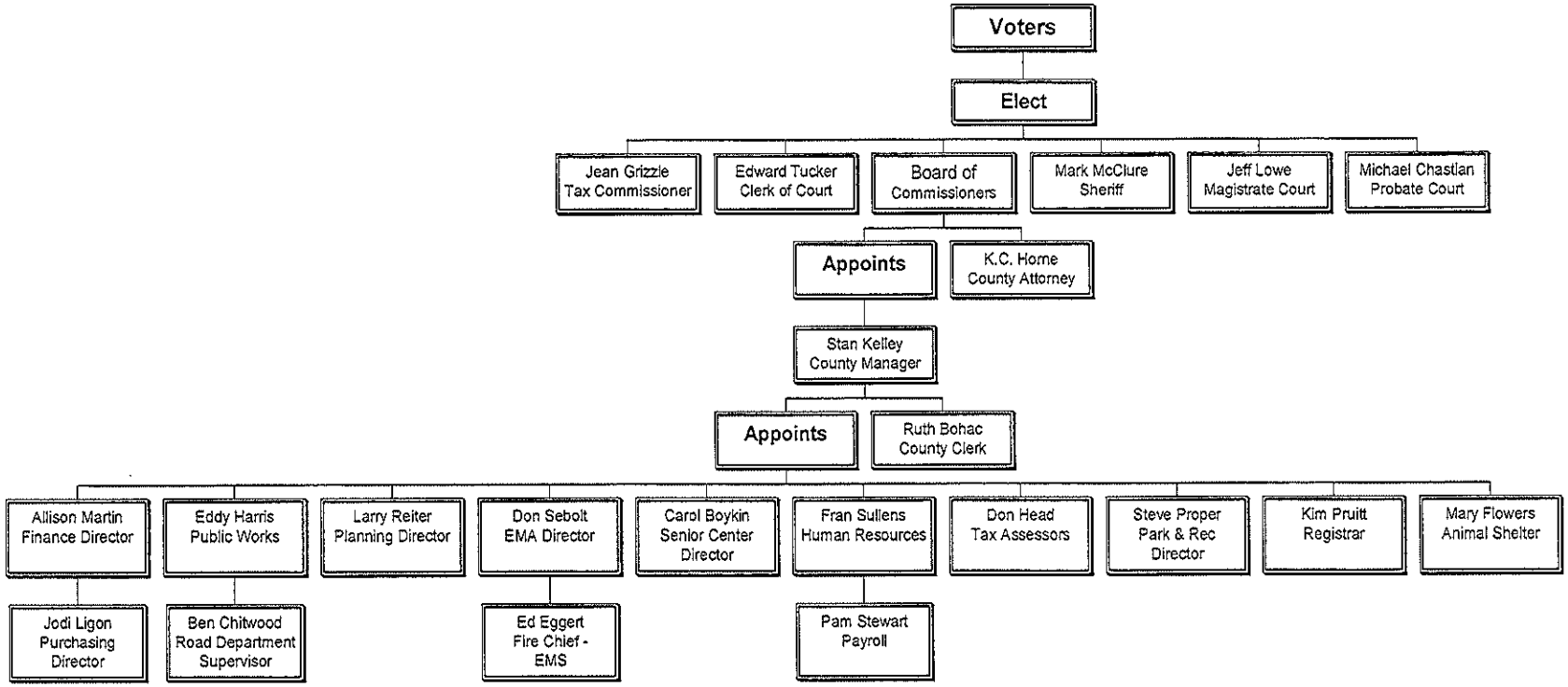
DEPARTMENT DIRECTORS

C. Allison Martin	**Finance**
Fran Sullens	**Human Resources**
Steve Proper	**Parks & Recreation**
Larry Reiter	**Planning**
Eddy Harris	**Public Works**
Carol Boykin	**Senior Center**
Don Head	**Chief Appraiser**
Kimberly Pruitt	**Registrar**
Mary Flowers	**Animal Shelter**
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**
David Barrett	**Chief Superior Court Judge**
Lynn Akeley-Alderman	**Superior Court Judge**
C. David Turk	**Juvenile Court Judge**
Jean Grizzle	**Tax Commissioner**
Mark McClure	**Sheriff**
Larry Banister	**Coroner**
John Gaston	**County Surveyor**

Lumpkin County's Organization Chart



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of 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** (the "County"), as of and for the year ended December 31, 2007, which collectively comprise Lumpkin County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County'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 Department of Public Health, which represent 1 percent, 2 percent, and 22 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon 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 Department of Public Health, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lumpkin County, Georgia as of December 31, 2007, 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 June 9, 2008, on our consideration of Lumpkin County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (on pages 3 through 12) and the budgetary comparison information and schedule of funding progress (on pages 52 through 54) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lumpkin County, Georgia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, as listed in the table of contents, 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 required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-21, as listed in the table of contents, are presented for purposes of additional analysis and are also not a required part of the basic financial statements of Lumpkin County, Georgia. The combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and the schedule of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 9, 2008

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, 2007. 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, 2007.

Financial Highlights

- The assets of Lumpkin County's governmental activities exceeded its liabilities at December 31, 2007 by $64 million (*net assets*). Of this amount, $3.5 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2007, the governmental funds of Lumpkin County reported combined ending fund balances of $15.4 million, an increase of $70,000 in comparison with the prior year. Approximately 20% of this amount, $3.1 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 2007, unreserved fund balance for the general fund was $3.8 million, or 22% 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 2007, the Debt Service Fund had accumulated $11.7 million toward the goal of retiring the 2001 issue.
- During 2007, Lumpkin County made principal and interest payments totaling $1.54 million on the Public Building Authority Issue, Series 2001. These payments reduced the outstanding principal to $9.92 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 (including component unit statements), fund financial 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 receipts and disbursements 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, 2007, the County's net assets were $64 million, which is an increase of over $3.5 million from the prior year. Table B on the following page provides a summary of the County's Governmental and Business-type net assets for 2007 and 2006.

TABLE B

LUMPKIN COUNTY, GEORGIA'S NET ASSETS December 31, 2007 and 2006 ($ in thousands)						
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
CURRENT AND OTHER ASSETS	$25,007	$24,486	$7	$6	$25,014	$24,492
CAPITAL ASSETS (net of depreciation)	$66,370	63,268	835	870	67,205	64,138
TOTAL ASSETS	91,377	87,754	842	876	92,219	88,630
LONG-TERM LIABILITIES	17,555	18,357	442	427	17,997	18,784
OTHER LIABILITIES	9,537	8,768	6	9	9,543	8,777
TOTAL LIABILITIES	27,092	27,125	448	436	27,540	27,561
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	49,013	45,080	834	870	49,847	45,950
RESTRICTED FOR DEBT SERVICE	11,783	9,023	0	0	11,783	9,023
OTHER RESTRICTIONS	0	711	0	0	0	711
UNRESTRICTED	3,489	5,815	(440)	(430)	3,049	5,385
TOTAL NET ASSETS	$64,285	$60,629	$394	$440	$64,679	$61,069

A significant portion (77%) 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 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 (18.3% of the total).

The remaining 4.7% of net assets represent the unrestricted portion available for the County's ongoing obligations to its citizens.

Changes in Revenues and Expenses. Table C on the following page presents the County's 2007 and 2006 revenues and expenses for Governmental and Business-type activities as they are reported in the Entity Wide Statements.

TABLE C

LUMPKIN COUNTY, GEORGIA'S CHANGES IN NET ASSETS
Year Ended December 31, 2007 and 2006
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
REVENUES:						
PROGRAM REVENUES:						
CHARGES FOR SERVICES	$3,879	$4,204	$43	$32	$3,922	$4,236
OPERATING GRANTS & CONTRIBUTIONS	885	738	0	0	885	738
CAPITAL GRANTS & CONTRIBUTIONS	1,799	2,451	0	0	1799	2,451
GENERAL REVENUES:						
PROPERTY TAXES	7,976	7,251			7,976	7,251
SALES TAXES	6,276	6,105			6,276	6,105
OTHER TAXES	1,048	1,494			1,048	1,494
UNRESTRICTED INVESTMENT EARNINGS	749	568			749	568
GRANTS & CONTRIBUTIONS NOT RESTRICTED TO A SPECIFIC PROGRAM	0	331			0	331
GAIN ON SALE OF CAPITAL ASSETS	0	32	0	0	0	32
TOTAL REVENUES	22,612	23,174	43	32	22,655	23,206
EXPENSES:						
GENERAL GOVERNMENT	2,742	2,589			2,742	2,589
PUBLIC SAFETY	7,845	7,326			7,845	7,326
JUDICIAL SYSTEM	2,409	2,097			2,409	2,097
PUBLIC WORKS	2,489	2,275			2,489	2,275
HEALTH & WELFARE	556	452			556	452
CULTURE & RECREATION	1,413	1,343			1,413	1,343
HOUSING & DEVELOPMENT	629	922			629	922
INTEREST	819	883			819	883
SOLID WASTE	0	0	143	93	143	93
TOTAL EXPENSES	18,902	17,887	143	93	19,045	17,980
INCREASE IN NET ASSETS BEFORE TRANSFERS	3,710	5,287	(100)	(61)	3,610	5,226
TRANSFERS	(54)	27	54	(27)	0	0
INCREASE (DECREASE) IN NET ASSETS	3,656	5,314	(46)	(88)	3,610	5,226
NET ASSETS, BEGINNING OF YEAR	60,629	55,315	440	528	61,069	55,843
NET ASSETS, END OF YEAR	$64,285	$60,629	$394	$440	$64,679	$61,069

Governmental Activities: Governmental activities accounted for $3.7 million of the excess in the County's net revenues over expenses for 2007 primarily due to the accumulation of SPLOST dollars for debt service and increase in the collection of property taxes.

Business-type Activities: The County's only business-type activity, the Solid Waste Fund, is now privately leased and the only revenue from this activity will be rental income.

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 2007, Lumpkin County Governmental Funds reported a combined fund balance of $15.45 million. This amount was up $70,000 from 2006. Of the total combined fund balance, approximately 20.43% 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 79.6% of the combined total.

The General Fund, Debt Service Fund, SPLOST Fund and Capital Projects Fund 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 $4.2 million. This was $1.06 million less than the previous year, due to the completion of capital projects. Of the $4.2 million, 89% is unreserved while the remaining 11% 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, 2007 had an outstanding principal balance of $9.92 million. The fund balance of the Debt Service Fund is $11.78 million.

SPLOST. This fund accounts for the 2008 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, 2007 the fund balance of this fund was $(1.07) as there is a refunding resolution to reimburse the General Fund for expenditures pertaining to the construction of a Judicial Facility incurred before collections begin.

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, 2007 the fund balance of this fund was ($22) thousand. This is a decrease of approximately $31,000 from the prior year due to higher than anticipated expenditures on capital projects.

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 2007 were $394 thousand, representing a decrease of $46 thousand due largely to the operation of the recycling center and an increase in the postclosure cost.

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 due to unexpected needs.

Even with these adjustments, actual expenditures were $611,000 below final budget amounts.

Total resources available for appropriation were $19.5 million, which includes fund balance from previous years of $4.2 million.

Capital Assets and Debt Administration

Capital Assets

At the end of 2007, the County had acquired $67.2 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 $3.1 million. The percentage increase in capital assets was 4.78%.
- Additional information on the County's capital assets can be found in Note 6 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 $106 million in 2007. The County currently has $9.92 million subject to the limitation.

At December 31, 2007, Lumpkin County had the following outstanding long-term debt:

- $17.36 million in notes payable.
- $198 thousand in compensated absences.
- Additional information on the County's long-term debt can be found in Note 8 of the Notes to Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Economic conditions in the County declined slightly during 2007, with minimal growth in the business sector. New housing starts were down in the County during 2007, with no real impact to 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 was completed during 2006 in the southern part of the County. This project has been completed and the County is beginning to see some retail growth in that area of the County.

Due to the relatively flat economy, the 2008 budget plans for no increase of revenues due to the use of fund balance to fund capital and other projects and operations. This number takes into account the planning department moving to their own fund in 2008. The economy has necessitated a tight spending budget for 2008, with twelve planned increases to the size of the County workforce in the public safety sector.

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.

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LUMPKIN COUNTY, GEORGIA

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	Primary Government		
ASSETS	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 10,840,133	$ -	$ 10,840,133
Investments	6,609,158	-	6,609,158
Receivables (net of allowance for uncollectibles)	6,895,693	7,667	6,903,360
Prepaid items	467,547	166	467,713
Inventories	42,366	-	42,366
Due from component units	77,932	-	77,932
Deferred charges	-	-	-
Other assets	75,099	-	75,099
Restricted assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets, nondepreciable	36,110,630	192,103	36,302,733
Capital assets, depreciable, net of accumulated depreciation	30,259,787	642,108	30,901,895
Total assets	91,378,345	842,044	92,220,389
LIABILITIES			
Accounts payable	754,559	5,478	760,037
Accrued liabilities	483,058	-	483,058
Customer deposits	-	-	-
Due to primary government	-	-	-
Unearned revenue	8,299,773	-	8,299,773
Noncurrent liabilities due within one year			
Compensated absences	197,834	358	198,192
Landfill closure and postclosure	-	17,000	17,000
Notes payable	1,102,862	-	1,102,862
Revenue bonds payable	-	-	-
Noncurrent liabilities due in more than one year			
Deposits, noncurrent	-	-	-
Compensated absences payable	-	-	-
Landfill closure and postclosure	-	425,000	425,000
Notes payable	16,254,492	-	16,254,492
Revenue bonds payable	-	-	-
Total liabilities	27,092,578	447,836	27,540,414
NET ASSETS			
Investment in capital assets, net of related debt	49,013,063	834,211	49,847,274
Restricted for:			
Debt service	11,783,396	-	11,783,396
Capital projects	-	-	-
Unrestricted	3,489,308	(440,003)	3,049,305
Total net assets	$ 64,285,767	$ 394,208	$ 64,679,975

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

Component Units			
Health Department	Development Authority	Hospital Authority	Water and Sewerage Authority
$ 101,020	$ 415,691	$ 119,941	$ 245,791
-	500,000	1,091,103	-
33,314	5,625	17,179	89,709
-	11,737	-	4,989
-	-	-	12,403
-	-	-	-
-	-	-	36,993
-	-	-	-
-	-	-	566,900
-	430,082	-	10,292
1,601	1,260,400	-	4,679,595
135,935	2,623,535	1,228,223	5,646,672
1,127	7,357	-	6,908
-	9,011	-	80,698
-	-	-	84,012
-	51,873	-	26,059
-	-	-	100,000
36,000	-	-	2,909
-	-	-	-
-	1,464,473	-	-
-	-	-	130,000
-	450,000	-	-
5,659	-	-	1,377
-	-	-	-
-	-	-	-
-	-	-	3,180,000
42,786	1,982,714	-	3,611,963
1,601	226,009	-	1,379,887
-	-	-	544,752
-	-	-	22,148
91,548	414,812	1,228,223	87,922
$ 93,149	$ 640,821	$ 1,228,223	$ 2,034,709

