WARREN COUNTY, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2008

BERRY & ASSOCIATES, P.C.

Certified Public Accountants

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WARREN COUNTY, GEORGIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, aggregate discretely presented component units, and the aggregate remaining fund information of Warren County, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Warren County, Georgia's nonmajor governmental funds presented in the accompanying combining and individual fund financial statements and schedules as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of Warren County, Georgia's management. Our responsibility is to express an opinions on these financial statements based on our audit. We did not audit the financial statements of the Warren County Health Department discretely presented component unit which represent one-tenth percent (0.1%) of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units is based on the report of other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the 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 Warren County, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Warren County, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008, on our consideration of Warren County, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 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.

Management's discussion and analysis and the schedules of funding progress for the Retirement System on pages 6 through 14 and pages 51 and 52, are not required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires 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.

Berry & Associates, P.C.

December 19, 2008

WARREN COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
JUNE 30, 2008

As Management of Warren County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the County for the fiscal year ended June 30, 2008. This discussion and analysis does include comparative data for prior years, as this information is now available subsequent to the implementation of Governmental Accounting Standards Board (GASB) Statement Number 34.

FINANCIAL HIGHLIGHTS

- The County's assets exceeded its liabilities by $62,544,258 (net assets) for the year ended June 30, 2008.

- Total net assets are comprised of the following:
  (1) Capital assets, net of related debt, of $58,815,109 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  (2) Net assets of $1,616,783 are restricted by constraints imposed from outside the County such as debt covenants, grantors, laws, or regulations.
  (3) Unrestricted net assets of $2,112,366 represent the portion available to maintain the County's continuing obligations to citizens and creditors.

- The County's governmental funds reported total ending fund balances of $3,366,546 this year. This compares to the prior year fund balance of $3,677,985 showing a decrease of $311,439 during the current year. Unreserved fund balance of $1,460,997 at June 30, 2008 shows a $43,059 increase from the prior year.

- At the end of the current fiscal year, unreserved fund balance for the General Fund was $1,460,997 or 43.6% of total General Fund expenditures.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

For many years, the primary focus of local government financial statements has been summarized by fund type information presented on a current financial resources basis. Governmental Accounting Standards Board Statement 34 (GASB 34) has modified this presentation by presenting two kinds of statements, each with a different picture of the County's financial operation. These statements focus on the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the County's overall financial health. The fund financial statements, which have been included in the past, focus on the individual components of County government and report the County's operations in greater detail than the government-wide presentations.

Government-wide financial statements. These statements present financial information about the County as a whole. When evaluating the County's overall financial health it is appropriate to present information to determine "Is the County as a whole better or worse off as a result of the current year's activities?" The Statement of Net Assets and the Statement of Activities provide a response to this question. These statements, prepared under the full-accrual basis of accounting, present information

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

about all assets and liabilities of the County in a manner similar to the consolidated business statements for private companies.

Under this basis, all of the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Assets reflects the County's net assets at the end of the fiscal year. The net assets of the County are the difference between assets: what the citizens own, and liabilities: what the citizens owe. Over time, increase or decreases in the County's net assets become an indicator in determining if the County's financial health is improving or declining. However, a comprehensive evaluation of the County's financial health should also include other non-financial information such as changes in the County's property tax base and the condition of the County's capital assets (roads, bridges, water, etc).

The Statement of Activities reflects the changes in the County's net assets that occurred during the fiscal year. These changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Accordingly, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (i.e., uncollected property taxes).

The government-wide financial statements are divided into two types of activities:

Governmental Activities. These activities of the County include general government, public safety, judicial, public works, health and welfare, libraries/recreation, and housing and development. These activities are principally supported by property taxes, sales taxes, and insurance premium taxes and franchise fees.

Business-type Activities. The County charges fees to recover all or some of the costs associated with providing certain services. The County's water services are reported here.

The government-wide financial statements are located on pages 15 and 16 of this report.

Reporting the County's Most Significant Funds

Fund Financial Statements. Experienced readers of governmental financial statements will find these financial statements most familiar. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Most of the County's basic services are reported in governmental funds that focus on how money flows in/out of the fund and balances remaining at year-end that are available for spending in future years. The narrower focus of the governmental funds allows the reader to compare the information presented for each fund with similar information presented for governmental activities in the government-wide financial statements. This comparison allows the reader to better understand the long-term impact of the County's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances

Reporting the County's Most Significant Funds
Financial Statements (Continued)

provided a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two perspectives.

The basic governmental fund financial statements are presented on pages 17 – 19 of this report.

Individual fund information for non-major governmental funds is found in combining statements on pages 53 and 54 of this report.

Proprietary (enterprise) funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water system activities. The water fund began operating in January 2007. Proprietary funds financial statements can be found on pages 21 – 23.

Fiduciary funds consist solely of trust and agency funds, are used to account for resources held for the benefit of parties within and outside the County. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the County's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary funds financial statements can be found on pages 25 – 28 of this report.

Notes To The Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 29 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the county's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the General fund, special revenue funds and capital project funds where applicable.

Other Supplementary Information

This section includes budgetary comparison schedules for all other governmental funds. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statement. Combining and individual comparative statements and schedules for their non-major funds are presented in this section of this report beginning on page 53.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets - As noted earlier, net assets may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by approximately $63 million for the fiscal year ended June 30, 2008.

The largest portion of the County's net assets (93.0%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses its capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its 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.

The County's net assets at June 30, 2008 are $62,544,258. The following table provides a summary of the County's net assets: Summary of Net Assets.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	$ 3,544,341	$ 4,034,010	$ 299,369	$ 220,844	$ 3,843,710	$ 4,254,854
Capital assets	56,870,454	57,089,406	2,955,511	3,017,608	59,825,965	60,107,014
Total assets	60,414,795	61,123,416	3,254,880	3,238,452	63,669,675	64,361,868
Liabilities						
Current liabilities	158,200	357,578	9,759	9,486	167,959	367,064
Long-term liabilities	486,633	425,994	470,824	479,626	957,457	905,620
Total liabilities	644,833	783,572	480,583	489,112	1,125,416	1,272,684
Net assets:						
Invested in capital assets, Net of related debt	56,339,221	56,605,089	2,475,888	2,529,458	58,815,109	59,134,547
Restricted	1,404,074	2,260,047	212,709	134,951	1,616,783	2,394,998
Unrestricted	2,026,667	1,474,798	85,700	84,931	2,112,367	1,559,729
Total net assets	$ 59,769,962	$ 60,339,934	$ 2,774,297	$ 2,749,340	$ 62,544,259	$ 63,089,274

Summary of Net Assets (continued)

The County maintains a high current ration. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities as June 30, 2008 is 22.4 to 1 which compares to 11.3 to 1 at June 30, 2007.

The County reported positive balances in net assets for governmental activities and business-type. Net assets in 2008 decreased $569,973 for governmental activities and increased by $24,957 for business-type activities. The County's overall financial position decreased, approximately four-tenth of a percent during the fiscal year 2008.

Note that approximately 94.1% of the governmental activities net assets are invested in capital assets. The County uses their capital assets to provide service to its citizens. The County also has invested 89.3% in business-type capital assets. Capital assets in the business-type activities will provide water service and will generate revenue for these funds.

Financial Indicators and Ratios
The following financial indicators and ratios can be used to assist the reader in assessing the financial strength of the County. When used in conjunction with other financial information contained in this report, these indicators help users assess the County's financial strengths and weaknesses.

Working Capital - is the difference between current assets and current liabilities. Sources of working capital are income from operating activities, sales of non-current assets or the issuance of long-term debt. Uses of working capital include losses from operating activities, purchase of non-current assets or retirement of long-term debt. The working capital of the County is $3,675,750, which consists of $3,386,140 from governmental activities and $289,610 from business-type activities. This represents a (5.4%) decrease in working capital over last year. This decrease resulted entirely form expenditures exceeding revenue in the County's governmental and business-type activities.

Current Ratio - is the ratio of total current assets to current liabilities. This ratio is an indicator of the County's ability to meet its short-term obligations, and is expressed as current assets divided by current liabilities. The County's current ratio is 22.9 on a County-wide basis, 22.4 for governmental activities and 30.7 for business-type activities. More simply stated the County has $22.88 of current assets for each $1.00 of current liabilities on a County-wide basis. Last year, the County had $11.59 of current assets for each $1.00 of current liabilities on a County-wide basis. While last year the business-type ratio had $23.28 current liabilities for each $1.00 of current asset.

Days Cash and Investments in Reserve - represents the number of days that normal operations of the County could continue with no revenue collections. The results of this ratio indicate that the County could operate 230 days on a County-wide basis. This is an increase over last year, when the County could operate for 265 days on a County-wide basis.