LUMPKIN COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 2,741,888	$ 1,242,345	$ 45,968	$ -
Judicial system	2,409,033	603,001	298,276	-
Public safety	7,845,480	1,659,983	154,395	311,423
Public works	2,488,646	4,496	231,846	1,479,448
Health and welfare	556,419	27,096	154,916	-
Cuture and recreation	1,413,491	283,087	-	5,480
Housing and development	628,631	58,786	-	3,275
Interest on long-term debt	818,713	-	-	-
Total governmental activities	18,902,301	3,878,794	885,401	1,799,626
Business-type activities:				
Solid waste management	143,479	42,872	-	-
Total business-type activities	143,479	42,872	-	-
Total primary government	$ 19,045,780	$ 3,921,666	$ 885,401	$ 1,799,626
Component units:				
Health Department	$ 797,704	$ 480,409	$ 283,925	$ -
Development Authority	1,163,612	807,200	-	-
Hospital Authority	52,851	-	-	-
Water and Sewerage Authority	1,731,739	1,745,032	-	-
Total component units	$ 3,745,906	$ 3,032,641	$ 283,925	$ -
General revenues:				
Property taxes				
Sales taxes				
Insurance premium taxes				
Other taxes				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year (as restated)				
Net assets, end of year				

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

Net (Expense) Revenue and Changes in Net Assets							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Health Department	Development Authority	Hospital Authority	Water and Sewerage Authority	
$ (1,453,575)	$ -	$ (1,453,575)	$ -	$ -	$ -	$ -	
(1,507,756)	-	(1,507,756)	-	-	-	-	
(5,719,679)	-	(5,719,679)	-	-	-	-	
(772,856)	-	(772,856)	-	-	-	-	
(374,407)	-	(374,407)	-	-	-	-	
(1,124,924)	-	(1,124,924)	-	-	-	-	
(566,570)	-	(566,570)	-	-	-	-	
(818,713)	-	(818,713)	-	-	-	-	
(12,338,480)	-	(12,338,480)	-	-	-	-	
-	(100,607)	(100,607)	-	-	-	-	
-	(100,607)	(100,607)	-	-	-	-	
$ (12,338,480)	$ (100,607)	$ (12,439,087)	$ -	$ -	$ -	$ -	
$ -	$ -	$ -	$ (33,370)	$ -	$ -	$ -	
-	-	-	-	(356,412)	-	-	
-	-	-	-	-	(52,851)	-	
-	-	-	-	-	-	13,293	
$ -	$ -	$ -	$ (33,370)	$ (356,412)	$ (52,851)	$ 13,293	
7,976,397	-	7,976,397	-	-	-	-	
6,276,183	-	6,276,183	-	-	-	-	
843,515	-	843,515	-	-	-	-	
204,437	-	204,437	-	-	-	-	
748,903	-	748,903	-	33,371	105,068	30,908	
(54,223)	54,223	-	-	-	-	-	
15,995,212	54,223	16,049,435	-	33,371	105,068	30,908	
3,656,732	(46,384)	3,610,348	(33,370)	(323,041)	52,217	44,201	
60,629,035	440,592	61,069,627	126,519	963,862	1,176,006	1,990,508	
$ 64,285,767	$ 394,208	$ 64,679,975	$ 93,149	$ 640,821	$ 1,228,223	$ 2,034,709	

LUMPKIN COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

ASSETS	General	Debt Service	SPLOST	Capital Projects	Other Non-major Governmental Funds	Total
Cash and cash equivalents	$ 5,673,277	$ 4,671,708	$ -	$ -	$ 495,148	$ 10,840,133
Investments	-	6,609,158	-	-	-	6,609,158
Receivables (net of allowance for uncollectibles)	6,053,565	679,696	-	-	162,432	6,895,693
Inventories	42,366	-	-	-	-	42,366
Due from other funds	1,128,481	-	-	-	34,918	1,163,399
Due from component units	77,932	-	-	-	-	77,932
Prepaid items	421,006	-	-	-	46,541	467,547
Total assets	$ 13,396,627	$ 11,960,562	$ -	$ -	$ 739,039	$ 26,096,228
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 620,214	$ -	$ 98,558	$ 22,740	$ 13,047	$ 754,559
Other accrued liabilities	227,758	-	-	-	-	227,758
Due to other funds	34,918	-	980,267	-	148,214	1,163,399
Deferred revenues	8,254,434	177,166	-	-	68,572	8,500,172
Total liabilities	9,137,324	177,166	1,078,825	22,740	229,833	10,645,888
FUND BALANCES						
Fund balances:						
Reserved for:						
Prepaid items	421,006	-	-	-	46,541	467,547
Inventories	42,366	-	-	-	-	42,366
Debt service	-	11,783,396	-	-	-	11,783,396
Unreserved, undesignated:						
General fund	3,795,931	-	-	-	-	3,795,931
Special revenue funds	-	-	-	-	467,666	467,666
Capital projects funds	-	-	(1,078,825)	(22,740)	(5,001)	(1,106,566)
Total fund balances	4,259,303	11,783,396	(1,078,825)	(22,740)	509,206	15,450,340
Total liabilities and fund balances	$ 13,396,627	$ 11,960,562	$ -	$ -	$ 739,039	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	66,370,417
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	200,399
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(17,810,488)
Net pension asset that is not a financial resource used in governmental activities and therefore not reported in governmental funds.	75,099
Net assets of governmental activities	$ 64,285,767

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

LUMPKIN COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Debt Service	SPLOST	Capital Projects	Other Non-major Governmental Funds	Total
Revenues:						
Taxes	$ 11,977,628	$ 3,721,821	$ -	$ -	$ 73,581	$ 15,773,030
Licenses and permits	345,441	-	-	-	-	345,441
Fines and forfeitures	438,528	-	-	-	74,093	512,621
Charges for services	2,246,699	-	-	-	550,519	2,797,218
Interest income	273,559	446,613	11,713	-	17,018	748,903
Intergovernmental	384,140	-	-	59,974	691,957	1,136,071
Contributions and donations	45,968	-	-	-	83,514	129,482
Other	180,291	-	-	-	43,223	223,514
Total revenues	15,892,254	4,168,434	11,713	59,974	1,533,905	21,666,280
Expenditures:						
Current:						
General government	2,531,359	-	-	-	14,716	2,546,075
Judicial	1,729,717	-	-	41,996	628,065	2,399,778
Public safety	6,419,840	-	-	2,493	1,081,923	7,504,256
Public works	1,272,520	-	-	-	11,984	1,284,504
Health and welfare	533,889	-	-	-	-	533,889
Culture and recreation	1,275,707	-	-	14,224	6,850	1,296,781
Housing and development	526,543	-	-	-	81,857	608,400
Capital outlay	-	-	1,078,923	2,498,755	-	3,577,678
Debt service:						
Principal	47,549	927,584	-	45,500	-	1,020,633
Interest	81,031	777,648	-	1,500	-	860,179
Total expenditures	14,418,155	1,705,232	1,078,923	2,604,468	1,825,395	21,632,173
Excess (deficiency) of revenues over expenditures	1,474,099	2,463,202	(1,067,210)	(2,544,494)	(291,490)	34,107
Other financing sources (uses):						
Issuance of debt	-	-	-	90,000	-	90,000
Transfers in	-	-	-	2,462,601	349,799	2,812,400
Transfers out	(2,541,449)	-	(268,974)	-	(56,200)	(2,866,623)
Total other financing sources (uses)	(2,541,449)	-	(268,974)	2,552,601	293,599	35,777
Net change in fund balances	(1,067,350)	2,463,202	(1,336,184)	8,107	2,109	69,884
Fund balance (deficit), beginning of year (as restated)	5,326,653	9,320,194	257,359	(30,847)	507,097	15,380,456
Fund balance (deficit), end of year	$ 4,259,303	$ 11,783,396	$ (1,078,825)	$ (22,740)	$ 509,206	$ 15,450,340

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

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, 2007

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	69,884
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 exceeded depreciation in the current period.		1,903,152
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		1,198,831
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(472,498)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		930,633
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		26,730
	$	3,656,732

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

LUMPKIN COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUND

DECEMBER 31, 2007

	Solid Waste Management Fund
ASSETS	
Current assets:	
Receivables	$ 7,667
Prepaid items	166
Total current assets	7,833
Noncurrent assets:	
Capital assets:	
Capital assets, not being depreciated	192,103
Capital assets, being depreciated	981,191
Less accumulated depreciation	(339,083)
Total capital assets, net of accumulated depreciation	834,211
Total assets	842,044
LIABILITIES	
Current liabilities:	
Accounts payable	5,478
Compensated absences	358
Landfill closure and postclosure, current	17,000
Total current liabilities	22,836
Long-term liabilities:	
Landfill closure and postclosure	425,000
Total long-term liabilities	425,000
Total liabilities	447,836
NET ASSETS	
Invested in capital assets	834,211
Unrestricted	(440,003)
Total net assets	$ 394,208

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

LUMPKIN COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Solid Waste Management Fund
OPERATING REVENUES	
Charges for services	$ 15,000
Other operating income	27,872
Total operating revenues	42,872
OPERATING EXPENSES	
Salaries and benefits	29,280
Supplies and maintenance	50,207
Depreciation expense	36,056
Landfill closure / postclosure	27,936
Total operating expenses	143,479
Operating loss	(100,607)
Transfers in	58,218
Transfers out	(3,995)
Change in net assets	(46,384)
NET ASSETS, beginning of year	440,592
NET ASSETS, end of year	$ 394,208

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

LUMPKIN COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Solid Waste Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 41,677
Payments to suppliers and service providers	(66,978)
Payments to employees	(28,922)
Net cash used in operating activities	(54,223)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer in from other funds	58,218
Transfer out to other funds	(3,995)
Net cash provided by noncapital activities	54,223
Net increase in cash and cash equivalents	-
Cash and cash equivalents:	
Beginning of year	-
End of year	$ -
Reconciliation of operating loss to net cash used in operating activities:	
Operating (loss)	$ (100,607)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	36,056
Increase in accounts receivable	(1,195)
Increase in prepaids	(166)
Decrease in accounts payable	(3,782)
Increase in accrued expenses	358
Increase in accrued closure/postclosure care costs	15,113
Net cash used in operating activities	$ (54,223)

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

LUMPKIN COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2007

	Agency Funds
ASSETS	
Cash	$ 3,308,700
Taxes receivable	9,247,564
Accounts receivable	9,718
Total assets	$ 12,565,982
LIABILITIES	
Due to others	$ 3,318,418
Uncollected taxes	9,247,564
Total liabilities	$ 12,565,982

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lumpkin County, Georgia (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting polices are described below.

A. Reporting Entity

Lumpkin County operates under a commissioner-manager form of government under which a five member Board of Commissioners is elected to serve as the legislative body for the County. The commission chairman is elected at large, while the remaining four commissioners are elected by geographical districts in which they reside. The County provides the following services: public safety, judicial, public works, health and welfare, culture and recreation, housing and development, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Unit

The Lumpkin County Public Building Authority (the "Building Authority"), which provides financing for County buildings, is governed by a five member board appointed by the Lumpkin County Board of Commissioners. The debt of the Building Authority is reported as part of the County's debt, and all debt service activity is reported in the County's debt service fund. Separate financial statements are not prepared for the Building Authority.

Discretely Presented Component Units

The Lumpkin County Department of Public Health (the "Health Department") is governed by a seven member board consisting of one member of the Board of Commissioners and two members as appointed by the Board of Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health service fees. The Health Department has a June 30th year-end and is presented as a governmental fund type component unit.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Health Department's financial statements can be obtained by writing to the Lumpkin County Health Department, 56 Short Street, Dahlonega, GA 30533.

The Development Authority of Lumpkin County (the "Development Authority") is governed by a nine member board appointed by the County. The Authority is responsible for promoting economic development within Lumpkin County. The County has the authority to approve or modify the budget of the Development Authority and provides financial assistance to them. The Authority is reported as a proprietary fund type component unit.

The Development Authority's financial statements can be obtained by writing to the Development Authority of Lumpkin County, 194 Courthouse Hill, Annex A, Dahlonega, GA 30533.

The Lumpkin County Water and Sewerage Authority (the "Water Authority") is governed by a seven member board appointed by the Board of Commissioners. The County approves the Water Authority's budget and has the ability to impose its will upon the Water Authority. The Authority is reported as a proprietary fund type component unit.

The Water Authority's financial statements can be obtained by writing to the Lumpkin County Water & Sewerage Authority, 194 Courthouse Hill, Annex A, Dahlonega, GA 30533.

The Lumpkin County Hospital Authority (the "Hospital Authority") is governed by a seven member board appointed by the County. The County has the authority to approve or modify the budget of the Hospital Authority and has the ability to impose its will upon the Hospital Authority. The Authority is reported as a proprietary fund type component unit. The Hospital Authority does not issue separate financial statements.

B. Government-wide and Fund Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the 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 Basis of 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 the fiduciary fund financial statements. Agency funds, however, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 County considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Other revenues susceptible to accrual are considered available if they are collected within 90 days of the end of the current fiscal period. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Property taxes, sales taxes, intergovernmental grants, and investment income 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 County. The County reports the following major governmental funds:

The ***General Fund*** is the County'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 resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The ***Special Purpose Local Option Sales Tax Fund (SPLOST)*** is used to account for the revenues and expenditures relating to the 1999, 2003, and 2008 1% Special Purpose Local Option Sales Tax issues.

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

The County reports the following major proprietary fund:

The ***Solid Waste Fund*** is used to account for the activities of the County's solid waste disposal and recycling programs.

Additionally, the County reports the following fund types:

The ***special revenue funds*** account for revenue sources that are legally restricted to expenditure for specific purposes.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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 this same limitation. The County 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. However, interfund services provided and used have not been eliminated in this process.

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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund are charges to customers for sales and services provided. 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

The County'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.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as 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."

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds 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.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, 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. The County has elected to capitalize all general infrastructure assets regardless of the acquisition date and has used the estimated historical cost to value these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Buildings and improvements	20 - 50
Machinery and equipment	5 - 20
Vehicles	3 - 10
Infrastructure	19 - 50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amount when employees separate from service with the County. All vacation and annual leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

I. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. 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.

K. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $17,810,488 difference are as follows:

Notes payable	$ (17,357,354)
Accrued interest	(255,300)
Compensated absences	(197,834)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (17,810,488)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this $1,903,152 difference are as follows:

Capital outlay	$ 3,588,311
Depreciation expense	(1,685,159)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$ 1,903,152

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that "the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this $1,198,831 difference are as follows:

Capital contributions	$	1,419,474
Loss on disposal of capital assets		(220,643)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	1,198,831

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $930,633 difference are as follows:

Proceeds from new note payable	$	(90,000)
Principal repayments on capital lease		31,544
Principal repayments on notes payable		989,089
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	930,633

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $26,730 difference are as follows:

Compensated absences	$	(28,632)
Net pension asset		13,896
Accrued interest		41,466
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	26,730

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the County Manager submits to the Board of Commissioners a proposed operating budget for each department for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least seven days in advance by publication in the official organ of the County.

3. The budget is then adopted by the Board of Commissioners at a public meeting.

4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be amended by formal action of the Board of Commissioners in a regular meeting.

5. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual budgets are adopted for the General Fund, Debt Service Fund, and special revenue funds. Project length budgets are adopted for the capital projects funds.

6. Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Debt Service Fund, and the special revenue funds. An annual operating budget is prepared for the Solid Waste Fund for planning, control, cost allocation and evaluation purposes. All appropriations lapse at year end.

Budgeted amounts are as originally adopted on September 21, 2006, or as amended by the Board of Commissioners. The supplementary budgetary appropriations made are reflected in the final budget amounts.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Deficit Fund Equity

The following funds had deficit fund balances at December 31, 2007. The fund deficits will be reduced through anticipated revenues, lower expenditures and General Fund appropriations, as needed.

Fund	Deficit
SPLOST	$ 1,078,825
Capital Projects	22,740
Multiple Grant	10,670
CDBG	5,001

C. Excess Expenditures over Appropriations

For the year ended December 31, 2007 expenditures exceeded the budget in the funds and General Fund departments as follows:

Fund/Department	Excess
General Fund:	
Sheriff	$ 769
Health	365
Special Programs Fund - Public safety	141,544
Technology Fee Fund - Judicial	13,027
Multiple Grant Fund - Judicial	24,646
Hotel/Motel Tax Fund - Housing and development	481

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

NOTE 4. DEPOSITS AND INVESTMENTS

A. Primary Government

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime banker's acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

A. Primary Government (Continued)

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of December 31, 2007, deposits with one financial institution totaling $2,257,891 were not properly collateralized.

At December 31, 2007, the County had the following investments that is included in the custodial credit risk discussion above related to deposits:

Investment	Maturities	Fair Value
Certificate of deposit	May 17, 2008	$ 4,251,267
Certificate of deposit	October 23, 2008	2,357,891

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

B. Component Unit – Development Authority

As of December 31, 2007, the Development Authority had the following investment:

Investment	Maturity	Fair Value
Certificate of deposit	October 10, 2008	$ 500,000

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

Custodial credit risk. As of December 31, 2007, all of the Development Authority's deposits and investments were properly collateralized with the depository financial institution.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

C. Component Unit – Water Authority

As of December 31, 2007, the Water Authority had the following investment which was rated AAAm by Standard and Poor's:

Investment	Maturity	Fair Value
US Bank Money Market Fund	5 day average maturity	$ 544,752

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

Custodial credit risk. As of December 31, 2007, all of the Water Authority's deposits and investments were properly collateralized with the depository financial institution.

D. Component Unit – Hospital Authority

As of December 31, 2007, the Hospital Authority had the following investments:

Investment	Maturity		Fair Value
Federal National Mortgage Assoc.	October 15, 2025		$ 496,875
Federal Home Loan Mortgage Corp.	January 30, 2023		299,376
Tennessee Valley Authority	November 15, 2015		294,852
		Total	$ 1,091,103

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

Custodial credit risk. As of December 31, 2007, all of the Hospital Authority's deposits and investments were properly collateralized with the depository financial institution.

E. Component Unit – Health Department

Custodial credit risk. As of June 30, 2007, $30,516 of the Health Department's deposits were not properly collateralized with the depository financial institution.

NOTE 5. RECEIVABLES

A. Primary Government

Receivables at December 31, 2007, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Solid Waste Fund
Receivables:				
Taxes	$ 5,231,390	$ 117,040	$ -	$ -
Other governments	535,695	562,656	114,156	-
Accounts	721,492	-	48,276	7,667
Gross receivables	6,488,577	679,696	162,432	7,667
Less allowance for uncollectibles	(435,012)	-	-	-
Net receivables	$ 6,053,565	$ 679,696	$ 162,432	$ 7,667

Property taxes for the 2007 fiscal year were levied on October 20, 2006, with property values assessed as of January 1, 2006. Bills are payable on or before December 20, 2006, after which the applicable property is subject to lien and penalties and interest as assessed. Property taxes attached as an enforceable lien on property as of January 1. Property taxes levied during 2007 are for fiscal year 2008. Amounts recorded as a receivable and amounts collected as of December 31, 2007 related to these taxes are recorded as unearned revenue in both the fund and government-wide financial statements.

B. Component Unit – Water Authority

Receivables of the Water Authority, including the applicable allowances for uncollectible accounts, consisted of the following at December 31, 2007:

Receivables:	
Accounts	$ 121,686
Less allowance for uncollectibles	31,977
Net total receivables	$ 89,709

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended December 31, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 19,295,501	$ 449,477	$ (2,891)	$ 106,205	$ 19,848,292
Infrastructure land improvements	14,742,486	391,415	(14,273)	-	15,119,628
Construction in progress	674,157	1,093,951	-	(625,398)	1,142,710
Total capital assets, not being depreciated	34,712,144	1,934,843	(17,164)	(519,193)	36,110,630
Capital assets, being depreciated:					
Buildings and improvements	20,439,561	1,026,164	-	519,193	21,984,918
Machinery and equipment	2,826,355	111,050	-	-	2,937,405
Vehicles	3,053,906	353,926	(189,996)	-	3,217,836
Infrastructure	16,346,998	1,581,802	(551,078)	-	17,377,722
Total capital assets, being depreciated	42,666,820	3,072,942	(741,074)	519,193	45,517,881
Less accumulated depreciation for:					
Buildings and improvements	2,799,850	362,924	-	-	3,162,774
Machinery and equipment	1,726,000	213,133	-	-	1,939,133
Vehicles	1,874,653	203,844	(170,996)	-	1,907,501
Infrastructure	7,710,027	905,258	(366,599)	-	8,248,686
Total accumulated depreciation	14,110,530	1,685,159	(537,595)	-	15,258,094
Total capital assets, being depreciated, net	28,556,290	1,387,783	(203,479)	519,193	30,259,787
Governmental activities capital assets, net	$ 63,268,434	$ 3,322,626	$ (220,643)	$ -	$ 66,370,417

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 192,103	$ -	$ -	$ 192,103
Total capital assets, not being depreciated	192,103	-	-	192,103
Capital assets, being depreciated:				
Land improvements	291,585	-	-	291,585
Buildings and improvements	542,006	-	-	542,006
Machinery and equipment	95,600	-	-	95,600
Vehicles	52,000	-	-	52,000
Total capital assets, being depreciated	981,191	-	-	981,191
Less accumulated depreciation for:				
Land improvements	174,971	12,085	-	187,056
Buildings and improvements	41,141	12,757	-	53,898
Machinery and equipment	68,195	9,360	-	77,555
Vehicles	18,720	1,854	-	20,574
Total accumulated depreciation	303,027	36,056	-	339,083
Total capital assets, being depreciated, net	678,164	(36,056)	-	642,108
Business-type activities capital assets, net	$ 870,267	$ (36,056)	$ -	$ 834,211

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	$ 190,715
Judicial	7,568
Public safety	337,048
Public works	990,599
Health and welfare	22,619
Culture and recreation	117,623
Housing and development	18,987
Total depreciation expense - governmental activities	$ 1,685,159

B. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,003,461	$ 233,975	$ (807,354)	$ 430,082
Total	1,003,461	233,975	(807,354)	430,082
Capital assets, being depreciated:				
Building	1,370,000	-	-	1,370,000
Total	1,370,000	-	-	1,370,000
Less accumulated depreciation for:				
Building	(82,200)	(27,400)	-	(109,600)
Total	(82,200)	(27,400)	-	(109,600)
Total capital assets, being depreciated, net	1,287,800	(27,400)	-	1,260,400
Total capital assets, net	$ 2,291,261	$ 206,575	$ (807,354)	$ 1,690,482

The beginning balances of capital assets have been adjusted to reflect amounts that were previously categorized as assets held for resale, but have been reclassified to more accurately reflect the nature of the assets. As part of this reclassification, it was also necessary to record accumulated depreciation in the amount of $82,200 for prior years that had not previously been recognized. An adjustment was also made to record the cost of land improvements totaling $481,815 that were expensed in prior years.

NOTE 6. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Water Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 10,292	$ -	$ -	$ 10,292
Total	10,292	-	-	10,292
Capital assets, being depreciated:				
Infrastructure	5,465,616	106,453	(152,394)	5,419,675
Machinery and equipment	17,675	-	-	17,675
Vehicles	-	18,647	-	18,647
Total	5,483,291	125,100	(152,394)	5,455,997
Less accumulated depreciation for:				
Infrastructure	(611,591)	(172,277)	20,090	(763,778)
Machinery and equipment	(7,271)	(3,535)	-	(10,806)
Vehicles	-	(1,818)	-	(1,818)
Total	(618,862)	(177,630)	20,090	(776,402)
Total capital assets, being depreciated, net	4,864,429	(52,530)	(132,304)	4,679,595
Total capital assets, net	$ 4,874,721	$ (52,530)	$ (132,304)	$ 4,689,887

D. Discretely Presented Component Unit – Department of Public Health

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 12,344	$ -	$ -	$ 12,344
Total capital assets, being depreciated	12,344	-	-	12,344
Less accumulated depreciation for:				
Machinery and equipment	10,209	534	-	10,743
Total accumulated depreciation	10,209	534	-	10,743
Total capital assets, net	$ 2,135	$ (534)	$ -	$ 1,601

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2007, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Nonmajor governmental funds	$ 148,214
General Fund	SPLOST Fund	980,267
Nonmajor governmental funds	General Fund	34,918

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended December 31, 2007 were as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	$ 2,193,627
Capital Projects Fund	SPLOST Fund	268,974
Nonmajor governmental funds	General Fund	289,604
Nonmajor governmental funds	Nonmajor governmental funds	56,200
Nonmajor governmental funds	Solid Waste Fund	3,995
Solid Waste Fund	General Fund	58,218

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) provide unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Due from/to primary government and component units:

Receivable entity	Payable entity	Amount
Lumpkin County	Development Authority	$ 51,873
Lumpkin County	Water & Sewerage Authority	26,059

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended December 31, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 31,544	$ -	$ (31,544)	$ -	$ -
Notes payable	18,256,443	90,000	(989,089)	17,357,354	1,102,862
Compensated absences	169,202	276,866	(248,234)	197,834	197,834
Governmental activities long-term liabilities	$ 18,457,189	$ 366,866	$ (1,268,867)	$ 17,555,188	$ 1,300,696
Business-type Activities:					
Landfill postclosure costs	$ 426,887	$ 43,049	$ (27,936)	$ 442,000	$ 17,000
Compensated absences	-	1,049	(691)	358	358
Business-type activities long-term liabilities	$ 426,887	$ 44,098	$ (28,627)	$ 442,358	$ 17,358

The beginning notes payable balance has been adjusted by $99,500 to recognize a note payable that was recorded at the fund level in the prior year and was not included in the long-term debt disclosure.

For governmental funds, compensated absences are liquidated by the General Fund.

Notes 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 the 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 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.

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's debt service requirements to maturity on this note payable are as follows:

Year ending December 31,	Principal	Interest	Total
2008	$ 955,000	$ 579,966	$ 1,534,966
2009	1,020,000	517,121	1,537,121
2010	1,090,000	449,880	1,539,880
2011	1,160,000	378,061	1,538,061
2012	1,235,000	301,483	1,536,483
2013 - 2017	4,460,000	486,285	4,946,285
Total	$ 9,920,000	$ 2,712,796	$ 12,632,796

In September 1999, Lumpkin County and the City of Dahlonega borrowed $4,475,000 from the Georgia Environmental Facilities Authority (GEFA) to develop a reservoir. During 2001, the City and County entered into an agreement to increase the loan amount to $14,000,000. During 2006, the reservoir was completed and the loan finalized. The County's share of the obligation as of December 31, 2007, was $7,293,354 which is 46% of the total debt outstanding. The note carries an interest rate of 3%.

The County's debt service requirements to maturity on the GEFA notes payable are as follows:

Year ending December 31,	Principal	Interest	Total
2008	$ 106,862	$ 217,340	$ 324,202
2009	110,113	214,089	324,202
2010	113,462	210,740	324,202
2011	116,913	207,289	324,202
2012	120,469	203,733	324,202
2013 - 2017	659,587	961,420	1,621,007
2018 - 2022	766,188	854,819	1,621,007
2023 - 2027	890,016	730,991	1,621,007
2028 - 2032	1,033,858	587,149	1,621,007
2033 - 2037	1,200,947	420,060	1,621,007
2037 - 2042	1,395,040	225,967	1,621,007
2042 - 2045	779,899	30,585	810,484
Total	$ 7,293,354	$ 4,864,182	$ 12,157,536

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

In 2006, the County financed a mapping project through the contractor organization. The County paid $45,500 up front and financed the remaining $100,000. Of the amount financed, $19,500 was to be paid during 2006, with the remaining $80,500 to be paid over a four year period with a 5% interest fee charged each year. The $19,500 was not paid until 2007 along with the first of the four annual payments.

The County's debt service requirements to maturity on this note payable are as follows:

Year ending December 31,	Principal	Interest	Total
2008	$ 20,000	$ 1,000	$ 21,000
2009	20,000	1,000	21,000
2010	20,000	1,000	21,000
Total	$ 60,000	$ 3,000	$ 63,000

On December 18, 2007, the County purchased land for $90,000. Of this total, $6,000 was paid at closing and the remaining $84,000 was financed with the seller. The note will be paid over four years and carries a 5% interest rate.

The County's debt service requirements to maturity on this note payable are as follows:

Year ending December 31,	Principal	Interest	Total
2008	$ 21,000	$ 518	$ 21,518
2009	21,000	3,150	24,150
2010	21,000	2,100	23,100
2011	21,000	1,050	22,050
Total	$ 84,000	$ 6,818	$ 90,818

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 Bonds, Series 2001. The proceeds were used to rehabilitate, repair, renovate, extend and improve Lumpkin County Middle School and Lumpkin County Elementary School. As of December 31, 2007, the amount outstanding related to these bonds is $2,216,930. The obligation of the Lumpkin County School District to make the payment required by the contract is a general obligation of the Lumpkin County 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 Lumpkin County School District.