Total Liabilities to Net Assets - This ratio, expressed as a percentage, compares the total obligations (liabilities) of the County to current equity (net assets). It represents the extent to which borrowing has been used to finance short-term operations. Total liabilities to net assets for the County is 1.8% on a County-wide basis, 1.1% for governmental activities and 17.3% for business-type activities. Last year, the ratio of total liabilities to net assets was 2.0% County-wide, 1.1% for governmental activities and 18.3% for business-type activities.

Reporting the County's Most Significant Funds (Continued)

Total Liabilities to Total Assets - The ratio compares the total obligations of the County to total assets. It is an indicator of the level of borrowing that has been used to finance operations of the County on a long-term basis. Total liabilities to total assets for the County is 1.8% on a County-wide basis, 1.1% for governmental activities, and 14.8% for business-type activities. Last year total liabilities compared to total assets was 2.0% County-wide 1.3% for governmental activities and 15.1% for business-type activities.

The following table provides summary of the County's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
Revenues:	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Program revenues:						
Charges for services	$ 1,375,401	$ 1,347,650	$ 44,634	$ 45,163	$ 1,420,035	$ 1,392,813
Operating grants and contributions	111,857	73,647	-	-	111,857	73,647
Capital grant	0	0	0	0	0	0
General revenues:						
Property tax	2,235,280	2,166,780	-	-	2,235,280	2,166,780
Sales tax	810,261	754,264	62,418	77,629	872,679	831,893
Unrestricted investment earnings	93,854	125,798	598	287	94,452	126,085
Other/transfers	(31,663)	(51,859)	31,663	51,859	0	0
Total Revenues	$ 4,594,990	$ 4,416,280	$ 139,313	$ 174,938	$ 4,734,303	$ 4,591,218
Program Expenses:						
General government	772,301	959,332	-	-	772,301	959,332
Public safety	1,508,332	1,322,434	-	-	1,508,332	1,322,434
Judicial	373,767	344,565	-	-	373,767	344,565
Public works	1,631,095	1,642,424	-	-	1,631,095	1,642,424
Health & welfare	172,345	185,361	-	-	172,345	185,361
Library & recreation	75,085	66,309	-	-	75,085	66,309
Housing & developmen	607,809	196,680	-	-	607,809	196,680
Interest on debt	24,228	22,299	-	-	24,228	22,299
Water	-	-	114,356	134,361	114,356	134,361
Total expenses	5,164,962	4,739,404	114,356	134,361	5,279,318	4,873,765
Changes in net assets	(569,972)	(323,124)	24,957	40,577	(545,015)	(282,547)
Net assets, July 1	60,339,934	60,663,058	2,749,340	2,708,763	63,089,274	63,371,821
Net assets, June 30	$ 59,769,962	$60,339,934	$ 2,774,297	$2,749,340	$ 62,544,259	$63,089,274

GOVERNMENTAL REVENUES

The County is heavily reliant on property taxes to support governmental operations. Property taxes for year ended June 30, 2008 provided 2.2 million or 48% of the County's total governmental revenues as compared to 49% in 2006. Sales taxes revenue was approximately 0.81 million of revenues or 17% as compared to a similar amount in 2007.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and the public works functions make up approximately 61% or $3.14 million of the total governmental activities expenses. General government totals over $0.77 million.

This table presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

Governmental Activities

	2008		2007	
	Total cost of service	Net Cost of service	Total cost of service	Net Cost of service
General government	$ 772,301	$ 640,396	$ 959,332	$ 939,166
Public safety	1,508,332	1,075,863	1,322,434	917,974
Judicial	373,767	(44,667)	344,565	21,680
Public works	1,631,095	1,202,267	1,642,424	1,042,103
Health & welfare	172,345	96,723	185,361	114,256
Library & recreation	75,085	75,085	66,309	66,309
Housing & development	607,809	607,809	196,680	194,320
Interest on debt	24,228	24,228	22,299	22,299
Total assets	$ 5,164,962	$ 3,677,704	$ 4,739,404	$ 3,318,107

After reducing gross expenses by program revenues, public safety totals 29.3% of the net cost of services and public works totals 32.7% of these costs. The primary revenue stream that reduced total cost of service were charges for services.

Business-Type Activities

As stated previously, the water system is in its second year of operation. Revenue generated from water services totaled $44,634 for the year ended June 30, 2008 as compared to $45,167 for year ended June 30, 2007.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statement with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $3,366,546. Of this year-end total, $1,460,997 is unreserved indicating availability for continuing county service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include $1,905,549 set aside for specific program purposes and capital projects.

The total ending fund balances of governmental funds show a decrease of ($311,439).

Major Governmental Funds

The General Fund

The General fund is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased $43,059.

Some of the more notable changes in expenditures at June 30, 2008 follow. The general government function decreased ($185,939) in 2008. As noted, public safety had an increase of approximately $223,226. Public works expenditures decreased ($46,051) in 2008.

All other functional costs had modest increases with those of the prior year totaling approximately $118,961.

The unreserved fund balance (i.e. the amount available for future spending), and is considered adequate, representing the equivalent of 42% of annual expenditures.

Budgetary Highlights

The General Fund

The revenue budget for 2008 was decreased approximately ($15,470) for the year. However, the County realized 101% of the final estimated revenues and the actual expenditures increased a similar amount. General government, judicial, public safety, public works, and housing and development functions expenditures exceeded those authorized budgets.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 was $64,057,749. The following table provides a summary of capital asset activity.

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 426,839	$ 426,839	$ -	$ -	$ 426,839	$ 426,839
Building & improvements	5,143,383	5,097,072	-	-	5,143,383	5,097,072
Vehicles & equipment	5,321,761	5,149,813	-	-	5,321,761	5,149,813
Infrastructure	50,060,900	50,060,900	-	-	50,060,900	50,060,900
Contracts in progress	-	36,175	-	-	-	36,175
Utility systems	-	-	3,104,866	3,104,866	3,104,866	3,104,866
	$ 60,952,883	$ 60,770,799	$ 3,104,866	$ 3,104,866	$ 64,057,749	$ 63,875,665

The county investment in capital assets increased for the year ended June 30, 2008 by $237,748. The capital assets additions were for vehicles, equipment and road infrastructure for the governmental activities and water system development for the business-type activities. The allocation of the assets by function is as follows:

Governmental activities	
Public safety	$ 224,488
Library	13,260
	237,748
Business-type activities	
Water system infrastructure	0
	$ 237,748

The funds provided to acquire capital assets for the Governmental activities functions were from reserve funds and a Georgia DOT Grant.

Additional information on the County capital assets can be found on pages 38 through 40 and long term debt on pages 40 through 42, respectively.

Economic Conditions Affecting the County

Warren County is located approximately 45 miles west of Augusta, GA (Interstate 20) and approximately 100 miles east of Atlanta. The County's population is currently estimated at 6,300. The County has been experiencing low to moderate growth. The County's leadership and management team work with Local Industrial Development Authority to attract commercial business and industry to locate in the County.

Contacting the County's Financial Management

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Board of commissioners of Warren County, P.O. Box 46, Warrenton, Georgia 30828.

WARREN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current assets				
Cash & cash equivalents	$ 3,007,010	$ 62,376	$ 3,069,386	$ 182,659
Receivables, net				
Taxes	204,852	-	204,852	-
Accounts/notes		4,183	4,183	83,613
Sales taxes	67,327	-	67,327	-
Other	221,448	-	221,448	-
Due from other governments	63,805	-	63,805	-
Internal balances	(20,101)	20,101	-	-
Restricted assets				
Cash and cash equivalent	-	212,709	212,709	-
Receivables	-	-	-	7,500
Total current assets	3,544,341	299,369	3,843,710	273,772
NONCURRENT ASSETS				
Capital assets				
Land	426,839	-	426,839	-
Buildings & improvements	5,143,383	-	5,143,383	1,375,363
Vehicle & equipment	5,321,761	-	5,321,761	-
Infrastructure	50,060,900	-	50,060,900	-
Water system	-	3,104,866	3,104,866	-
Construction in progress				
Less accumulated depreciation	(4,082,429)	(149,355)	(4,231,784)	(365,098)
Total noncurrent assets	56,870,454	2,955,511	59,825,965	1,010,265
Total assets	$ 60,414,795	$ 3,254,880	$ 63,669,675	$ 1,284,037

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Current liabilities				
Accounts payable	$ 60,000	$ -	$ 60,000	$ 18,151
Accrued expenses	5,000	960	5,960	-
Due to other governments	48,570	-	48,570	-
Current portion of long-term debt	44,630	8,799	53,429	24,504
Total current liabilities	158,200	9,759	167,959	42,655
LONG TERM LIABILITIES				
Obligations for accrued compensated absences	-	-	-	8,890
Long term debt, net of current portion	486,633	470,824	957,457	98,488
Total long term liabilities	486,633	470,824	957,457	107,378
Total liabilities	644,833	480,583	1,125,416	150,033
Net assets				
Invested in capital assets, net of related debt	56,339,221	2,475,888	58,815,109	887,273
Restricted for:				
Capital projects	789,779	150,036	939,815	-
Program Purposes	614,295	62,673	676,968	28,052
Unrestricted	2,026,667	85,700	2,112,367	218,679
Total net assets	$ 59,769,962	$ 2,774,297	$ 62,544,259	$ 1,134,004