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Landfill postclosure costs. Effective June 17, 2003, the Lumpkin County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of December 31, 2007, the County has a remaining 26 years of monitoring. Engineering studies estimate postclosure costs of approximately $442,000 over the 26 year period. These costs are based on what it would cost to perform all postclosure care in 2007, adjusted annually for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

B. Discretely Presented Component Unit – Development Authority

Debt activity for the year ended December 31, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ 1,464,473	$ -	$ -	$ 1,464,473	$ 1,464,473

Note Payable. The Authority issued a note payable on January 22, 2004 with a financial institution in order to finance the purchase of property. The note is secured by the real estate and lease receipts and will be repaid upon the sale of the property. Because the Authority has not sold the property, the note has been refinanced several times. The balance outstanding as of December 31, 2007 is $1,464,473 and the note matures in October 2008. Interest is paid monthly at the 30 Day LIBOR rate plus 2.4%, which was 7.57% at December 31, 2007.

C. Discretely Presented Component Unit – Water Authority

Long-term debt activity for the year ended December 31, 2007 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds	$ 3,415,000	$ -	$ (105,000)	$ 3,310,000	$ 130,000
Compensated absences	5,438	2,539	(3,691)	4,286	2,909
Total long-term liabilities	$ 3,420,438	$ 2,539	$ (108,691)	$ 3,314,286	$ 132,909

NOTE 8. LONG-TERM DEBT (CONTINUED)

C. Discretely Presented Component Unit – Water Authority (Continued)

Revenue Bonds. The Authority issued the 2000 Series bonds for $3,610,000 on November 1, 2000 at a 5.65% rate. The bonds were due in semi-annual installments beginning February 1, 2001, with principal payments to begin on February 1, 2004. The bonds had a maturity date of February 1, 2021. The bonds were issued for the acquisition, construction, installing and equipping of certain improvement projects on the Authority's system. The bonds are secured by the Authority's revenue, accounts receivable and real estate.

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31,	Principal	Interest	Total
2008	$ 130,000	$ 180,282	$ 310,282
2009	155,000	171,642	326,642
2010	185,000	161,331	346,331
2011	195,000	150,361	345,361
2012	205,000	138,825	343,825
2013 - 2017	1,205,000	498,636	1,703,636
2018 - 2021	1,235,000	115,142	1,350,142
Total	$ 3,310,000	$ 1,416,219	$ 4,726,219

D. Health Department – Component Unit.

The following is a summary of the Health Department's long-term debt activity for the year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	$ 39,567	$ 38,406	$ (36,314)	$ 41,659	$ 36,000

NOTE 9. DEFINED BENEFIT PLAN

Plan Description

The County sponsors the Association of County Commissioners of Georgia Lumpkin County Defined Benefit Plan (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan as provided in Section 19.03 of The ACCG Plan document. The County 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. Complete financial statements for the Association of County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from GEBCorp, 3625 Cumberland Boulevard, Suite 825, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2007, (the most recent actuarial valuation date) are as follows:

	January 1, 2007	January 1, 2006
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 174,608	$ 162,794
Interest on Net Pension Obligation	(4,896)	(3,566)
Amortization of Net Pension Obligation	5,166	3,763
Annual Pension Cost	$ 174,878	$ 162,991

Derivation of Net Pension Obligation	
Annual Pension Cost for Current Year	$ 174,878
Actual Contributions to Plan for Current Year	188,774
Increase in Net Pension Obligation	(13,896)
Net Pension Obligation (Asset) as of December 31, 2006	(61,203)
Net Pension Obligation (Asset) as of December 31, 2007	$ (75,099)

NOTE 9. DEFINED BENEFIT PLAN (CONTINUED)

Basis of Valuation	
Current Valuation Date	January 1, 2007
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	6.0%
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period	10

Trend Information for The Plan

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/07	$ 174,878	$ 188,774	107.9 %	$ (75,099)
1/1/06	162,991	179,614	110.2	(61,203)
1/1/05	151,520	172,445	113.8	(44,580)

NOTE 10. 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 4% of the participant's compensation for each participant who contributes 2% of their compensation.

For the year ended December 31, 2007, the County's covered payroll for employees participating in this plan was $4,291,073 and total payroll was $7,494,222. The County's contribution was $171,643 and employee contributions were $215,155.

NOTE 11. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The County participates in the Georgia Interlocal Risk Management Agency Fund and the Association of County Commissioners of Georgia Group Self-Insurance Workers Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

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

The County also carries insurance for all other risks of loss, including general liability and errors and omission coverage through a private insurance company. Settled claims have not exceeded insurance coverage in any of the past three years.

There have been no significant reductions of insurance coverage from coverage in the prior year.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at December 31, 2007, the County has contractual commitments on uncompleted contracts of approximately $98,558.

Litigation

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 13. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the area, is a member of the Georgia Mountain Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended December 31, 2007, the County paid $20,220 in such dues. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions 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 a regional development commission. Separate financial statements may be obtained from:

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

NOTE 13. JOINT VENTURE (CONTINUED)

The County participates with Union and Towns Counties in the North Georgia Waste Management Authority. The Authority studied solid waste disposal issues, developed a plan 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 the year ended December 31, 2007, the County paid $3,995 to the Authority. Separate financial statements can be obtained from their office at:

North Georgia Waste Management Authority
170 Scoggins Drive
Demorest, Georgia 30535

NOTE 14. HOTEL/MOTEL TAX

The County has levied a 6% lodging tax. During the year ended December 31, 2007, the County collected $73,581 in revenues. Of this amount $73,581, or 100%, was expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

NOTE 15. PRIOR PERIOD ADJUSTMENTS

A. Primary Government

The County has determined that a restatement of beginning fund balance of the Special Programs Fund, a nonmajor governmental fund, is necessary to properly record bank accounts and their related activity that should be reported in a special revenue fund. This adjustment results in a change to the beginning fund balance of the nonmajor governmental funds as follows:

Fund balance, as previously reported	$	53,477
Effect of proper recording of accounts		5,531
Fund balance, as restated	$	59,008

The County has also determined that a restatement of beginning fund balance of the Technology Fees Fund, a nonmajor governmental fund, is necessary to properly record bank accounts and their related activity that should be reported in a special revenue fund. This adjustment results in a change to the beginning fund balance of the nonmajor governmental funds as follows:

Fund balance, as previously reported	$	8,444
Effect of proper recording of accounts		48,037
Fund balance, as restated	$	56,481

NOTE 15. PRIOR PERIOD ADJUSTMENTS (CONTINUED)

A. Primary Government (Continued)

The County has determined that a restatement of beginning fund balance of the Capital Projects Fund is necessary to adjust for long-term debt that was incorrectly recorded at the fund level in the prior year. This adjustment results in a change to the beginning fund balance of the Capital Projects Fund as follows:

Fund deficit, as previously reported	$	(134,847)
Effect of removing long-term debt		104,000
Fund deficit, as restated	$	(30,847)

As a result of the adjustments to the fund level balances, the beginning net assets of the governmental activities have also been adjusted from the prior year. Because the long-term debt described above was properly recorded at the government-wide level, it would not impact the governmental activities. However, the $104,000 noted above includes $4,500 of accrued interest which should not have been recognized at the fund level or government-wide level. The details of the adjustment to governmental activities beginning net assets are as follows:

Net assets, as previously reported	$	60,570,967
Adjustment to Special Programs Fund		5,531
Adjustment to Technology Fees Fund		48,037
Accrued interest improperly recognized		4,500
Net assets, as restated	$	60,629,035

B. Component Unit – Development Authority

The Authority has determined that a restatement of beginning net assets is necessary to properly report capital asset balances and the related accumulated depreciation. The land and building balances have been reclassified from assets held as resale to capital assets. As part of this reclassification, accumulated depreciation was recognized on the building in the amount of $82,200. An adjustment was also made to record the cost of land improvements totaling $481,815 that were expensed in prior years. The details of the adjustments are below:

Net assets, as previously reported	$	564,247
Accumulated depreciation on building		(82,200)
Land improvements previously expensed		481,815
Net assets, as restated	$	963,862

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LUMPKIN COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Revenues:				
Taxes	$ 12,276,831	$ 12,276,831	$ 11,977,628	$ (299,203)
Licenses and permits	470,100	470,100	345,441	(124,659)
Fines and forfeitures	449,050	455,550	438,528	(17,022)
Charges for services	2,133,916	2,219,979	2,246,699	26,720
Interest income	240,610	240,610	273,559	32,949
Intergovernmental	423,268	441,268	384,140	(57,128)
Contributions and donations	6,000	17,300	45,968	28,668
Other	120,200	133,245	180,291	47,046
Total revenues	16,119,975	16,254,883	15,892,254	(362,629)
Expenditures:				
Current:				
General government:				
Legislative	156,192	156,192	138,176	18,016
Executive	268,045	268,045	255,160	12,885
Board of elections	122,685	122,685	100,979	21,706
Human resources	153,783	153,783	148,914	4,869
Financial administration	487,947	509,945	501,114	8,831
Data processing	73,742	77,142	50,865	26,277
Tax commissioner	396,330	396,330	390,411	5,919
Public/General buildings	348,525	348,525	338,475	10,050
Customer service	538,667	429,990	182,191	247,799
Tax assessor	409,165	417,019	395,687	21,332
Risk management	31,000	31,000	29,387	1,613
Total general government	2,986,081	2,910,656	2,531,359	379,297
Judicial:				
Judicial administration	220,719	302,722	291,740	10,982
Superior court	427,150	427,150	363,266	63,884
Clerk superior court	538,456	571,666	567,982	3,684
District attorney	28,695	35,195	33,652	1,543
Magistrate court	263,018	263,018	250,966	12,052
Probate court	227,007	227,007	222,111	4,896
Total judicial	1,705,045	1,826,758	1,729,717	97,041
Public safety:				
Fire	1,662,815	1,786,315	1,759,206	27,109
Sheriff	4,358,314	4,392,487	4,393,256	(769)
Emergency medical services	100,526	100,526	93,747	6,779
Coroner	31,938	39,438	32,827	6,611
Other protection	148,692	143,692	140,804	2,888
Total public safety	6,302,285	6,462,458	6,419,840	42,618
Public works:				
Public works administration	103,443	103,443	97,004	6,439
Highways and streets	1,241,928	1,097,428	1,039,484	57,944
Sanitation and wastewater	-	150,000	136,032	13,968
Total public works	1,345,371	1,350,871	1,272,520	78,351

(Continued)

LUMPKIN COUNTY, GEORGIA

BUDGETARY COMPARISON SCHEDULE - GAAP BASIS
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2007

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
Expenditures: (Continued)				
Health and welfare:				
Health	$ 175,000	$ 175,000	$ 175,365	$ (365)
Welfare	25,925	43,925	43,925	-
Community services	304,427	316,911	314,599	2,312
Total health and welfare	505,352	535,836	533,889	1,947
Culture and recreation:				
Participant recreation	739,128	763,162	755,633	7,529
Special facilities	107,092	107,092	101,550	5,542
Library	418,524	418,524	418,524	-
Total culture and recreation	1,264,744	1,288,778	1,275,707	13,071
Housing and development:				
Conservation	56,583	56,583	51,919	4,664
Planning and zoning	476,735	458,735	396,036	62,699
Economic development	84,535	84,535	78,588	5,947
Total housing and development	617,853	599,853	526,543	73,310
Debt service:				
Principal	47,541	47,541	47,549	(8)
Interest	81,197	81,197	81,031	166
Total debt service	128,738	128,738	128,580	158
Total expenditures	14,855,469	15,103,948	14,418,155	685,793
Excess of revenues over expenditures	1,264,506	1,150,935	1,474,099	323,164
Other financing uses:				
Transfers out	(1,264,506)	(2,783,958)	(2,541,449)	242,509
Total other financing uses	(1,264,506)	(2,783,958)	(2,541,449)	242,509
Net change in fund balances	-	(1,633,023)	(1,067,350)	565,673
Fund balances, beginning of year	5,326,653	5,326,653	5,326,653	-
Fund balances, end of year	$ 5,326,653	$ 3,693,630	$ 4,259,303	$ 565,673

Note: See notes related to the County's budgetary process in Note 3 to the financial statements.

LUMPKIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN

SCHEDULE OF FUNDING PROGRESS

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
December 31,2007	$ 779,863	$ 1,309,860	$ 529,997	59.5%	$ 3,725,143	14.2%
December 31,2006	582,296	1,136,212	553,916	51.2%	3,680,943	15.0%
December 31,2005	408,935	1,064,961	656,026	38.4%	3,525,890	18.6%
December 31,2004	258,504	920,361	661,857	28.1%	3,451,296	19.2%
December 31,2003	106,545	770,435	663,890	13.8%	3,188,737	20.8%

Note: 2003 was the first year this plan was effective.

Note: See assumptions used for Schedule of Funding Progress in Note 9 to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Drug Rehabilitation Fund - to account for funds collected from fines and forfeitures to be used to create and maintain a Drug Abuse Treatment and Education Fund.

Law Library Fund - to account for the revenues and related expenditures of operating the County's Law Library.

Emergency Telephone System Fund – to account for the monthly 911 charge to help fund the cost of providing emergency 911 services.

Drug Court Fund – to account for funds collected and the related expenditures of the Drug Court established by Lumpkin and White Counties.

Juvenile Services Fund - to account for funds collected to be used for law enforcement activities.

North Georgia Waste Management Fund - to account for the revenues and related debt service payments to North Georgia Waste Management established by agreement between Towns, Union, and Lumpkin Counties.

Special Programs Fund - to account for fines, confiscated monies, and donations received that are to be expended within the guidelines of each program.

Public Defender Fund - to account for funds from contributing counties to be used to maintain a circuit public defender's office.

Technology Fee Fund - to account for funds collected from fines to be used by Magistrate and Probate courts for technology related expenditures.

Multiple Grant Fund - to account for governmental grants received and the related expenditures.

Hotel/Motel Tax Fund - to account for the collection of hotel/motel taxes within the County and for the expenditures made distributing the collections to the appropriate entities.

Planning Fund – to account for the revenues and expenditures related to the operations of the County's Planning Department.

Capital Projects Fund

Community Development Block Grant Fund - to account for CDBG grant funds received and the related expenditures.

LUMPKIN COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Special Revenue Funds					
ASSETS	Drug Rehabilitation Fund	Law Library Fund	Emergency Telephone System Fund	Drug Court Fund	Juvenile Services Fund	North Georgia Waste Management Fund
Cash and cash equivalents	$ 1,230	$ 170,282	$ -	$ 101,180	$ -	$ 181
Receivables, net of allowance for uncollectibles	-	-	42,474	-	2,130	-
Due from other funds	23,723	-	-	-	2,165	-
Prepaid items	-	-	17,303	715	-	-
Total assets	$ 24,953	$ 170,282	$ 59,777	$ 101,895	$ 4,295	$ 181
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ -	$ -	$ -	$ 7,995	$ -	$ -
Due to other funds	-	-	-	4	-	-
Deferred revenue	-	-	-	14,050	-	-
Total liabilities	-	-	-	22,049	-	-
FUND BALANCES (DEFICIT)						
Reserved for prepaids	-	-	17,303	715	-	-
Unreserved, undesignated	24,953	170,282	42,474	79,131	4,295	181
Total fund balances (deficit)	24,953	170,282	59,777	79,846	4,295	181
Total liabilities and fund balances	$ 24,953	$ 170,282	$ 59,777	$ 101,895	$ 4,295	$ 181

Special Revenue Funds						Capital Projects Fund	
Special Programs Fund	Public Defender Fund	Technology Fee Fund	Multiple Grant Fund	Hotel/Motel Tax Fund	Planning Fund	Community Development Block Grant Fund	Total Nonmajor Governmental Funds
$ 50,572	$ 92,503	$ 58,510	$ -	$ 19,690	$ -	$ 1,000	$ 495,148
3,672	-	-	110,881	-	-	3,275	162,432
-	-	9,030	-	-	-	-	34,918
-	26,049	-	769	-	1,705	-	46,541
$ 54,244	$ 118,552	$ 67,540	$ 111,650	$ 19,690	$ 1,705	$ 4,275	$ 739,039
$ -	$ 327	$ 4,725	$ -	$ -	$ -	$ -	$ 13,047
-	15	-	118,843	18,371	1,705	9,276	148,214
-	51,045	-	3,477	-	-	-	68,572
-	51,387	4,725	122,320	18,371	1,705	9,276	229,833
-	26,049	-	769	-	1,705	-	46,541
54,244	41,116	62,815	(11,439)	1,319	(1,705)	(5,001)	462,665
54,244	67,165	62,815	(10,670)	1,319	-	(5,001)	509,206
$ 54,244	$ 118,552	$ 67,540	$ 111,650	$ 19,690	$ 1,705	$ 4,275	$ 739,039

LUMPKIN COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue Funds					
	202 Drug Rehabilitation Fund	205 Law Library Fund	915 Emergency Telephone System Fund	201 Drug Court Fund	203 Juvenile Services Fund	204 North Georgia Waste Management Fund
Revenues:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	27,692	19,120	-	-	-	-
Charges for services	-	-	386,542	47,907	50	-
Interest income	-	6,967	-	3,665	-	-
Intergovernmental	-	-	-	770	1,837	7,989
Contributions and donations	-	-	-	57,500	-	-
Other revenues	-	-	-	1,189	-	-
Total revenues	27,692	26,087	386,542	111,031	1,887	7,989
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Judicial	-	11,915	-	146,912	5,625	-
Public safety	8,337	-	486,888	-	-	-
Public works	-	-	-	-	-	11,984
Culture and recreation	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-
Total expenditures	8,337	11,915	486,888	146,912	5,625	11,984
Excess (deficiency) of revenues over expenditures	19,355	14,172	(100,346)	(35,881)	(3,738)	(3,995)
Other financing sources (uses):						
Transfers in	-	-	113,614	56,200	-	3,995
Transfers out	(56,200)	-	-	-	-	-
Total other financing sources (uses)	(56,200)	-	113,614	56,200	-	3,995
Net change in fund balances	(36,845)	14,172	13,268	20,319	(3,738)	-
Fund balances, beginning of year (as restated)	61,798	156,110	46,509	59,527	8,033	181
Fund balances (deficit), end of year	$ 24,953	$ 170,282	$ 59,777	$ 79,846	$ 4,295	$ 181

Special Revenue Funds						Capital Projects Fund	
206 Special Programs Fund	217 Public Defender Fund	218 Technology Fee Fund	250 Multiple Grant Fund	275 Hotel/Motel Tax Fund	271 Planning Fund	Community Development Block Grant Fund	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 73,581	$ -	$ -	$ 73,581
27,281	-	-	-	-	-	-	74,093
89,539	-	26,481	-	-	-	-	550,519
579	3,386	1,480	-	941	-	-	17,018
-	238,169	-	439,917	-	-	3,275	691,957
21,381	-	-	4,633	-	-	-	83,514
-	30,341	-	11,693	-	-	-	43,223
138,780	271,896	27,961	456,243	74,522	-	3,275	1,533,905
-	-	-	14,716	-	-	-	14,716
-	362,646	21,627	79,340	-	-	-	628,065
143,544	-	-	443,154	-	-	-	1,081,923
-	-	-	-	-	-	-	11,984
-	-	-	6,850	-	-	-	6,850
-	-	-	-	73,581	-	8,276	81,857
143,544	362,646	21,627	544,060	73,581	-	8,276	1,825,395
(4,764)	(90,750)	6,334	(87,817)	941	-	(5,001)	(291,490)
-	98,843	-	77,147	-	-	-	349,799
-	-	-	-	-	-	-	(56,200)
-	98,843	-	77,147	-	-	-	293,599
(4,764)	8,093	6,334	(10,670)	941	-	(5,001)	2,109
59,008	59,072	56,481	-	378	-	-	507,097
$ 54,244	$ 67,165	$ 62,815	$ (10,670)	$ 1,319	$ -	$ (5,001)	$ 509,206

LUMPKIN COUNTY, GEORGIA
DRUG REHABILITATION FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 20,000	$ 20,000	$ 27,692	$ 7,692
Total revenues	20,000	20,000	27,692	7,692
Expenditures:				
Current:				
Public safety	8,840	8,840	8,337	503
Total expenditures	8,840	8,840	8,337	503
Excess of revenues over expenditures	11,160	11,160	19,355	8,195
Other financing uses:				
Transfers out	(56,200)	(56,200)	(56,200)	-
Total other financing uses	(56,200)	(56,200)	(56,200)	-
Net changes in fund balances	(45,040)	(45,040)	(36,845)	8,195
Fund balances, beginning of year	61,798	61,798	61,798	-
Fund balances, end of year	$ 16,758	$ 16,758	$ 24,953	$ 8,195

LUMPKIN COUNTY, GEORGIA
LAW LIBRARY FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Fines and forfeitures	$ 25,000	$ 25,000	$ 19,120	$ (5,880)
Interest income	-	-	6,967	6,967
Total revenues	25,000	25,000	26,087	1,087
Expenditures:				
Current:				
Judicial	40,000	40,000	11,915	28,085
Total expenditures	40,000	40,000	11,915	28,085
Net changes in fund balances	(15,000)	(15,000)	14,172	29,172
Fund balances, beginning of year	156,110	156,110	156,110	-
Fund balances, end of year	$ 141,110	$ 141,110	$ 170,282	$ 29,172

LUMPKIN COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 327,250	$ 327,250	$ 386,542	$ 59,292
Total revenues	327,250	327,250	386,542	59,292
Expenditures:				
Current:				
Public safety	507,762	522,657	486,888	35,769
Total expenditures	507,762	522,657	486,888	35,769
Deficiency of revenues over expenditures	(180,512)	(195,407)	(100,346)	95,061
Other financing sources:				
Transfers in	180,512	195,407	113,614	(81,793)
Total other financing sources	180,512	195,407	113,614	(81,793)
Net changes in fund balances	-	-	13,268	13,268
Fund balances, beginning of year	46,509	46,509	46,509	-
Fund balances, end of year	$ 46,509	$ 46,509	$ 59,777	$ 13,268

LUMPKIN COUNTY, GEORGIA
DRUG COURT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 47,500	$ 47,500	$ 47,907	$ 407
Intergovernmental	-	-	770	770
Interest income	500	500	3,665	3,165
Contributions	57,500	57,500	57,500	-
Miscellaneous	-	-	1,189	1,189
Total revenues	105,500	105,500	111,031	5,531
Expenditures:				
Current:				
Judicial	161,700	161,700	146,912	14,788
Total expenditures	161,700	161,700	146,912	14,788
Deficiency of revenues over expenditures	(56,200)	(56,200)	(35,881)	20,319
Other financing sources:				
Transfers in	56,200	56,200	56,200	-
Total other financing sources	56,200	56,200	56,200	-
Net changes in fund balances	-	-	20,319	20,319
Fund balances, beginning of year	59,527	59,527	59,527	-
Fund balances, end of year	$ 59,527	$ 59,527	$ 79,846	$ 20,319

LUMPKIN COUNTY, GEORGIA
JUVENILE SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ -	$ -	$ 50	$ 50
Intergovernmental	-	-	1,837	1,837
Total revenues	-	-	1,887	1,887
Expenditures:				
Current:				
Judicial system	6,300	6,300	5,625	675
Total expenditures	6,300	6,300	5,625	675
Net changes in fund balances	(6,300)	(6,300)	(3,738)	2,562
Fund balances, beginning of year	8,033	8,033	8,033	-
Fund balances, end of year	$ 1,733	$ 1,733	$ 4,295	$ 2,562

LUMPKIN COUNTY, GEORGIA
NORTH GEORGIA WASTE MANAGEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 7,989	$ 7,989	$ 7,989	$ -
Total revenues	7,989	7,989	7,989	-
Expenditures:				
Current:				
Public works	11,984	11,984	11,984	-
Total expenditures	11,984	11,984	11,984	-
Deficiency of revenues over expenditures	(3,995)	(3,995)	(3,995)	-
Other financing sources:				
Transfers in	3,995	3,995	3,995	-
Total other financing sources	3,995	3,995	3,995	-
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	181	181	181	-
Fund balances, end of year	$ 181	$ 181	$ 181	$ -

LUMPKIN COUNTY, GEORGIA
SPECIAL PROGRAMS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ -	$ -	$ 89,539	$ 89,539
Fines and forfeitures	2,000	2,000	27,281	25,281
Contributions and donations	-	-	21,381	21,381
Interest income	-	-	579	579
Total revenues	2,000	2,000	138,780	136,780
Expenditures:				
Current:				
Public safety	2,000	2,000	143,544	(141,544)
Total expenditures	2,000	2,000	143,544	(141,544)
Net changes in fund balances	-	-	(4,764)	(4,764)
Fund balances, beginning of year (as restated)	59,008	59,008	59,008	-
Fund balances, end of year	$ 59,008	$ 59,008	$ 54,244	$ (4,764)

LUMPKIN COUNTY, GEORGIA
PUBLIC DEFENDER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	$ 234,882	$ 234,882	$ 238,169	$ 3,287
Interest income	1,164	1,164	3,386	2,222
Miscellaneous	-	30,000	30,341	341
Total revenues	236,046	266,046	271,896	5,850
Expenditures:				
Current:				
Judicial	334,889	364,889	362,646	2,243
Total expenditures	334,889	364,889	362,646	2,243
Deficiency of revenues over expenditures	(98,843)	(98,843)	(90,750)	8,093
Other financing sources:				
Transfers in	98,843	98,843	98,843	-
Total other financing sources	98,843	98,843	98,843	-
Net changes in fund balances	-	-	8,093	8,093
Fund balances, beginning of year	59,072	59,072	59,072	-
Fund balances, end of year	$ 59,072	$ 59,072	$ 67,165	$ 8,093

LUMPKIN COUNTY, GEORGIA
TECHNOLOGY FEE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Charges for services	$ 8,600	$ 8,600	$ 26,481	$ 17,881
Interest income	-	-	1,480	1,480
Total revenues	8,600	8,600	27,961	19,361
Expenditures:				
Current:				
Judicial	8,600	8,600	21,627	(13,027)
Total expenditures	8,600	8,600	21,627	(13,027)
Net changes in fund balances	-	-	6,334	6,334
Fund balances, beginning of year (as restated)	56,481	56,481	56,481	-
Fund balances, end of year	$ 56,481	$ 56,481	$ 62,815	$ 6,334

LUMPKIN COUNTY, GEORGIA
MULTIPLE GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Intergovernmental	$ 628,109	$ 851,319	$ 439,917	$ (411,402)
Contributions and donations	-	1,250	4,633	3,383
Miscellaneous	-	-	11,693	11,693
Total revenues	628,109	852,569	456,243	(396,326)
Expenditures:				
Current:				
General government	50,000	37,482	14,716	22,766
Public works	80,000	80,000	-	80,000
Public safety	391,409	596,894	443,154	153,740
Judicial	54,694	54,694	79,340	(24,646)
Culture and recreation	-	6,850	6,850	-
Health and welfare	323,750	323,750	-	323,750
Total expenditures	899,853	1,099,670	544,060	555,610
Deficiency of revenues over expenditures	(271,744)	(247,101)	(87,817)	159,284
Other financing sources:				
Transfers in	271,744	247,101	77,147	(169,954)
Total other financing sources	271,744	247,101	77,147	(169,954)
Net changes in fund balances	-	-	(10,670)	(10,670)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	$ -	$ -	$ (10,670)	$ (10,670)

LUMPKIN COUNTY, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Hotel/Motel taxes	$ 70,200	$ 73,300	$ 73,581	$ 281
Interest	300	300	941	641
Total revenues	70,500	73,600	74,522	922
Expenditures:				
Current:				
Housing and development	70,000	73,100	73,581	(481)
Total expenditures	70,000	73,100	73,581	(481)
Excess of revenues over expenditures	500	500	941	441
Other financing uses:				
Transfers out	(500)	(500)	-	500
Total other financing uses	(500)	(500)	-	500
Net changes in fund balances	-	-	941	941
Fund balances, beginning of year	378	378	378	-
Fund balances, end of year	$ 378	$ 378	$ 1,319	$ 941

LUMPKIN COUNTY, GEORGIA
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	$ 3,666,784	$ 3,666,784	$ 3,721,821	$ 55,037
Investment income	-	-	446,613	446,613
Total revenues	3,666,784	3,666,784	4,168,434	501,650
Expenditures:				
Debt service:				
Principal	927,612	927,612	927,584	28
Interest	778,018	778,018	777,648	370
Total expenditures	1,705,630	1,705,630	1,705,232	398
Net change in fund balances	1,961,154	1,961,154	2,463,202	502,048
Fund balances, beginning of year	9,320,194	9,320,194	9,320,194	-
Fund balances, end of year	$ 11,281,348	$ 11,281,348	$ 11,783,396	$ 502,048

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LUMPKIN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE YEAR ENDED DECEMBER 31, 2007

Project	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
1999 SPLOST					
Roads, streets and bridges	$ 5,000,000	$ 5,421,494	$ 5,421,494	$ -	$ 5,421,494
Construct and equip three fire stations and detention center	5,000,000	8,383,859	5,733,118	268,974	6,002,092
Total 1999 SPLOST	$ 10,000,000	$ 13,805,353	$ 11,154,612	$ 268,974	$ 11,423,586
2003 SPLOST					
Debt service - Public Building Authority	$ 15,750,000	$ 15,750,000	$ 1,723,578	$ 1,538,846	$ 3,262,424
2008 SPLOST					
Judicial Facilities	$ 14,000,000	$ 14,000,000	$ -	$ 93,348	$ 93,348
Water & Sewer Infrastructure Expansion	4,000,000	4,000,000	-	-	-
Library Facilities	4,000,000	4,000,000	-	-	-
Roads & Bridges	3,000,000	3,000,000	-	-	-
Administrative Facilities	1,000,000	1,000,000	-	-	-
Public Safety Vehicles	1,376,000	1,376,000	-	-	-
Park & Recreation Facilities	1,000,000	1,000,000	-	985,575	985,575
Industrial Development Property	1,000,000	1,000,000	-	-	-
Fire Protection Facilities	600,000	600,000	-	-	-
Public Warning System	250,000	250,000	-	-	-
Public Works Equipment	250,000	250,000	-	-	-
E911 Equipment	240,000	240,000	-	-	-
City of Dahlonega Water Treatment Facilities	4,284,000	4,284,000	-	-	-
Total 2008 SPLOST	$ 35,000,000	$ 35,000,000	$ -	$ 1,078,923	$ 1,078,923

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AGENCY FUNDS

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

Tax Commissioner –to account for the collection of all property taxes which are disbursed to other taxing units.