WARREN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Business-type Activities	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Total	Component Units
Primary Government								
Governmental Activities								
General government	$ 772,301	$ 20,048	$ 111,857	$ -	$ (640,396)	$ -	$ (640,396)	$ -
Judicial	373,767	418,434	-	-	44,667	-	44,667	-
Public safety	1,508,332	432,469	-	-	(1,075,863)	-	(1,075,863)	-
Public works (highways & streets)	1,631,095	428,828	-	-	(1,202,267)	-	(1,202,267)	-
Health & welfare	172,345	75,622	-	-	(96,723)	-	(96,723)	-
Library & recreation	75,085	-	-	-	(75,085)	-	(75,085)	-
Housing & development	607,809	-	-	-	(607,809)	-	(607,809)	-
Interest on long term debt	24,228	-	-	-	(24,228)	-	(24,228)	-
Total Governmental Activities	5,164,962	1,375,401	111,857	0	$ (3,677,704)	$ 0	$ (3,677,704)	$ 0
Business-Type Activities								
Water	114,356	44,634	-	-	-	(69,722)	(69,722)	-
Total Business-Type Activities	114,356	44,634	0	0	0	(69,722)	(69,722)	0
Total Primary Government	$ 5,279,318	$ 1,420,035	$ 111,857	$ 0	$ (3,677,704)	$ (69,722)	$ (3,817,148)	$ 0
Component Units								
Warren County Development Authority	$ 64,190	$ 32,004	$ 71,700	$ 30,000				69,514
Warren County Health Department	195,673	28,389	141,014	25,201				(1,069)
Total Component Units	$ 259,863	$ 60,393	$ 212,714	$ 55,201				68,445
General revenues								
Property taxes					2,052,342	-	2,052,342	-
Sales taxes					395,724	-	395,724	-
Special purpose local option sales tax					414,537	62,418	476,955	-
Insurance premium taxes					182,216	-	182,216	-
Franchise, beer & wine tax					722	-	722	-
Unrestricted investment earnings					93,854	598	94,452	3,618
Transfers					(31,663)	31,663	-	-
Total general revenues and transfers					3,107,732	94,679	3,202,411	3,618
Change in Net Assets					(569,972)	24,957	(545,015)	72,063
Net Assets - beginning of year					60,339,934	2,749,340	63,089,274	1,061,941
Net Assets - ending of year					$ 59,769,962	$ 2,774,297	$ 62,544,259	$ 1,134,004

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008
(WITH COMPARATIVE TOTALS AT JUNE 30, 2007)

	2008								2007
	General Fund	Economic Development	Landfill Fund	Roads & Bridges Fund	Sales Tax Distribution Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Fund	Total Governmental Funds
Assets									
Cash & Cash Equivalent	$ 999,038	$ 244,777	$ 366,862	$ 337,003	$ 184,070	$ 501,475	$ 373,785	$ 3,007,010	$ 3,505,036
Receivables:									
Accounts	221,449	-	-	-	-	-	9,732	231,181	379,780
Property tax, net	195,120	-	-	-	-	-	-	195,120	56,860
Sales tax	67,327	-	-	-	-	-	-	67,327	58,923
Due from other funds	-	22,088	-	72,157	-	-	34,310	128,555	259,806
Due from other governments	-	-	-	-	-	-	3,361	3,361	1,589
Due from others	60,444	-	-	-	-	-	-	60,444	72,615
Total Assets	$ 1,543,378	$ 266,865	$ 366,862	$ 409,160	$ 184,070	$ 501,475	$ 421,188	$ 3,692,998	$ 4,334,609
Liabilities and fund balance									
Liabilities									
Accounts payable	-	-	-	-	-	-	60,000	60,000	116,045
Accrued expenditures	5,000	-	-	-	-	-	-	5,000	96,999
Deferred revenue	64,225	-	-	-	-	-	-	64,225	56,860
Due to other governments	10,946	-	-	-	37,624	-	-	48,570	86,121
Due to other funds	2,210	-	-	-	146,446	-	-	148,656	300,599
Total liabilities	82,381	0	0	0	184,070	0	60,000	326,451	656,624
Fund Balance									
Reserved for:									
Program purposes	-	-	-	-	-	-	35,732	35,732	29,463
Unreserved, and									
Undesignated reported in:									
General fund	1,460,997	-	-	-	-	-	-	1,460,997	1,417,938
Capital projects	-	266,865	-	409,160	-	-	113,754	789,779	1,192,106
Special revenue	-	-	366,862	-	-	501,475	211,702	1,080,039	1,038,478
Total fund balance	1,460,997	266,865	366,862	409,160	0	501,475	361,188	3,366,547	3,677,985
Total liabilities and fund balance	$ 1,543,378	$ 266,865	$ 366,862	$ 409,160	$ 184,070	$ 501,475	$ 421,188	$ 3,692,998	$ 4,334,609

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances – Governmental funds	$ 3,366,547
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	
Cost of capital assets	60,952,883
Accumulated depreciation	(4,082,429)
Liabilities, including notes payable are not due and payable in current period and are not reported in the funds	
Capitalized lease payable	(40,828)
Note payable	(490,435)
Certain tax revenue that was earned and accrued in the current period but not received after 60 days is deferred in the fund statement but recognized under full accrual	64,224
Interfund receivables and payables between governmental funds are reported on the fund balance sheet but eliminated on the government-wide statement of net assets	
Interfund receivables	146,446
Interfund payables	(146,446)
Net assets of Governmental activities	$ 59,769,962

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE TOTALS AT JUNE 30, 2007)

	2008							2007
	General Fund	Economic Development	Landfill Fund	Roads & Bridges Fund	Revolving Loan Fund	Other Governmental Funds	Total Governmental Fund	Total Governmental Funds
Revenues								
Taxes	$ 2,642,455	$ 70,382	$ -	$ 220,624	$ -	$ -	$ 2,933,461	$ 2,737,483
Permits & Licenses	11,260	-	-	-	-	-	11,260	12,144
Intergovernmental	111,857	-	-	425,461	-	104,719	642,037	767,666
Charges for Service	453,273	-	-	-	-	152,648	605,921	622,824
Fines & Forfeitures	283,890	-	-	-	-	46,868	330,758	188,203
Use of money and property	48,659	5,943	16,827	6,144	8,837	7,444	93,854	125,798
Other	-	-	-	-	-	7,509	7,509	3,127
Total revenues	3,551,394	76,325	16,827	652,229	8,837	319,188	4,624,800	4,457,245
Expenditures								
Current Operating								
General government	761,496	-	-	-	-	-	761,496	947,435
Public safety	1,102,555	-	-	-	-	297,046	1,399,601	1,236,196
Judicial	311,800	-	-	-	-	7,637	319,437	327,393
Public works	712,029	-	-	-	-	-	712,029	1,734,112
Health & Welfare	162,143	-	-	-	-	-	162,143	162,478
Library and Recreation	78,333	-	-	-	-	-	78,333	56,429
Housing & Development	241,812	-	-	-	-	-	241,812	229,813
Capital Outlays	-	198,791	-	740,140	-	169,672	1,108,603	992,207
Debt service								
Principal	-	-	-	-	-	96,893	96,893	58,413
Interest	-	-	-	-	-	24,228	24,228	19,853
Total Expenditures	3,370,168	198,791	0	740,140	0	595,476	4,904,575	5,764,329
Excess (deficiency) of revenues over expenditures	181,226	(122,466)	16,827	(87,911)	8,837	(276,288)	(279,775)	(314,877)
Other financial sources (uses)								
Transfers in (out)	(138,167)	-	-	(67,836)	-	174,340	(31,663)	(51,859)
Total other financing sources and (uses)	(138,167)	-	-	(67,836)	-	174,340	(31,663)	(51,859)
Net changes in fund balances	43,059	(122,466)	16,827	(155,747)	8,837	(101,948)	(311,438)	(366,736)
Fund balance								
Beginning of year	1,417,938	389,331	350,035	564,907	492,638	463,136	3,677,985	4,044,721
End of year	$ 1,460,997	$ 266,865	$ 366,862	$ 409,160	$ 501,475	$ 361,188	$ 3,366,547	$ 3,677,985

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Net change in Fund Balance – Total governmental funds		$ (311,438)
Governmental funds report capital outlays as expenditures, however, in the statement of net assets, the cost of those assets are capitalized and they are depreciated over the estimated useful lives as depreciation expense. The difference is the amount by which capital outlay, exceeded depreciation expense in the current period.		
Capital outlays	237,748	
Depreciation expense	(456,790)	
		(219,042)
The issue of general long term debt is reported as other financing sources at the fund reporting line but is reported as a liability on the governmental - wide statement of assets.		
Repayment of capitalized lease is an expenditure in governmental funds, but the repayment reduced long term liabilities on the government-wide statement of net assets.		(46,855)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Property taxes:		
Deferral @ 6/30/07	(56,861)	
Deferral @ 6/30/08	64,224	
		7,363
Changes in net assets of governmental activities		$ (569,972)

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
PROPRIETARY FUND (WATER FUND)
COMPARATIVE STATEMENT OF NET ASSETS
JUNE 30, 2008 AND 2007

	Water Fund	
Assets	2008	2007
Current assets		
Cash in bank - operating account	$ 62,377	$ 41,461
Accounts receivable	4,183	3,639
Due from other funds	20,100	40,793
Total cash & other assets	86,660	85,893
Restricted assets		
Cash in bank - reserve fund USDA	4,599	2,477
Cash in bank - reserve fund GEFA	13,009	0
Cash in bank - sales tax fund for water project	150,036	80,825
Cash in bank - GEFA Funds	45,065	51,649
Total restricted assets	212,709	134,951
Total current assets	299,369	220,844
Utility System		
Water Distribution Facility	3,104,866	3,104,866
Accumulated depreciation	(149,355)	(87,258)
	2,955,511	3,017,608
Total assets	3,254,880	3,238,452
Liabilities and net assets		
Current liabilities		
Accrued Interest	960	962
Current maturities of long term debt	9,154	8,524
Total current liabilities	10,114	9,486
Long term debt		
Note payable, net of current maturities	470,469	479,626
Total long term debt	470,469	479,626
Total liabilities	480,583	489,112
Net assets		
Invested in capital assets, net of related debt	2,475,888	2,529,458
Restricted for debt service	17,608	2,477
Restricted for water project	195,101	132,474
Unrestricted	85,700	84,931
	$ 2,774,297	$ 2,749,340

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS (WATER FUND)
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Operating revenue		
Water revenue	$ 44,634	$ 45,163
Water tap		0
Total operating revenue	44,634	45,163
Operating expenses		
Materials & supplies	5,341	8,271
Water testing	1,323	5,494
Billing services	12,712	22,995
Water purchases	13,425	15,108
Equipment rental		0
Office expense, dues and fees	175	0
Depreciation	62,097	61,796
Total operating expenses	95,073	113,664
Operating income (loss)	(50,439)	(68,501)
Non operating revenue (expense)		
Sales tax revenue (SPLOST Funds)	62,418	77,629
Investment earnings	598	287
Interest expense	(19,283)	(20,697)
Total Non operating revenue (expenses)	43,733	57,219
Other financing sources (uses)		
Transfers in	31,663	51,859
Total other finance sources (uses)	31,663	51,859
Change in net assets	24,957	40,577
Net assets, beginning of year	2,749,340	2,708,763
Net assets, end of year	$ 2,774,297	$ 2,749,340

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (WATER FUND)
FOR THE YEARS ENDED JUNE 30, 2008

	2008	2007
Cash flows for operating activities:		
Cash received from customer	$ 44,090	$ 42,589
Cash payments for goods and services	(32,976)	(50,179)
Net cash provided by operating activities	11,114	(7,590)
Cash flows non capital financing activities:		
Operating transfer from other funds	31,663	51,859
	31,663	51,859
Cash flow from capital and related financing activities:		
Capital grant	0	0
Sales tax revenue (SPLOST fund)	83,111	46,215
Decrease in loans	(8,527)	(8,257)
Interest on loan	(19,285)	(19,735)
Construction of water distribution facility	0	0
Net cash provided in capital and related financing activities	55,299	18,223
Cash flow from investing activities:		
Investment earnings	598	287
Net cash provided by investing activities	598	287
Net (decrease) increase in cash and cash equivalents	98,674	61,090
Cash and cash equivalent, beginning of year	176,412	115,322
Cash and cash equivalent, end of year	$ 275,086	$ 176,412
Reconciliation of operating income to net cash (used by) operating activities:		
Operating income	(50,439)	(66,812)
Depreciation	62,097	61,796
Due from other funds		(2,574)
Accounts receivable	(544)	0
Retainage payable		0
Due to other funds		0
Net cash (used) by operating activities	$ 11,114	$ (7,590)

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - AGENCY FUNDS
JUNE 30, 2008

	Pension Funds	Agency Funds
Assets		
Cash and cash equivalents	$ -	$ 161,597
Investments at fair value		
Mutual Funds	515,134	-
Total assets	$ 515,134	$ 161,597
Liabilities		
Due to other governments	$ -	$ 80,172
Due to others	-	81,425
Total liabilities	-	$ 161,597
Net assets		
Held in trust for retirement benefits (present value of vested benefits $589,264)	$ 515,134	

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED JUNE 30, 2008

	Pension Funds
Addition	
Contribution - Employer	$ -
Net adjustment to fair value of investments	(5,500)
Total additions	(5,500)
Deductions	
Distributions	(14,211)
Total deductions	(14,211)
Changes in net assets	(19,711)
Net assets, beginning of year	534,845
Net assets, end of year	$ 515,134

Notes to the Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
COMBINING STATEMENT OF NET ASSETS
DISCREETLY PRESENTED COMPONENT UNITS
JUNE 30, 2008
(WITH COMPARATIVE TOTALS AT JUNE 30, 2007)

	Warren County Development Authority Enterprise Fund	Warren County Board of Health Fund	Totals 2008	Totals 2007
ASSETS				
Current assets				
Cash	$ 123,269	$ 59,390	$ 182,659	$ 254,198
Accounts receivable	71,700	11,913	83,613	76,055
Total current assets	194,969	71,303	266,272	330,253
Restricted assets				
Receivables	7,500	-	7,500	7,500
Total restricted assets	7,500	-	7,500	7,500
Capital assets				
Property & equipment	1,375,363	-	1,375,363	1,232,286
Less accumulated depreciation	(365,098)	-	(365,098)	(340,135)
Total capital assets, net	1,010,265	-	1,010,265	892,151
Total assets	1,212,734	71,303	1,284,037	892,151
LIABILITIES				
Current liabilities				
Accounts payable	-	18,151	18,151	-
Current liabilities payable from restricted assets - note payable	24,504	-	24,504	24,504
Total current liabilities	24,504	18,151	42,655	24,504
Long term liabilities				
Obligations for accrued compensated absences	-	8,890	8,890	0
Notes payable	98,488	-	98,488	122,922
Total long term liabilities	98,488	8,890	107,378	122,922
Total liabilities	122,992	27,041	150,033	122,922
Net assets				
Invested in capital assets, net of related debt	887,273	-	887,273	744,725
Reserve	-	28,052	28,052	0
Unreserve	202,469	16,210	218,679	292,412
Total net assets	$ 1,089,742	$ 44,262	$ 1,134,004	$ 1,037,137

Notes to Financial Statements are an integral part of this statement.

WARREN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTION/PROGRAM:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Warren Cty Development Authority	Net (Expenses) Revenue and Changes in Net Assets: Warren Cty Public Health Program	Total
Warren County Development Authority							
Governmental type activities	$ 64,190	$ 32,004	$ 71,700	$ 30,000	$ 69,514	$ -	$ 69,514
Warren County Public Health Program							
Governmental type activities							
Health and welfare	195,673	28,389	141,014	25,201	-	(1,069)	(1,069)
Total component units	$ 259,863	$ 60,393	$ 212,714	$ 55,201	69,514	(1,069)	68,445
General revenue							
Unrestricted investment earnings					3,618	-	3,618
Other					-	-	-
Total general revenue					3,618	0	3,618
Changes in net assets					73,132	(1,069)	72,063
Net assets, beginning of year					1,016,610	45,331	1,061,941
Net assets, end of year, restated					$ 1,089,742	$ 44,262	$ 1,134,004

Notes to the financial statements are an integral part of this statement.

WARREN COUNTY, GEORGIA
DISCRETELY PRESENTED COMPONENT UNIT
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash flows from operating activities:		
Cash received from customers	$ 62,004	$ 51,504
Cash payments to vendors	(31,728)	(16,125)
Net Cash Used by Operating Activities	30,276	35,379
Cash flows from noncapital financial activities:		
Operating contribution	60,000	60,000
Net Cash Used for Noncapital Financing Activities	60,000	60,000
Cash flows from capital & related financing activities:		
Acquisition of capital assets	(143,077)	(73,652)
Capital grant	0	0
Repayment on long term debt	(24,504)	(24,504)
Interest paid on long term debt	(7,500)	(7,500)
Net Cash Used for Capital and Related Financing Activities	(175,081)	(105,656)
Cash flows from investing activities:		
Proceeds from interest earnings	3,618	6,831
Net Cash Provided by Investing Activities	3,618	6,831
Net increase in cash and cash equivalents:	(81,187)	(3,446)
Cash and Cash Equivalents, beginning of year	204,455	207,901
Cash and Cash Equivalents, end of year	$ 123,268	$ 204,455
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating (loss) income	$ 5,313	$ 10,416
Depreciation	24,963	24,963
Net cash (used) provided by operating activities	$ 30,276	$ 35,379

Notes to the Financial Statements are an integral part of this statement.