Sheriff – to account for collection of cash bonds, fines, forfeitures and other fees which are disbursed to other parties.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Clerk of Courts
Probate Court
Magistrate Court

LUMPKIN COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007

ASSETS	Tax Commissioner	Sheriff	Clerk of Courts	Probate Court	Magistrate Court	Total
Cash	$ 3,122,924	$ 12,079	$ 167,319	$ 4,975	$ 1,403	$ 3,308,700
Taxes receivable	9,247,564	-	-	-	-	9,247,564
Accounts receivable	-	9,718	-	-	-	9,718
Total assets	$ 12,370,488	$ 21,797	$ 167,319	$ 4,975	$ 1,403	$ 12,565,982
LIABILITIES						
Due to others	$ 3,122,924	$ 21,797	$ 167,319	$ 4,975	$ 1,403	$ 3,318,418
Uncollected taxes	9,247,564	-	-	-	-	9,247,564
Total liabilities	$ 12,370,488	$ 21,797	$ 167,319	$ 4,975	$ 1,403	$ 12,565,982

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LUMPKIN COUNTY, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Tax Commissioner				
ASSETS				
Cash	$ 4,830,091	$ 13,839,800	$ (15,546,967)	$ 3,122,924
Taxes receivable	-	9,247,564	-	9,247,564
Total assets	$ 4,830,091	$ 23,087,364	$ (15,546,967)	$ 12,370,488
LIABILITIES				
Due to others	$ 4,830,091	$ 13,839,800	$ (15,546,967)	$ 3,122,924
Uncollected taxes	-	9,247,564	-	9,247,564
Total liabilities	$ 4,830,091	$ 23,087,364	$ (15,546,967)	$ 12,370,488
Sheriff				
ASSETS				
Cash	$ 10,651	$ 146,211	$ (144,783)	$ 12,079
Accounts receivable	-	9,718	-	9,718
Total assets	$ 10,651	$ 155,929	$ (144,783)	$ 21,797
LIABILITIES				
Due to others	$ 10,651	$ 155,929	$ (144,783)	$ 21,797
Total liabilities	$ 10,651	$ 155,929	$ (144,783)	$ 21,797
Clerk of Courts				
ASSETS				
Cash	$ 385,306	$ 2,341,795	$ (2,559,782)	$ 167,319
Total assets	$ 385,306	$ 2,341,795	$ (2,559,782)	$ 167,319
LIABILITIES				
Due to others	$ 385,306	$ 2,341,795	$ (2,559,782)	$ 167,319
Total liabilities	$ 385,306	$ 2,341,795	$ (2,559,782)	$ 167,319

LUMPKIN COUNTY, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007
Probate Court				
ASSETS				
Cash	$ 6,910	$ 341,068	$ (343,003)	$ 4,975
Total assets	$ 6,910	$ 341,068	$ (343,003)	$ 4,975
LIABILITIES				
Due to others	$ 6,910	$ 341,068	$ (343,003)	$ 4,975
Total liabilities	$ 6,910	$ 341,068	$ (343,003)	$ 4,975
Magistrate Court				
ASSETS				
Cash	$ 6,136	$ 37,639	$ (42,372)	$ 1,403
Total assets	$ 6,136	$ 37,639	$ (42,372)	$ 1,403
LIABILITIES				
Due to others	$ 6,136	$ 37,639	$ (42,372)	$ 1,403
Total liabilities	$ 6,136	$ 37,639	$ (42,372)	$ 1,403
Total Agency Funds				
ASSETS				
Cash	$ 5,239,094	$ 16,706,513	$ (18,636,907)	$ 3,308,700
Taxes receivable	-	9,247,564	-	9,247,564
Accounts receivable	-	9,718	-	9,718
Total assets	$ 5,239,094	$ 25,963,795	$ (18,636,907)	$ 12,565,982
LIABILITIES				
Due to others	$ 5,239,094	$ 16,716,231	$ (18,636,907)	$ 3,318,418
Uncollected taxes	-	9,247,564	-	9,247,564
Total liabilities	$ 5,239,094	$ 25,963,795	$ (18,636,907)	$ 12,565,982

LUMPKIN COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - HOSPITAL AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2007

	Hospital Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers and service providers	$ (59,063)
Net cash used in operating activities	(59,063)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	63,602
Net cash provided by investing activities	63,602
Net increase in cash and cash equivalents	4,539
Cash and cash equivalents:	
Beginning of year	115,402
End of year	$ 119,941
Reconciliation of operating loss to net cash used in operating activities:	
Operating (loss)	$ (52,851)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts payable	(6,212)
Net cash used in operating activities	$ (59,063)
NON-CASH INVESTING ACTIVITIES	
Unrealized gain on investments	$ 40,858

STATISTICAL SECTION

This part of Lumpkin County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Page

Financial Trends 74-79

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 80-83

These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

Debt Capacity 84-86

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information ..... 87 and 88

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 89-91

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The government implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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LUMPKIN COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	$ 49,013	$ 45,080	$ 42,989	$ 40,372	$ 39,257
Restricted	11,783	9,734	7,321	5,732	3,528
Unrestricted	3,489	5,757	4,947	5,508	7,697
Total governmental activities net assets	$ 64,285	$ 60,571	$ 55,257	$ 51,612	$ 50,482
Business-type activities					
Invested in capital assets, net of related debt	$ 834	$ 870	$ 849	$ 548	$ 544
Restricted	-	-	-	-	-
Unrestricted	(440)	(430)	(321)	(446)	(464)
Total business-type activities net assets	$ 394	$ 440	$ 528	$ 102	$ 80
Primary government					
Invested in capital assets, net of related debt	$ 49,847	$ 45,950	$ 43,838	$ 40,920	$ 39,801
Restricted	11,783	9,734	7,321	5,732	3,528
Unrestricted	3,049	5,327	4,626	5,062	7,233
Total primary government net assets	$ 64,679	$ 61,011	$ 55,785	$ 51,714	$ 50,562

LUMPKIN COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
General government	$ 2,742	$ 2,589	$ 2,276	$ 2,297	$ 1,921
Judicial system	2,409	2,097	2,139	1,789	1,679
Public safety	7,845	7,326	6,680	6,268	5,764
Public works	2,489	2,275	2,096	2,125	1,741
Health and welfare	556	451	480	463	401
Culture and recreation	1,413	1,343	1,225	1,243	1,106
Housing and development	629	923	481	521	550
Interest on long-term debt	819	883	730	791	803
Total governmental activities expenses	18,902	17,887	16,107	15,497	13,965
Business-type activities:					
Solid Waste	143	93	130	511	514
Total business-type activities expenses	143	93	130	511	514
Total primary government expenses	$ 19,045	$ 17,980	$ 16,237	$ 16,008	$ 14,479
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,242	$ 869	$ 691	$ 514	$ 660
Judicial system	603	764	536	(670)	930
Public safety	1,660	1,601	2,165	1,611	1,238
Public works	4	9	5	9	22
Health and welfare	27	15	14	12	11
Culture and recreation	283	366	278	306	254
Housing and development	59	580	521	395	299
Operating grants and contributions	885	738	1,001	438	506
Capital grants and contributions	1,800	2,451	1,768	1,337	400
Total governmental activities program revenues	6,563	7,393	6,979	3,952	4,320
Business-type activities:					
Charges for services:					
Solid waste	43	33	15	290	423
Operating grants and contributions	-	-	-	50	127
Capital grants and contributions	-	-	150	77	-
Total business-type activities program revenues	43	33	165	417	550
Total primary government program revenues	$ 6,606	$ 7,426	$ 7,144	$ 4,369	$ 4,870
Net (expense)/revenue					
Governmental activities	$ (12,339)	$ (10,494)	$ (9,128)	$ (11,545)	$ (9,645)
Business-type activities	(101)	(60)	35	(94)	36
Total primary government net expense	$ (12,440)	$ (10,554)	$ (9,093)	$ (11,639)	$ (9,609)

(continued)

LUMPKIN COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	$ 7,976	$ 7,251	$ 6,005	$ 5,859	$ 5,726
Sales taxes	6,276	6,105	5,127	5,060	4,578
Insurance premium taxes	844	802	765	717	662
Other taxes	204	691	570	574	545
Unrestricted investment earnings	749	569	378	241	250
Unrestricted grants and contributions	-	331	292	284	272
Gain on sale of capital assets	-	32	-	42	(89)
Transfers	(54)	27	(364)	(102)	52
Total governmental activities	15,995	15,808	12,773	12,675	11,996
Business-type activities:					
Unrestricted investment earnings	-	-	-	-	-
Unrestricted grants and contributions	-	-	27	-	-
Gain on sale of capital assets	-	-	-	14	-
Transfers	54	(27)	364	102	(52)
Total business-type activities	54	(27)	391	116	(52)
Total primary government	$ 16,049	$ 15,781	$ 13,164	$ 12,791	$ 11,944
Change in Net Assets					
Governmental activities	$ 3,656	$ 5,314	$ 3,645	$ 1,130	$ 2,351
Business-type activities	(46)	(87)	426	22	(16)
Total primary government	$ 3,609	$ 5,227	$ 4,071	$ 1,152	$ 2,335

LUMPKIN COUNTY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2007	2006	2005
General fund			
Reserved	$ 463	$ 493	$ 433
Unreserved	3,796	4,834	3,549
Total general fund	$ 4,259	$ 5,327	$ 3,982
All other governmental funds			
Reserved	$ 11,830	$ 9,320	$ 7,006
Unreserved, reported in:			
Special revenue funds	468	454	369
Capital projects funds (1)	(1,107)	122	405
Total all other governmental funds	$ 11,191	$ 9,896	$ 7,780

(1) The decrease in 2007 is primarily due to expenditures on capital projects that will be funded by the new SPLOST. However, the County had not received any of revenues from the new SPLOST as of year end.

Data for 1998 and 1999 is not available.

2004	2003	2002	2001	2000
$ 296	$ 303	$ 249	$ 113	$ -
4,431	4,407	4,403	3,433	(4,433)
$ 4,727	$ 4,710	$ 4,652	$ 3,546	$ (4,433)
$ 5,451	$ 3,528	$ 7	$ 2,760	$ 6
				28
271	232	239	250	749
397	774	3,692	2,067	-
$ 6,119	$ 4,534	$ 3,938	$ 5,077	$ 783

LUMPKIN COUNTY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2007	2006	2005	2004
Revenues				
Taxes	$ 15,773	$ 14,928	$ 12,516	$ 12,108
Licenses and permits	345	475	431	320
Fines and forfeitures	513	660	500	710
Charges for services	2,797	3,206	3,147	2,860
Interest income	749	569	378	241
Intergovernmental	1,136	1,558	1,295	1,450
Contributions and donations	129	229	100	46
Miscellaneous	224	61	9	3
Total revenues	21,666	21,686	18,376	17,738
Expenditures				
General government	2,546	2,325	2,162	1,894
Judicial	2,400	1,823	1,864	1,779
Public safety	7,504	6,912	6,285	5,918
Public works	1,285	1,017	1,148	1,268
Health and welfare	534	435	459	441
Culture and recreation	1,297	1,228	1,123	1,158
Housing and development	608	906	462	499
Intergovernmental	-	48	79	-
Capital outlay (1)	3,578	1,957	1,915	2,177
Debt service				
Principal	1,021	901	863	382
Interest	860	999	752	797
Other charges	-	-	-	-
Total expenditures	21,633	18,551	17,112	16,313
Excess (deficiency) of revenues over (under) expenditures	33	3,135	1,264	1,425
Other financing sources (uses)				
Transfers in	2,812	1,586	1,985	1,567
Transfers out	(2,867)	(1,559)	(2,349)	(1,669)
Issuance of debt	90	254	16	238
Sale of capital assets	-	45	-	41
Total other financing sources (uses)	36	326	(348)	177
Net change in fund balances	$ 69	$ 3,461	$ 916	$ 1,602
Debt service as a percentage of noncapital expenditures	10.4%	11.4%	10.6%	8.3%
Total debt service expenditures	1,881	1,900	1,615	1,179
Total non-capital expenditures	18,055	16,594	15,197	14,136

(1) Capital outlay varies from year to year depending on the capital projects being conducted by the County at a particular time.

Information for 1998 is not available.

2003	2002	2001	2000	1999
$ 11,526	$ 11,288	$ 10,664	$ 10,038	$ 8,009
252	219	192	185	191
649	701	747	646	714
2,482	1,816	1,765	1,316	2,216
250	362	427	198	115
988	1,728	989	3,152	905
26	66	15	19	-
48	38	65	6	-
16,221	16,218	14,864	15,560	12,150
1,797	1,822	1,640	1,900	2,137
1,668	1,342	1,127	1,103	866
5,399	5,048	4,283	4,002	3,887
889	902	779	3,877	1,154
382	363	373	420	189
1,032	991	1,102	2,847	1,085
528	581	453	415	-
-	-	-	-	-
2,517	4,097	7,326	6,453	7,903
939	2,247	3,253	832	45
821	896	588	394	201
-	-	173	-	-
15,972	18,289	21,097	22,243	17,467
249	(2,071)	(6,233)	(6,683)	(5,317)
5,008	356	1,524	1,546	981
(4,956)	(393)	(1,749)	(1,170)	(1,570)
325	2,009	18,703	1,282	3,952
29	65	28	216	167
406	2,037	18,506	1,874	3,530
$ 655	$ (34)	$ 12,273	$ (4,809)	$ (1,787)
13.1%	22.1%	29.1%	7.8%	2.6%
1,760	3,143	4,014	1,226	246
13,455	14,192	13,771	15,790	9,564

LUMPKIN COUNTY, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST EIGHT FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Insurance Premium Tax	Real Estate & Recording Tax	Alcoholic Beverage Tax	Other Taxes	Total
2000	$ 4,471	$ 4,753	$ 448	$ 158	$ -	$ 208	$ 10,038
2001	5,329	4,364	560	245	-	166	10,664
2002	5,709	4,484	618	318	4	155	11,288
2003	5,681	4,578	662	356	87	162	11,526
2004	5,757	5,060	717	326	95	153	12,108
2005	6,054	5,127	765	323	113	134	12,516
2006	7,330	6,105	802	365	152	174	14,928
2007	8,449	6,276	844	-	162	43	15,773

Note: Other taxes include business & occupation and franchise taxes.

Some 2007 tax revenues were reclassified to follow the DCA Uniform Chart of Accounts. Information for 1998 and 1999 is not available.

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LUMPKIN COUNTY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Real Property				Personal Property			
		Residential	Commercial	Agricultural	Public Utilities	Motor Vehicles	Mobile Homes	Equipment	Other (1)
1999	1998	$ 127,066,318	$ 39,564,657	$ 162,650,245	$ 13,954,274	$ 35,907,690	$ 5,318,232	$ 38,612,093	$ 531,326
2000	1999	144,967,533	44,445,004	161,939,968	14,816,265	35,907,690	13,751,616	46,884,766	614,440
2001	2000	163,998,318	47,145,111	168,281,848	14,767,237	44,647,326	14,925,415	47,626,618	406,962
2002	2001	184,407,416	52,311,066	171,451,684	14,169,659	52,472,220	16,165,149	49,131,529	668,864
2003	2002 (2)	322,215,146	86,423,689	340,720,539	18,162,514	58,968,290	16,669,213	49,198,398	528,600
2004	2003	350,210,951	90,440,227	340,521,525	18,168,976	60,684,780	17,771,901	41,873,900	364,564
2005	2004	380,502,691	91,404,475	341,344,010	19,223,476	58,705,170	15,148,984	41,696,433	267,607
2006	2005	421,998,678	110,055,207	341,215,830	20,006,951	60,957,260	14,576,647	43,822,195	703,204
2007	2006	474,080,110	120,224,834	337,166,386	21,026,349	59,890,060	11,341,763	44,433,206	268,079
2008	2007 (2)	651,531,386	146,096,729	533,335,219	22,070,588	52,606,340	10,774,781	50,235,688	603,959

Source: Georgia Department of Revenue, Property Tax Division

Note: Property in the County is assessed annually. The County assesses property at approximately 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per $1,000 of assessed value.

(1) Includes timber and heavy equipment.
(2) There was a property revaluation in 2002 and 2007 that substantially increased real property values.

Less: Exemptions		Total Taxable	Total Direct	Estimated Actual	Assessed Value as a Percentage
Real	Personal	Assessed Value	Tax Rate	Taxable Value	of Actual Value
$ 40,694,141	$ 6,421,395	$ 376,489,299	9.890	$ 941,223,248	40.00%
41,308,155	12,222,396	409,796,731	9.750	1,024,491,828	40.00%
35,184,915	9,005,373	457,608,547	11.590	1,144,021,368	40.00%
44,120,090	11,418,272	485,239,225	11.995	1,213,098,063	40.00%
108,111,559	9,985,715	774,789,115	7.483	1,936,972,788	40.00%
119,884,220	4,129,275	796,023,329	7.308	1,990,058,323	40.00%
125,057,626	4,975,697	818,259,523	7.277	2,045,648,808	40.00%
130,276,501	5,080,217	877,979,254	8.052	2,194,948,135	40.00%
135,628,116	4,824,375	927,978,296	8.346	2,319,945,740	40.00%
250,849,126	5,350,388	1,211,055,176	6.912	3,027,637,940	40.00%

LUMPKIN COUNTY, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
(Per $1,000 of Assessed Value)
LAST TEN FISCAL YEARS

Tax Year	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Lumpkin County rates										
Unincorporated	6.912	8.346	8.052	7.277	7.308	7.483	11.995	11.590	9.750	9.890
Incorporated	7.724	9.385	9.068	8.275	8.275	8.360	13.150	12.740	11.020	11.020
Special services (reservoir)	0.187	0.226	0.411	-	-	-	-	-	-	-
Municipal rates										
Dahlonega	3.959	4.370	3.620	2.867	2.900	2.931	3.883	3.986	4.000	4.000
Board of Education										
Maintenance & Operations	11.860	14.190	14.190	14.250	13.250	13.250	16.750	16.000	16.000	15.670
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total Unincorporated	19.209	23.012	22.903	21.777	20.808	20.983	28.995	27.840	26.000	25.810
Total Incorporated	23.793	28.195	27.128	25.642	24.675	24.791	34.033	32.976	31.270	30.940

Source: Georgia Department of Revenue, Property Tax Division

LUMPKIN COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

	2007			1998		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Inland Container Corporation	$ 13,507,065	1	1.12 %	$ 5,196,529	2	1.45 %
Torrington Company	10,332,038	2	0.85	1,820,047	9	0.51
Owens Valley Farm LP	9,895,648	3	0.82	-		-
Southern Cross Ranch LLC	8,850,636	4	0.73	-		-
Dunn Lowell S & Betty L	7,729,594	5	0.64	-		-
Windstream Standard Inc	6,414,883	6	0.53	-		-
Turner Clinton	6,284,263	7	0.52	-		-
Noblin Enda A Estate	6,199,048	8	0.51	-		-
Georgia Power Company	5,466,273	9	0.45	1,846,744	8	0.51
R Ranch in the Mtn	4,661,581	10	0.38	2,197,005	7	0.61
Standard Telephone Company	-		-	5,459,030	1	1.52
Jacoby Lingergh Prop LLC	-		-	2,605,289	3	0.72
Burlington Inds Inc	-		-	2,547,721	4	0.71
Amicalola EMC	-		-	2,427,703	5	0.68
Walmart Supercenter #25	-		-	2,230,622	6	0.62
Green, Sherman	-		-	1,633,815	10	0.45
	$ 79,341,029		6.55 %	$ 27,964,505		7.78 %

Source: Lumpkin County Tax Commissioner

LUMPKIN COUNTY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Tax Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Pct. of Levy		Amount	Percentage of Levy
2000	1999	$ 4,134	$ 817	19.76 %	$ 3,317	$ 4,134	100.00 %
2001	2000	5,221	899	17.22	4,320	5,219	99.96
2002	2001	5,613	4,390	78.21	1,220	5,610	99.95
2003	2002	6,048	1,696	28.04	4,345	6,041	99.88
2004	2003	5,811	4,718	81.19	1,085	5,803	99.86
2005	2004	6,149	4,976	80.92	1,161	6,137	99.80
2006	2005	7,270	5,988	82.37	1,239	7,227	99.41
2007	2006	7,762	6,615	85.22	995	7,610	98.04
2008	2007	7,722	2,719	35.21	-	2,719	35.21

Information for 1998 is not available.

LUMPKIN COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Capital Leases	Notes Payable			
2000	$ 144	$ 4,807	$ 4,951	1.07 %	$ 236
2001	116	20,285	20,401	4.18	928
2002	293	20,158	20,451	4.04	902
2003	238	19,599	19,837	3.89	847
2004	172	19,522	19,694	3.65	849
2005	93	18,743	18,836	3.11	774
2006	32	18,157	18,189	2.68	714
2007	-	17,357	17,357	2.55	654

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics within this section for personal income and population data.

Information for 1998 and 1999 is not available.

LUMPKIN COUNTY, GEORGIA

RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
LAST EIGHT YEARS
(amounts expressed in thousands)

Fiscal Year	General Obligation Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2001	$ 15,750	$ 2,753	$ 12,997	1.14 %	$ 591
2002	13,635	-	13,635	1.12	602
2003	12,770	3,528	9,242	0.48	395
2004	12,455	5,451	7,004	0.35	302
2005	11,660	7,006	4,654	0.23	191
2006	10,820	9,320	1,500	0.07	59
2007	9,920	9,920	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Information for 1998 amd 1999 is not available; there was not general obligation debt outstanding in 2000.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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LUMPKIN COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST EIGHT FISCAL YEARS
(amounts expressed in thousands)

	2007	2006	2005
Debt limit	$ **106,843**	$ 100,826	$ 94,332
Total net debt applicable to limit	**-**	10,820	11,660
Legal debt margin	$ **106,843**	$ 90,006	$ 82,672
Total net debt applicable to the limit as a percentage of debt limit	**0%**	11%	12%

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	$	927,978
Add back: exempt real property		140,452
Total assessed value		1,068,431
Debt limit (10% of total assessed value)		106,843
Debt applicable to limit:		
General obligation debt		9,920
Less: Amount set aside for repayment of general obligation debt		(9,920)
Total net debt applicable to limit		-
Legal debt margin	$	106,843

Note: Information for 1998 and 1999 not available.

2004	2003	2002	2001	2000
$ 91,591	$ 88,290	$ 52,936	$ 49,279	$ 45,110
12,455	12,770	13,635	15,750	-
$ 79,136	$ 75,520	$ 39,301	$ 33,529	$ 45,110
14%	14%	26%	32%	0%

LUMPKIN COUNTY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Median Age	School Enrollment (3)	Unemployment Rate (4)
1998	19,709	$ 402,418	$ 20,418	N/A	3,049	3.2 %
1999	20,547	426,001	20,733	N/A	3,191	2.2
2000	21,016	460,986	21,935	32.5	3,163	1.8
2001	21,976	487,603	22,188	N/A	3,232	2.3
2002	22,665	506,699	22,356	N/A	3,413	2.9
2003	23,412	510,499	21,805	N/A	3,497	2.5
2004	23,185	540,164	23,298	N/A	3,520	3.5
2005	24,324	606,370	24,929	N/A	3,675	4.5
2006	25,462	679,170	26,674	N/A	3,721	4.1
2007	26,554	679,543	25,591	N/A	3,344	4.2

Data sources:

(1) Bureau of the Census

(2) Federal Bureau of Economic Analysis (amounts expressed in thousands); most current data available is 2006

(3) School District

(4) State Department of Labor

LUMPKIN COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND ONE YEAR AGO
(as of December 31)

	2007			2006		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
North Georgia College & State Univ	$ 697	1	11.04 %	$ 697	1	11.06 %
Lumpkin County Board of Education	615	2	9.74	615	2	9.76
Mohawk Industries	350	3	5.54	350	3	5.56
Lumpkin County Government	286	4	4.53	286	4	4.54
Wal-Mart	265	5	4.20	265	5	4.21
Timken US Corporatin	251	6	3.97	251	6	3.98
Chestatee Regional Hospital	223	7	3.53	223	7	3.54
RefrigiWear, Inc.	110	8	1.74	110	8	1.75
Southern Switches Corp	968	9	15.33	-		-
The Home Depot	92	10	1.46	92	9	1.46
Hidden Lake Academy	-		-	83	10	1.32
	$ 3,857		61.08 %	$ 2,972		47.18 %

Sources: State Department of Commerce.
Information prior to 2006 is not available.

LUMPKIN COUNTY, GEORGIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST FOUR FISCAL YEARS

	2007	2006	2005	2004
Function				
General government	57	60	55	49
Public Safety			95	90
Sheriff				
Officers	68	65	-	-
Civilians	8	8	-	-
Emergency		2	-	-
Fire				
Firefighters and officers	22	2	-	-
Civilians	14	19	-	-
Judicial	20	18	19	20
Public works	22	15	18	22
Culture and recreation	17	19	13	13
Housing and development	1	1	1	1
Total	229	209	201	195

Source: County Budget Office

Information for 1998 - 2003 is not available.

LUMPKIN COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS

	2007	2006	2005	2004	2003	2002	2001	2000
Function								
Sheriff								
Traffic violations	2,992	2,111	2,169	2,245	2,175	2,991	2,603	2,961
Fire								
Number of calls answered	3,344	3,141	1,893	1,645	1,488	1,153	1,073	989
Inspections conducted	1,004 (1)	369	215	96	67	41	35	24
Highways and streets								
Street resurfacing (miles)	11	23	5	36	13	33	15	94
Sanitation								
Refuse collected (tons/day)	33	34	26	22	N/A	N/A	N/A	N/A
Recyclables collected (tons/day)	1	1	-	N/A	N/A	N/A	N/A	N/A

Source: County departments
Note: Indicators are not available prior to 2000, and are not available for any functions other than those listed above.
N/A - Information is not available.
(1) - The County established a new inspection program in 2007 resulting in an increase in the number of inspections conducted.

LUMPKIN COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2007	2006	2005	2004	2003	2002	2001	2000
General government								
Buildings	13	13	11	11	11	9	7	6
Vehicles	5	5	4	3	3	3	2	2
Small equipment	24	20	21	21	19	17	15	13
Public safety								
Buildings	6	5	5	5	5	5	5	4
Vehicles								
Fire/pumper trucks	13	13	13	12	10	10	8	8
Other Fire Dept. vehicles	5	5	4	3	3	3	3	2
Ambulance/rescue	5	4	6	6	6	5	5	5
Sheriffs vehicles	39	35	32	25	20	13	12	10
Other public safety vehicles	3	3	2	2	1	1	1	1
Equipment	49	41	40	38	32	31	28	27
Judicial								
Small equipment	6	6	15	15	15	13	13	13
Public works								
Buildings	3	3	2	2	2	2	2	2
Vehicles								
Road Department	15	20	24	24	24	24	24	24
Building Inspector	6	6	5	5	5	3	3	3
Other	3	2	2	1	1	1	1	-
Small equipment	1	1	-	-	-	-	-	-
Heavy equipment	35	35	30	29	28	26	26	24
Health and welfare								
Buildings	2	2	2	2	2	2	1	1
Culture and recreation								
Buildings	5	5	5	5	5	5	5	5
Vehicles	5	5	4	4	4	2	2	2
Equipment	10	10	10	8	7	7	6	6

Source: Various County departments
Note: Capital asset indicators are not available prior to 2000.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of 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 (the "County") as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 9, 2008. We did not audit the financial statements of the Lumpkin County Department of Public Health. Those financial statements were audited by other auditors whose reports have been furnished to us. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-8 to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2007-1 through 2007-5 and 2007-8 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2007-9.

We noted certain matters that we reported to management of the County in a separate letter dated June 9, 2008.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 9, 2008

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Lumpkin County, Georgia
Dahlonega, Georgia

Compliance

We have audited the compliance of Lumpkin County, Georgia (the "County") 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, 2007. The County'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 the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County'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, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2007-10.

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-10 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. The significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, as item 2007-10, are considered to be material weaknesses.