WARREN COUNTY, GEORGIA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

Warren County, Georgia (the County) is a political subdivision of the State of Georgia and was formed in 1793. The County operates under a Commissioner form of government and is governed by a three member elected board of county commissioners, which is governed, by state statutes and regulations. There are certain elected officials whose operations are wholly included within the financial records and financial statements of the County. These elected officials include the Sheriff, Tax Commissioner, Probate Court Judge, Magistrate Court Judge, and Clerk of the Superior Court. The County's major services include general government, judicial, public safety, public works, health and welfare, library, recreation and housing and development.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is accepted standard-setting body for governmental accounting and financial reporting. The County also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, the government-wide proprietary fund financial statements level, provided they do not conflict with or contradict GASB pronouncements.

The most significant of the County's accounting policies are described below.

A. Financial Reporting Entity – Basis of Presentation

Primary Government

The County provides the following services: public safety, streets and highways, public improvements, judicial, health and welfare, and general and administrative services. The accompanying financial statements present the County's primary government and component units over which the County is financially accountable. Accountability is based primarily on operational or financial relationship with the County (as distinct from legal relationships).

Discretely Presented Component Units

In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units. The component units columns in the combined financial statements include the financial data of the County's two component units. These units are reported in a separate column to emphasize that they are legally separate from the County.

Warren County Development Authority

This Authority was created for the purpose of promoting and developing trade, commerce, industry, and employment opportunities within Warren County, Georgia. The members of its board of directors are appointed by the County and its primary source of revenue is from leasing real estate. The Warren County Development Authority, an Enterprise Fund, financial statements are included in the individual fund financial statements. The Warren County Development Authority does not issue separate financial statements.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Warren County Board of Health

The Warren County Board of Health receives funding from Warren County. Members of its governing board are appointed by the Warren County Board of Commissioners. The Warren County Board of Health, Special Revenue Fund, financial statements are included in the individual fund financial statements. Separate financial statements have been issued, and are available from the Warren County Board of Health located on Legion Drive in Warrenton, Georgia 30828.

B. Government-wide and Fund Financial Statements

The **government-wide financial statements** include the statement of net assets and statement of activities. Government-wide statements report, except for County fiduciary activity, information on all of the activities of the County and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. The primary government is reported separately from the component unit within the government-wide statements.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds, propriety funds, and fiduciary funds even though the latter excluded from the government-wide financial statements. The General Fund and Major Projects meet criteria as ***major governmental funds***. Each major fund is reported in separate columns in the fund financial statements. The combined amounts for these funds are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

The County's fiduciary funds (which have been refined and narrowed in scope) are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of timing and related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items recognized as revenue as soon as all eligibility requirements have been met.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund level 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable are due within the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the general operating fund of the County and is always classified as the major fund. The General fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, judicial, public welfare, health services, and capital acquisition.

The Economic Development Fund account is for the special local option sales tax revenue allocated for the promotion and development activities of the County.

Landfill Fund provides revenue for the purpose of maintaining the landfill that closed in 1994. For additional information, see Note XIII.

Road and Bridges Fund account is for the special local option sales tax revenue allocated for the purpose of maintaining and improving the road infrastructure in the County.

Revolving Loan Fund was created when a grant was received by the County for the purpose of providing funds by way of a loan to encourage industry to locate in the County. This fund accounts for the prepayment of the principal and interest on the loan.

Proprietary fund level financial statements are used to account for activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The County's only Proprietary Fund, the water fund, began operating in January 2006.

Nonmajor funds include special revenue and capital project funds.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Proprietary fund** is accounted for using the accrual basis of accounting as follows: Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred. Proprietary fund distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Items commonly included in the non-operating category are interest, contributions and operating grants.

Fiduciary fund level financial statements include agency funds which are used to account for assets held by the County as an agent for individuals, (i.e. pension participants), other governments and other funds. Agency funds do not involve a formal trust agreement. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments. State statues and the County's official Investment Policy authorize the County to invest in obligations of the U.S. Treasury, commercial paper, repurchase agreements, Banker's acceptances, money market mutual funds and direct obligations of the State of Georgia.

The County records investments at fair market value in accordance with provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. All investment income is recognized as revenue in the appropriate fund's statement of activity of revenues, expenditures and changes in fund balance.

2. Receivables and Payables

Property taxes were levied based on taxable value at January 1, 2007 and became due October 20, 2007 and past due after December 20, 2007. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Accounts receivables from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

3. Inventories and Prepaid Items

Inventories for all governmental funds are valued at cost. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are reported as assets.

4. Restricted Funds – Component Units

The Development Authority Enterprise Fund is required to establish and maintain prescribed amounts of resources (consisting of cash and long-term investments) that can be used only to service outstanding debt.

5. Capital Assets – Primary Government

Capital assets, which include land, buildings, and infrastructure assets (e.g., roads and bridges) are reported in the government-wide financial statements. Capital assets such as vehicles, furniture and equipment are defined as assets with a cost of $2,500 or more. Infrastructure assets include County-owned roads and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Capital assets except for infrastructure are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Furniture & Fixtures	5-7
General Equipment	5-10
Trucks & Ambulance	4-7
Cars	4-5
Computer Hardware	3-5
Distribution System	40-50

The County uses the modified approach to report its infrastructure assets in the government-wide statement of net assets. Infrastructure assets are listed at historical costs but they are not depreciated. Rather, under the modified approach allowed by GASB Statement No. 34, the County reports annual expenses for maintaining roads and highways and preserving them at a 2.5 level of a 4.0 scale.

6. Compensated Absences

Employees with one to five years of service are allowed nine sick leave days and nine days of vacation. After five years of service, vacation leave increases to three weeks. Employees can accumulate no more than nine days sick leave and nine days vacation in any year. The County will pay employees up to five days accumulated vacation pay annually. Any remaining

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

6. Compensated Absences (Continued)

accumulations up to the maximum allowable nine days must be taken as time off. Unused vacation leave is payable in full upon termination of employment. No compensation is available for unused sick leave. County policy requires accumulated amounts of sick leave to be carried over, not to exceed nine days.

At June 30, 2008, unrecorded General Fund accumulated unpaid vacation and sick pay was not material in amount and does not exceed normal years accumulation.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets.

8. Lease Obligations

The County leases various assets under capital lease agreements. In the government-wide financial statements, capital leases and the related lease obligations are reported as liabilities in the government-wide financial statements.

9. Unemployment Compensation Benefits

The County is a reimbursing employer for unemployment compensation benefits. Reimbursements are made on the basis of regular billings received from the Georgia Unemployment Commission.

10. Fund Balance

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. Designation of fund balance represents tentative management plans that are subject to change.

11. Net Assets

Net assets represent the difference between the assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets net of accumulated depreciation, plus any outstanding balances of borrowing not yet expended, but restricted for the acquisition constructions or improvement of those assets. All other assets are reported and unrestricted.

12. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Stewardship, Compliance and Accountability Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds on an accrual basis, except the General Fund is presented on a cash basis. All annual appropriations lapse at fiscal year end. Special revenue funds and capital project funds of Warren County are generally for the purchase of capital assets and short-term constructions projects respectively.

During the year proceeding the budget year, the County follows the below administrative and fiscal procedures in establishing the budgetary data reflected in the accompanying financial statements of the Governmental Funds:

- During June, the Chairman submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1.
- The Board of Commissioners holds public hearings, and during June, the Board adopts the budget. A balanced budget is required by law.
- Changes in and amendments to the adopted budget are approved during the course of the year, as long as reserves are available to fund these modifications.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget (Budgetary Basis) and Actual, for the General Fund, presents comparison of the legally adopted budget with actual operating results on a budgetary basis. Since the legally adopted budget is essentially on a cash basis, which differs significantly from GAAP, the actual data is similarly presented for comparison purposes. A reconciliation from the budgetary basis to GAAP basis is also presented in the statements. Encumbrance accounting, under which purchase orders and contracts are recorded in order to reserve that portion of the applicable appropriation, is not used by the County.

For the year ended June 30, 2008, expenditures exceeded appropriations in the General government, Judicial, public safety, public works, and housing and development of the General Fund by $24,510, $1,198, $22,388, $87,609 and $78,234 respectively. Also, expenditures exceeded appropriations in the funds listed below. These over expenditures were funded in available fund balance (reserve funds) in each of the above funds.

Emergency Service Fund	$ 21,143	Economic Development Fund	$ 122,466
Recreation Fund	102,982	Roads & Bridges Fund	87,911
Emergency 911 Fund	8,911		

NOTE II – DEPOSITS, INVESTMENTS AND INVESTMENT POLICIES

Primary Government and Discretely Presented Component Units

The County's reporting entity considers highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. The carrying amount of cash is a reasonable estimate of fair value. Investment fair values are based on quoted market prices or dealer quotes.

Deposits

It is the County's policy for cash to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insured Corporation insurance. The County's cash deposits are categorized to give an indication of the level of risk assumed by the County. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the County or by its agent in the County's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.

Category 3 - Uncollateralized.

Category	Primary Government	Component Units	Reporting Entity
1	$ 3,282,094	$ 182,659	$ 3,464,753
2	0	0	0
3	0	0	0
Total	$ 3,282,094	$ 182,659	$ 3,464,753

At June 30, 2008, the County's total book cash balance and bank deposit balance, including certificates of deposit, totaled $3,282,094. The Development Authority's and Board of Health's total book cash balances and bank deposit balances, including certificates of deposit, totaled $182,659.

Investments

The County can invest money subject to its control and jurisdiction in obligations of the United States, bonds or certificates of indebtedness of the State of Georgia, certificates of deposits of banks which have deposits insured by the Federal Deposit Insurance Corporation, and other legal investments. All investments held by the County are in accordance with this policy.

NOTE III – PROPERTY TAXES AND OTHER RECEIVABLES

Primary Government

As stated previously, the County's Tax Commissioner bills and collects property taxes, then remits the County its respective share of property taxes. Property taxes for 2007 were levied on October 20, 2007 and were due December 20, 2007. The unpaid taxes became a lien thirty days after the due date. Unpaid property taxes received within 60 days of the year end are recognized and recorded as revenue (considered measurable and available), and property taxes unpaid 60 days after year end are recorded as deferred revenue.

The County also bills and collects various taxes for the Warren County Board of Education and other local governments. Collections and remittance of taxes for these entities are accounted for in the Tax Commissioner Fund (as Agency Fund). Collections of taxes for the County also are collected by the Tax Commissioner and disbursed to the General Fund.

The County receives approximately 80% of a 1% local option sales tax on all retail sales within the County. The proceeds of such tax collected each year are used to reduce, on a dollar for dollar basis, the millage equivalent amount of property taxes to be levied in the subsequent year. Local option sales tax collections collected during the year ended June 30, 2008 totaled $414,537.

A summary of the 2007 tax levy follows:

General Fund	
2007 millage rate – County wide	11.25
Net Property Tax Levy – All Taxes	$ 1,859,943
Property Taxes Receivable – Real and Personal Property Taxes, Net	$ 64,225

At June 30, 2008, the component of deferred revenue reported in the governmental funds for property taxes was $64,225.

Primary Government – Receivables as of year end for the governmental activities, individual major governmental funds, and non-major governmental funds, including allowances for uncollectible accounts, as required by GASB Statement No. 34 are as follows:

Property taxes attach as an enforceable lean on property as of January 1. Taxes are levied prior to December 20, and are delinquent after that date. The County bills and collects its own property taxes and those for the Warren County Board of Education states the County acts only as an intermediary in the collection and distribution of property taxes to the other entities. Collections and remittance of taxes to other entities are accounted for in the agency funds.

Receivables as of year end for the governmental activities, individual major governmental funds, and non-major governmental funds, including the applicable allowances for uncollectible accounts, as required by GASB Statement No. 34 are as follows:

NOTE III - PROPERTY TAXES AND OTHER RECEIVABLES (CONTINUED)

Primary Government (Continued)

Receivables	General Fund	Major Governmental Fund	Other Governmental Fund	Total Governmental Fund
Accounts	$ 130,895	$ -	$ 9,732	$ 140,627
Property taxes	92,838	-	-	92,838
Sales tax	67,327	-	-	67,327
Other	281,893	94,245	37,671	413,809
Gross receivables	572,953	94,245	47,403	714,601
Less, allowance for uncollectible	28,613	-	-	28,613
Net total receivable	$ 544,340	$ 94,245	$ 47,403	$ 685,988

Discretely Presented Component Unit

	Development Authority	Health Fund	Total
Rent	$ 7,500	$ -	$ 7,500
Intergovernmental	71,700	11,913	83,613
	$ 79,200	$ 11,913	$ 91,113

NOTE IV - CAPITAL ASSETS

Primary Government

Changes in capital assets for the year ended June 30, 2008 are summarized as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 426,839	$ -	$ -	$ 426,839
Infrastructure	50,060,900			50,060,900
Construction in progress	36,175		36,175	0
Total capital assets, not being depreciated	50,523,914	0	36,175	50,487,739
Capital assets, being depreciated				
Buildings & improvement	5,097,072	46,311	-	5,143,383
Vehicle & equipment	5,149,813	227,612	55,664	5,321,761
Total capital assets, being depreciated	10,246,885	273,923	55,664	10,465,144
Total capital assets	60,770,799	273,923	91,839	60,952,883
Accumulated depreciation				
Buildings & improvement	$ (839,581)	$ 86,273	$ -	$ 925,854
Vehicles & equipment	(2,841,722)	370,517	55,664	3,156,575
Total accumulated depreciation	(3,681,303)	456,790	55,664	4,082,429
Governmental activities capital assets, net	$ 57,089,496	$ (182,867)	$ 36,175	$ 56,870,454

NOTE IV - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Governmental activities depreciation expense	
General government	$ 11,189
Public safety	189,088
Judicial	54,330
Public works	178,926
Health & welfare	10,202
Library & recreation	10,012
Housing & development	3,043
Total Governmental activities depreciation expense	$ 456,790

In accordance with GASB Statement No. 34, the county has reported all capital assets infrastructure in the government-wide statement of net assets. The County elected to use the "modified approach" as defined by GASB for infrastructure reporting for its pavement system.

Business-Type activities

The County has established a water system infrastructure in a portion of the County. Funds provided for the water system were from sales tax (SPLOST Funds), grants and revenue bonds.

Water system	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, water system	$ 3,104,866	$ -	$ -	$ 3,104,866
Accumulated depreciation	(87,258)	(62,097)	-	(149,355)
Business-Type activities, net	$ 3,017,608	$ (62,097)	$ -	$ 2,955,511

NOTE IV - CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Changes in capital assets for year ended June 30, 2008 are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$ 282,399	$ 12,050	$ -	$ 294,449
Construction in progress,				
Industrial park	450,622	53,807	-	504,429
Railroad Spur	-	77,220	-	77,220
Total capital assets, not being depreciated	733,021	143,077	-	876,098
Capital assets, being depreciated				
Buildings	499,625	-	-	499,625
Total capital assets, being depreciated	499,625	-	-	499,625
Less accumulated depreciation	(340,135)	(24,963)	-	(365,098)
Total accumulated depreciation	(340,135)	(24,963)	-	(365,098)
Capital assets, net	$ 892,511	$ 118,114	$ -	$ 1,010,625

NOTE V - LONG-TERM DEBT

Primary Government - Capital Lease

The County has entered into lease agreements for financing of a vehicle for the Sheriff's department and an ambulance for the Emergency Medical Service (EMS) Department.

Lease obligations for the fiscal year ended June 30, 2008 comprise the following:

	Balances June 30, 2007	Additions	Retirements	Balances June 30, 2008
Capital lease -				
Vehicles	$ 28,481	$ 147,255	$ 57,537	$ 118,199

NOTE V - LONG-TERM DEBT (CONTINUED)

Primary Government - Capital Lease (Continued)

The following is an analysis of fixed assets based under capital lease as of June 30, 2008:

	Governmental Activities
Vehicles	$ 147,255
Less accumulated depreciation	28,296
	$ 118,959

For financial reporting purposes, the County follows the requirements of Statement of Financial Accounting Standards No. 13 which states that, under certain circumstances, the present value of future minimum lease payments should be shown as a liability and that the related assets should be capitalized in the financial statements.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2008:

Fiscal year ending June 30	Long-term Debt
2009	46,471
2010	$ 46,471
2011	23,988
2012	11,994
Total minimum lease payments	128,924
Less amount representing interest	10,725
Present value of future minimum lease payments	$ 118,199

Long term Debt

The County obtained a loan from USDA Rural Development in the amount of $497,090 for the purpose of purchasing public works equipment and Emergency service equipment. The loan was closed September 23, 2005. The loan is payable in the ten annual installment of $61,669 including interest at 4.125% per annum beginning September 26, 2006.

	Outstanding June 30, 2007	Additions	Reductions	Outstanding June 30, 2008	Amount due within one year
Note payable	$ 455,926	$ -	$ 42,862	$ 413,064	$ 44,630

Business-type activities	Outstanding June 30, 2007	Additions	Reductions	Outstanding June 30, 2008	Amount due within one year
USDA Water Revenue [1] Bonds 4.5% interest rate	$ 384,790	$ -	$ 3,969	$ 380,821	$ 4,148
GEFA/Highway 278 Water expansion loan 2.0% interest rate	103,360	-	4,558	98,802	4,651
	$ 488,150	$ -	$ 8,527	$ 479,623	$ 8,799

[1] The USDA Revenue Bonds agreement, the County is required to fund and maintain reserve funds while the loan is outstanding. The County is required to deposit in the reserve fund 10% of the annual principal and interest payment. The County is in compliance with the bond agreement for the year ended June 30, 2008.