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

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
June 9, 2008

LUMPKIN COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Program	16.607	FY2005	$ 2,800
Passed through Criminal Justice Coordinating Council:			
Victim's Assistance	16.575	2005-VA-GX-0050	7,779
Victim's Assistance	16.575	2006-VA-GX-0052	53,428
Victim's Assistance	16.575	2007-VA-GX-0050	18,465
			79,672
Violence Against Women Grant	16.588	2006-WF-AX-0025	33,540
Passed through Council of Juvenile Court Judges:			
Purchase of Services - Juvenile Offenders Program	16.523	04B-ST-0001	1,701
Purchase of Services - Juvenile Offenders Program	16.523	05B-ST-0001	2,030
			3,731
Total U.S. Department of Justice			119,743
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Georgia Department of Natural Resources:			
Recreational Trails Program	20.219	NRT-02(11)	5,480
Passed through Georgia Department of Transportation:			
State and Community Highway Safety	20.500	MTG00-0123-00-0052	29,260
Total U.S. Department of Transportation			34,740
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Georgia Department of Community Affairs:			
Community Development Block Grant	14.228	07p-y-093-1-3295	3,275
Total U.S. Department of Housing and Urban Development			3,275
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Georgia Department of Human Resources:			
Title III, Part B	93.044	427-93-06060328-99	16,448
Title III, Part C1, C2	93.045	427-93-06060328-99	27,066
Total Aging Cluster			43,514
Social Services Block Grant	93.667	427-93-06060328-99	2,634
Total U.S. Department of Health and Human Services			46,148
U.S. DEPARTMENT OF HOMELAND SECURITY			
Assistance to Firefighters Grant	97.044	2007-62-063RE-63000000-4101-R	267,210
Assistance to Firefighters Grant	97.044	2007-M7-0001F-25000000-4101-D	40,909
			308,119
Passed through Georgia Emergency Management Agency:			
Emergency Management Performance Grant	97.042	FY2007	10,000
Community Emergency Response Teams	97.053	FY2004	504
Total U.S. Department of Homeland Security			318,623
Total Expenditures of Federal Awards			$ 522,529

See accompanying note to schedule of expenditures of federal awards.

LUMPKIN COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

BASIS OF PRESENTATION

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

LUMPKIN COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting: Material weaknesses identified?	_X_ yes ___ no
Significant deficiencies identified not considered to be material weaknesses?	_X_ yes ___ no
Noncompliance material to financial statements noted?	_X_ yes ___ no

Federal Awards

Internal Control over major programs: Material weaknesses identified?	_X_ yes ___ no
Significant deficiencies identified not considered to be material weaknesses?	___ yes _X_ none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	_X_ yes ___ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
97.044	Assistance to Firefighters Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	___ yes _X_ no

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2007-1. Restatements of Prior Year Balances

Criteria: Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of the County.

Condition: Internal controls were not sufficient to detect material misstatements in the County's financial statements for the year ended December 31, 2006.

Context/Cause: During our audit for the year ended December 31, 2007, several material misstatements were identified that caused the need to restate financial statement balances reported as of and for the year ended December 31, 2006. The nature and magnitude of these corrections for prior period errors are as follows:

- State of Georgia law and the State of Georgia Uniform Chart of Accounts requires that certain activities in a county government be reported as special revenue funds. During our audit, it was noted that several accounts existed that were not being properly reported in special revenue funds of the County. The accounts were properly reported for the year ended December 31, 2007, causing adjustments totaling approximately $101,000 in the Special Programs Fund with an effect on opening fund balance of $5,531, and an adjustment to the opening fund balance of the Technology Fees Fund of $48,037.
- The Capital Projects Fund incorrectly reported $104,000 of long-term debt as of December 31, 2006. This amount should not have been recorded at the fund level, and only recognized at the government-wide level. An audit adjustment to opening fund balance as of December 31, 2006 was required.
- Net assets for governmental activities in the County's government-wide financial statements as of December 31, 2006 required restatement in the amount of $58,068 as a result of the adjustments described above.

Effects: The above errors created additional audit procedures to be required for several balances of the County as stated in its December 31, 2006 financial statements. Prior period restatements caused the need for adjustments in excess of $150,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-1. Restatements of Prior Year Balances (Continued)

Recommendation: We recommend the County carefully review the financial statements and their applicable reporting requirements under generally accepted accounting principles and the State of Georgia Uniform Chart of Accounts to ensure that all information and financial data is being properly reported. We also recommend the County work with the elected officials to obtain the activity for the decentralized cash accounts in order to record this activity on the County's general ledger on a monthly basis.

Auditee's Response: We were unaware of this requirement as these accounts had been passed in previous audits. We will work with the Elected Officials to obtain the necessary information to make sure the financial statements are properly stated.

2007-2. Expenditures/Expenses and Related Liabilities

Criteria: Generally expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the County's expenditures/expenses and related liabilities.

Context/Cause: During our testing of expenditures/expenses, certain audit adjustments were required to correct current year amounts. The nature of these adjustments are as follows:

- Accounts payable and the related expenditures required an adjustment in the approximate amount of $1,430 in the Capital Projects fund. This adjustment was needed to include liabilities and expenditures that existed at December 31, 2007, but were improperly excluded.
- Compensated absences and related expenses required an adjustment in the approximate amount of $300 in the Solid Waste Fund as the liability had not been recorded and maintained on the general ledger. This adjustment was required to properly record a liability for accrued vacation as of December 31, 2007.
- The liability for landfill postclosure costs in the Solid Waste Fund required adjustments of over $15,000 to correctly report the balance as of December 31, 2007.

Effects: Audit adjustments totaling approximately $16,730 were needed to correctly report expenditures/expenses and the related liabilities.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-2. Expenditures/Expenses and Related Liabilities (Continued)

Recommendation: We recommend the County carefully review all expenditures/expenses and related liabilities to ensure all necessary transactions are reported in the proper period and in the proper fund.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures/expenses and the related liabilities are properly recorded.

2007-3. Receivables and Revenues

Criteria: Internal controls should be in place to ensure that the amounts reported as receivables and revenues are appropriate and properly valued.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the County's revenues and receivables.

Context/Cause: During our testing, certain audit adjustments were required to correct current year amounts. The nature of these adjustments are as follows:

- Revenues, receivables, and deferred revenue in the General Fund required adjustments totaling approximately $4,200,000 to correctly report balances relating to property taxes received and receivable.
- Revenues, receivables, and deferred revenue in the Debt Service Fund required adjustments totaling approximately $110,000 to correctly report balances relating to property taxes received and receivable.
- Revenues, deferred revenue, and allowance for uncollectibles required adjustment in the General Fund in the approximate amount of $1,700,000 for the improper reporting of fines revenue in accordance with GASB Statement 33.
- Receivables and revenues in the General Fund were adjusted by approximately $125,000 to properly report amounts due to the General Fund from the Clerk of Court.
- An adjustment was proposed in the amount of $25,902 to correctly report revenue and deferred revenue relating to grant activity in the General Fund; however, this adjustment was considered and passed by the County due to its immateriality to the financial statements.
- An adjustment was also proposed in the amount of $14,588 to correctly report revenue and receivables relating to grant activity in the Multiple Grant Fund; however, this adjustment was considered and passed by the County due to its immateriality to the financial statements

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-3. Receivables and Revenues (Continued)

Effects: Total misstatements were approximately $6,175,000 for receivables and revenues for the year ended December 31, 2007.

Recommendation: We recommend the County carefully review all revenues and receivables to ensure they are reported in the proper reporting period, properly valued, and in accordance with generally accepted accounting principles.

Auditee's Response: The previous audit firm had always handled the recording of deferred revenue, revenues, and receivables from the Tax Commissioner's Office. The County staff had no knowledge of how this procedure had been calculated in the past which accounts for the largest portion of this finding. We will take the necessary steps in the future to ensure that revenues and receivables are properly recorded. We will also work with the Elected Officials to obtain the necessary information to record their receivables at year end.

2007-4. Long-Term Debt

Criteria: Governmental funds generally should not recognize long-term debt at the fund level of reporting.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the County's fund level liabilities.

Context/Cause: During our audit of the Capital Projects Fund, we noted the County had incorrectly recorded long-term debt for governmental fund level reporting. Adjustments totaling over $240,000 were required to remove the debt and related balances from the Capital Projects Fund.

Effects: Audit adjustments totaling approximately $240,000 were needed to correctly report liabilities.

Recommendation: We recommend the County carefully review all liabilities to ensure that they are reported in accordance with generally accepted accounting principles.

Auditee's Response: As this recording had passed in previous years, we had no knowledge of the requirement. We will take the necessary steps in the future to ensure that all liabilities are properly recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-5. Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: Appropriate segregation of duties does not exist among custody, receipting, recording, distribution, reconciliation of cash accounts and other operational functions in the offices of the Probate Court, Magistrate Court, Clerk of Court, Sheriff's Office, and Tax Commissioner.

Context: Several instances of overlapping duties were noted during interviews regarding internal control procedures.

Effects or possible effects: Failure to properly segregate duties among custody, recording, distribution, and reconciliation of accounts can lead to misappropriation of funds that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Cause: The failure in segregation of duties is mostly due to the limited number of individuals in each office to perform all of the duties.

Recommendation: We recommend the County segregate duties relative to the custody, receipting, recording, distribution, and reconciliation of accounts.

Auditee's Response: We will review our operations to determine the most efficient and effective solution to properly segregate duties.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-6. Unidentified Funds (Constitutional Offices)

Criteria: All constitutional offices must have a proper function of receiving funds, recording the receipt of funds, and timely and properly remitting such funds to the appropriate parties upon their disposition in accordance with State of Georgia laws.

Condition: For the year ended December 31, 2007, we noted that the Clerk of Court, Tax Commissioner, and Sheriff's Office (inmates account) had approximately $3,300, $1,500, and $2,600, respectively, in bank accounts for which no comprehensive detail listing was available to identify to whom the funds were owed.

Context/Cause: During our testing of the County's agency funds, we noted the following funds for which the County did not know to whom the amounts were owed:

- The Clerk of Court did not have a subsidiary detail of approximately $1,700 of the approximate $30,000 cash balance in the Superior Court Civil account.
- The Clerk of Court did not have a subsidiary detail of approximately $600 of the approximate $3,000 cash balance in the Magistrate Court Civil account.
- The Clerk of Court did not have a subsidiary detail of approximately $1,000 of the approximate $1,300 cash balance in the Juvenile Court account.
- The Tax Commissioner did not have a subsidiary detail of approximately $1,500 of the nearly $5,100,000 of cash on hand.
- The Sheriff's inmate account did not have a subsidiary detail of approximately $2,600 of the nearly $2,800 cash balance in the Pending Confiscations account.

Effects: By not reconciling the cash balances to the supporting detail listings of amounts payable, differences could occur and go undetected by the respective offices. Additionally, this will create difficulties for the proper tracking, maintenance and disbursement of these funds.

Recommendation: We recommend the respective offices make every effort to determine who the proper payee(s) are for these funds and disburse the funds as quickly as possible. If the payee cannot be determined, consultation with the County Attorney is recommended. Additionally, we recommend the proper maintenance and reconciliation of detail subsidiary listings on a monthly basis going forward.

Auditee's Response: The Elected Officials were not made aware of any discrepancies in their accounts by the previous audit firm most likely due to immateriality of the amounts. This finding has been corrected and in the future detail listings will be reconciled to the cash balances on hand.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-7. Maintenance of General Ledger by Magistrate Court

Criteria: A proper system of internal controls requires that books of original entry be maintained and periodically balanced.

Condition: The Magistrate Court does not maintain any form of general ledger to account for its operations.

Context/Cause: During our audit of the Magistrate Court, we noted there is no general ledger or other system to create a trail of transactions for the location and correction of errors as well as to create a system of checks and balances for the account activity.

Effects: Without a general ledger, there is a greater likelihood for errors or misstatements to occur and not be detected in a timely manner. In addition, it is more difficult to determine amounts owed at any point in time for proper disbursement and reconciliation to the amount of cash on hand.

Recommendation: We recommend the Magistrate Court maintain a general ledger to account for its operations, and the general ledger should be reconciled to subsidiary listings on a regular basis.

Auditee's Response: We concur with the finding. We will establish a general ledger to account for the operations of the Magistrate Court.

2007-8. Recording of Capital Assets

Criteria: Internal controls should be in place to ensure that assets meeting the County's capital asset threshold and requirements are recorded in the County's capital asset records.

Condition: Internal controls were not sufficient to detect omissions in the recording of capital assets.

Context/Cause: During our testing of capital grant expenditures, certain audit adjustments were required to correct current year amounts. The nature of these adjustments are as follows:

- Assets totaling approximately $50,000 were found to have been omitted from the capital asset records and were subsequently added and accounted for.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-8. Recording of Capital Assets (Continued)

Effects: Audit adjustments totaling approximately $50,000 were needed to correctly report capital assets. A breakdown in the controls over this function creates the potential for larger amounts to be omitted which could result in material misstatement to the financial statements.

Recommendation: We recommend the County review the procedures for recording capital assets to ensure that internal controls are adequate to prevent omissions.

Auditee's Response: We concur with the finding. We will review our procedures for recording capital assets and make any changes we determine are necessary to prevent omissions.

2007-9. Collateralization of Deposits

Criteria: Policies should be in place requiring all financial institutions holding cash deposits to be properly insured and, or collateralized at all times throughout the fiscal year.

Condition: At December 31, 2007, deposits of the County totaling approximately $2.26 million held at a financial institution were not fully collateralized or insured in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

Context/Cause: The County's deposits were not properly categorized as public funds, therefore were not adequately collateralized by the financial institution.

Effects: The failure of a financial institution to fully collateralize or insure the County's deposits could result in financial loss to the County should the financial institution fail.

Recommendation: We recommend the County ensure that all deposits are properly categorized as public funds by the financial institution and that the deposits are adequately insured and, or collateralized throughout the fiscal year.

Auditee's Response: We concur with the finding and were unaware of the problem since it had passed in previous years. We will ensure that all deposits are properly categorized as public funds and adequately insured and, or collateralized throughout the year.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2007-10. Recording of Capital Assets Purchased with Grant Fund

Federal Program Information: CFDA No. 97.044
Assistance to Firefighters Program
U.S. Department of Homeland Security

Criteria: Internal controls should be in place to ensure that assets meeting the County's capital asset threshold and requirements are recorded in the County's capital asset records and that assets purchased with federal funds are properly identified as such.

Condition: Internal controls were not sufficient to detect omissions in the recording of capital assets purchased with grant funds, and assets purchased with federal funds are not properly identified within the capital asset records.

Context/Cause: During our testing of capital grant expenditures, assets totaling approximately $50,000 were found to have been omitted from the capital asset records and were subsequently added and accounted for. In addition, capital assets purchased with federal funds are not separately identified within the capital assets records.

Effects: If assets purchased with federal funds are not properly recorded and categorized in the County's records, it is possible that the County would not be able to identify these assets if subsequently sold in order to consider any amounts owed back to the federal agency. Additionally, a breakdown in the controls over this function creates the potential for larger amounts to be omitted which could result in material noncompliance with federal award requirements.

Questioned Costs: None noted.

Recommendation: We recommend the County review the procedures for recording capital assets and categorizing those purchased with federal funds to ensure that internal controls are adequate to ensure compliance with federal award requirements.

Auditee's Response: We concur with the finding. We will review our procedures for recording and categorizing capital assets and make any changes we determine are necessary to prevent noncompliance. We have since coded our assets purchased with grant funds for easier identification.

LUMPKIN COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

The prior audit's schedule of findings and questioned costs included no findings relative to federal awards.

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