NOTE V - LONG-TERM DEBT (CONTINUED)

Annual debt service to maturity for the above note obligations are as follows:

	Governmental		Business Type Activities			
	USDA Loan		USDA Loan		GEFA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	44,630	17,039	4,148	17,080	4,651	1,933
2010	46,471	15,198	4,339	16,889	4,745	1,839
2011	48,388	13,281	4,539	16,689	4,840	1,744
2012	50,384	11,283	4,748	16,480	4,938	1,646
2013-2017	223,191	24,720	27,224	78,916	26,226	6,695
2018-2022	-	-	34,091	72,049	28,982	3,939
2023-2027	-	-	42,691	63,449	24,420	973
2028-2032	-	-	53,459	52,681	-	-
2033-2037	-	-	66,944	39,196	-	-
2038-2042	-	-	83,831	22,309	-	-
2043	-	-	54,807	3,570	-	-
	$ 413,064	$ 81,521	$ 380,821	$ 399,308	$ 98,802	$ 18,769

Component unit

Changes in long-term debt for the year ended June 30, 2008 are as follows:

Development Authority	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Note payable-City of Warrenton	$ 147,496	$	$ 24,504	$ 122,992

The Development Authority has a note payable with the City of Warrenton, Georgia whose proceeds were used to purchase land and construct a building that the Authority has an operating lease with a local industry. The original balance of this note payable was $490,000 and the principal balance on this note as of June 30, 2008 was $147,496. Payment of this note is to be made in 236 equal monthly payments of $2,042 and a final payment of $519. This note is a non-interest bearing note and is due May 2013.

Annual debt service to maturity of the above note obligations are as follows:

June 30,	Development Authority
2009	$ 24,504
2010	24,504
2011	24,504
2012	24,504
2013-2015	24,976
Totals	$ 122,992

NOTE VI – INTERFUND BALANCES

Interfund balances at June 30, 2008 consisted of the following amounts and represent reimbursable expenses and sales tax distributions. These remaining balances resulted from a time lag between the dates that (1) transactions are recorded in the accounting period and (2) payments between funds are made. The County will liquidate all interfund balances within one year.

	Payable From		
Payable to:	General Fund	Sales Tax Distribution Fund	Total
Economic Development Fund	$	$ 22,088	$ 22,088
Emergency Service Fund		12,222	12,222
Recreation Fund		22,088	22,088
Roads & Bridges	2,210	72,156	74,366
Water Fund		20,100	20,100
Total	$ 2,210	$ 148,654	$ 150,864

The County maintains a Special Local Option Sales Tax Fund (SPLOST) to receive sales tax from the state. Those amounts undistributed in the fund at June 30, 2008 are shown as a liability to the various funds of the County and a corresponding receivable is recorded in those funds. Those interfund accounts are liquidated within 60 days.

The transfers are primarily from the general funds for expenditures made for various funds of the County. The Emergency 911 Fund and Water Revenue Fund have been operating less that two years a summary of the transfers for the year is as follows:

Emergency E-911	$ 106,504
Water Revenue Fund	31,663
Communication Grant	67,836
	$ 206,003

NOTE VII – RISK MANAGEMENT

The County carries property and liability insurance through commercial insurance companies. Annual premiums are based on the amount of coverage and policy deductibles requested by the County.

Risk Pool

Workman's compensation insurance is provided through the Association of County Commissioners of Georgia (A.C.C.G.). Annual premiums for workman's compensation are based on projected salaries of county employees for the policy period. The County feels its insurance coverage's are adequate, and no insurance related losses will be incurred in excess of deductible amounts. There were no significant reductions in insurance coverage from the prior year and no insurance settlements exceeded coverage in any of the past three fiscal years.

NOTE VII – RISK MANAGEMENT (CONTINUED)

Risk Pool (Continued)

In order to minimize the total cost of workman's compensation and property and liability insurance, the County is a member of the Georgia Interlocal Risk Management Agency Fund (GIRMA), and the Group Self-Insured Workman's Compensation Fund, which are administered by the A.C.C.G. The County pays an annual premium to these funds through the A.C.C.G. The County retains the first $1,000 of each risk of loss in the form of a deductible. All claims were filed with GIRMA and GIRMA bills the County for any risk of loss up to the deductible amount.

As part of their agreement, the County must assist and cooperate in the defense and settlement of claims against the County. The County must provide full cooperation to GIRMA's attorneys, claims adjusters, and any agent or independent contractor of GIRMA. In addition, the County must report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the County participates.

The Fund is to defend and protect the members of the funds against liability or loss as prescribed in the member governments' contracts and in accordance with the workers' compensation laws of Georgia. The funds are to pay all cost 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.

NOTE VIII – PENSION PLAN

The Warren County Pension Plan (WCPP) is a single-employer defined benefit pension plan administered by a board of trustees appointed by the County. WCPP provides retirement benefits to plan members and beneficiaries. A publicly available financial report that includes financial statement and required supplementary information for WCPP may be obtained by writing to Circle Pension, Inc., 260 Madison Avenue, New York, NY 10016 or by placing a call to (212) 679-2525.

All full-time employees, not excluded by class, are eligible to participate in the Plan after completing three years service provided they have attained age 21. Benefits are fully vested after fifteen years of service. Participants become eligible to retire at age 65 with 2 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of sixty percent of compensation with the benefit reduced proportionately for each year of service less than fifteen years. The maximum benefit is $9,900 per month and the maximum percent of salary is one hundred percent. The benefit is based on average salary during the highest three consecutive years of employment. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

On July 7, 2000, the County executed an amendment to the Warren County, Georgia Retirement Plan. The amendment increases the eligibility requirements from 3 years to 5 years and the hours of service from 1,500 to 1,800. This amendment was effective January 1, 2000.

NOTE VIII – PENSION PLAN (CONTINUED)

A second amendment to the plan was adopted on November 10, 2000 and amends the plan to allow participants to elect a lump-sum distribution in lieu of annuitized monthly payments. The lump-sum amount will be based on the actuarial equivalent of the monthly retirement benefit as provided for in the plan agreement. This amendment was effective January 1, 2000.

For fiscal year ending June 30, 2008, the plan included nine active participants, three retirees, beneficiaries, and five members who terminated service but are not yet receiving benefits. The County's payroll for employees covered by the Plan as of January 1, 2007 (the most recent actuarial valuation date) was $469,168.

The Warren County Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the County are recognized as revenue in the period in which employees provide services to the County. Investment income is recognized as earned by the pension plan. The net appreciation/depreciation in the fair value of investments held by the Plan is recorded as an increase/decrease in investment income based on valuation of investments as of the balance sheet date. Investment valuations are based on quoted market prices at the balance sheet date.

Summary of Significant Accounting Policies and Plan Asset Matters

Plan assets, liabilities, and fund balances reported on the combined balance sheet-all fund types, account groups, and discretely presented component units are included in the Fiduciary Fund Types. A combined statement of plan assets and a statement of changes in net plan assets are also included in the County's general purpose financial statements.

The Pension Trust Fund is invested in, approximately, 21% equities and 79% fixed income securities. No securities of the employer and related parties were included in plan assets. As of June 30, 2008, net assets reserved for employee's retirement benefits totaled $515,134.

Funding Policy

The Plan funding policy provides for making required actuarially determined periodic contributions under the "Individual Entry Age" actuarial cost method. This cost method determines the normal cost to fund the benefits under the Plan as a level percentage of compensation from the date a participant was eligible to enter the Plan to retirement. Any variance from assumptions is considered a supplemental liability and funded over a period of five to ten years. An initial liability was established based on an estimate of what the value of the funds would have been, had the plan been in effect of the hire of the first employee. This amount is being funded over a period of ten to thirty years. The County contributes the entire cost of the Plan; County employees are not required to contribute.

NOTE VIII – PENSION PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation to WCPP for the current year was as follows:

Annual required contribution	$	126,279
Interest on net pension obligation		6,945
Adjustment to annual required contribution		-
Annual pension cost		133,224
Less contributions made		-
Increase (decrease) in net pension obligations		
Net pension obligation (credit), beginning of year		(199,116)
Net pension obligation (credit), end of year	$	(65,892)

For the year ended June 30, 2008, the County's actuarially determined minimum and recommended contribution to the Plan and the maximum recommended contribution was $0. Actuarially recommended contributions are used as guidance for the County in funding the Plan and are not deemed to be the required contribution. Actual contributions are left to the discretion of the Pension Trustees and the County.

The recommended minimum and maximum contributions were determined as part of an actuarial valuation as of January 1, 2008 using the "Individual Entry Age" method, as described above. Significant actuarial assumptions used in the valuation include: (a) a rate of return on the investment of present and future assets of 7 percent per year, (b) normal retirement age was the assumed retirement age, (c) no future salary increases or provisions for inflation, and (d) no post-retirement benefit increases. The actuarial value of WCPP assets was determined using techniques that smooth the effect of short-term volatility in market value of investments over a ten-year period. The unfunded actuarial accrued liability is being amortized as a percentage of current salary history on a closed basis. The remaining amortization was 20 years at June 30, 2008.

There were no changes in actuarial assumptions of benefit provisions for the year ended June 30, 2008.

Schedule of Employer Contributions:

Year Ending	Annual Pension Cost (APC)	% APC Funded	Net Pension Obligation
June 30, 1999	$ 130,000	100%	None
June 30, 2000	$ 60,000	100%	None
June 30, 2001	$ 0	100%	None
June 30, 2002	$ 23,000	100%	None

NOTE VIII – PENSION PLAN (CONTINUED)

Annual Pension Cost (Continued)

Year Ending	Annual Pension Cost (APC)	% APC Funded	Net Pension Obligation
June 30, 2003	$ 20,000	100%	None
June 30, 2004	$ 0	100%	None
June 30, 2005	$ 0	100%	None
June 30, 2006	$ 0	100%	None
June 30, 2007	$ 0	100%	None
June 30, 2008	$ 0	100%	None

A schedule of funding progress follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of covered Payroll
Jan 1, 1999	$ 618,435	$ 605,406	$ 0	100.00%	$ 197,059	0.00%
Jan 1, 2000	923,150	612,370	0	100.00%	209,595	0.00%
Jan 1, 2001	881,407	653,895	0	100.00%	228,900	0.00%
Jan 1, 2002	469,136	469,003	0	100.00%	262,115	0.00%
Jan 1, 2003	462,884	512,579	49,695	90.30%	276,426	17.98%
Jan 1, 2004	414,674	502,123	87,449	83.00%	281,968	31.01%
Jan 1, 2005	436,070	509,017	72,947	86.00%	302,611	24.11%
Jan 1, 2006	425,744	515,397	89,653	86.00%	409,319	21.91%
Jan 1, 2007	456,309	589,264	132,955	78.00%	469,168	28.34%

Other State of Georgia Pension Plans

The Sheriff, Clerk of Superior Court, Probate Judge, and various other employees of the County are covered by the State of Georgia retirement plans and are not included as a part of the County's plan described above. These State Plans are funded, in part, through County fines and forfeiture collections.

NOTE IX – LEASED FACILITIES RENTED UNDER OPERATING LEASES

The County's Development Authority Enterprise Fund leases land and buildings to a local industry. The lease is accounted for as operating leases in accordance with generally accepted accounting principles. Terms of the leases are as follows:

The Authority has on lease, land and building to United Parcel Service for a period of twenty years. The lease requires monthly lease payments of $2,042 and contains an option to purchase on various anniversary dates of the lease, beginning in the tenth year. The purchase price at the stated anniversary dates total $490,000. Proceeds from the sale of this property will be paid to the City of Warrenton.

Cost basis in the land and building totaled $511,265. Depreciation is being provided for using the straight-line method over the expected lease term of twenty years. Depreciation and accumulated depreciation on this land and building for the year ended June 30, 2008 totaled $24,963 and $365,098 respectively.

NOTE X – JOINT VENTURE

Under Georgia law, the County, in conjuncture with other cities and counties in the Central Savannah River Area, is a member of the Central Savannah River Area Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2008, the County paid $7,902 in such dues and service charges. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 that provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

CSRA Regional Development Center
2123 Wrightsboro Road, P.O. Box 2800
Augusta, GA 30914-2800

NOTE XI – COMMITMENTS

New Special 1% Sales Tax for Roads and Bridges, Water and Other Projects

On June 1, 2007, a new special 1% sales tax went into effect. The sales tax is to remain in effect not exceeding 20 quarters (5 years) or until $3,200,000 is collected. The sales tax proceeds are to be allocated to the following projects and other governments in the County:

Warren County projects

Roads and Bridges	$ 1,216,000
Water	349,440
Economic Development	384,000
Recreation	384,000
Emergency Service	212,480
	2,545,920

NOTE XI – COMMITMENTS (CONTINUED)

New Special 1% Sales Tax for Roads and Bridges, Water and Other Projects - Continued

City of Warrenton projects	431,360
City of Norwood projects	111,360
City of Camak projects	111,360
	$ 3,200,000

NOTE XII – CONTINGENCIES

Judgments and Claims

As of the report date, the County was not involved in any lawsuit or other pending or threatened litigation. Accordingly, no accrual has been recorded related to judgments and claims against the County.

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

Landfill Closure

The County landfill closed April 9, 1994. Currently, the County has a contract with a private waste disposal facility, whereby, all county waste will be transferred to and disposed of by the private company.

State and Federal regulations require that the County maintain its landfill after closure. The County submitted a post closure plan to the State of Georgia and received plan approval on October 16, 1995. The closure plan requires monitoring of ground water and methane gas wells on a periodic basis and maintenance of the landfill sire for a period of five years. Costs incurred for the year ended June 30, 2008, associated with the maintenance and monitoring of the landfill, totaled $95,077.

Future costs to monitor the wells, and adhere to the provisions and conditions of the past closure plan, are not expected to be material in amount. However, this estimate is subject to changes, if any, that may be required due to inflation or deflation, technology, or applicable laws or regulations.

WARREN COUNTY, GEORGIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE BUDGETED AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
REVENUES	Original	Final	Actual	(Negative)
Taxes	$ 2,539,794	$ 2,539,794	$ 2,657,189	$ 117,395
Permits and licenses	5,000	5,000	4,495	(505)
Intergovernmental	-	-	111,857	111,857
Charges for service	466,201	466,201	451,815	(14,386)
Fines & Forfeitures	456,000	456,000	269,483	(186,517)
Uses of money and property	-	-	48,659	48,659
Other	182,000	182,000	139,389	(42,611)
Total revenues	3,648,995	3,648,995	3,682,887	33,892
EXPENDITURES				
Current operating:				
General government	938,386	835,576	860,086	(24,510)
Public safety	1,235,785	1,232,861	1,234,059	(1,198)
Judicial	300,036	289,412	311,800	(22,388)
Public Works	698,860	624,420	712,029	(87,609)
Health and welfare	204,999	179,224	162,143	17,081
Library and recreation	67,190	171,471	170,897	574
Housing & development	171,239	163,578	241,812	(78,234)
Total expenditure	3,616,495	3,496,542	3,692,826	(196,284)
Excess (deficiency) of revenues over (under) expenditures	$ 32,500	$ 152,453	$ (9,939)	$ (162,392)
Other financing sources (uses)				
Transfers out			31,663	
Total other finance sources (uses)			31,663	
Excess expenditures over resources			(41,602)	
Reconciliation to GAAP Basis to record effect of changes in receivable and other assets and payables and other liabilities				
Receivables and other assets			84,661	
Payables and other liabilities			-	
			84,661	
Net changes in fund balances			43,059	
Fund balance - Unreserved				
Beginning of year			1,417,938	
End of year			$ 1,460,997	

The Notes to Financial Statements are an integral part of these statements.

WARREN COUNTY, GEORGIA
OTHER REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

Budget

Budget for the General Fund and certain special revenue was adopted on a cash basis and reconciled to accrual basis of accounting that is consistent with accounting principles generally accepted in the United States of America as applied to governments.

Infrastructure Assets – Modified Approach

The County elected to use the modified approach method and not depreciate the infrastructure assets consisting of roads in the County.

The Chairman of the Board of Commission along with the County's Public Works Department performed a physical inventory and assessment of every County road. The following conditions were defined associated to a rating:

Condition	Rating
Excellent	4
Good	3
Fair	2
Poor	1

The review of the overall road conditions remain in a rating at 2.5 or better. The County constantly expends considerable resources annually for maintenance and preservation of the road system.

In 2002, the voters approved a special 1% Local Option Sales Tax resolution for the purpose of collecting taxes for five years to fund various projects needed. The County road paving, resurfacing and maintenance will receive the larger share of the Sales Tax proceeds of $1,216,000.

During the year ended June 30, 2008, the expenditures through Public Works of the General Fund and Special Revenue Sales Tax Fund was in excess of $1,177,000 for road maintenance.

WARREN COUNTY, GEORGIA
MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or appropriated by management of the County to expenditures for particular purposes.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of capital facilities, other than those financed by proprietary funds.

Budgetary Information

A comparison of the budget with statements of actual revenues and expenditures, including budget variance for all funds except general funds is presented as required supplement information.

WARREN COUNTY, GEORGIA
BALANCE SHEET
NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUND
JUNE 30, 2008
(WITH COMPARATIVE TOTALS AT JUNE 30, 2007)

	2008												2007
	Law Library	Drug Abuse Fund	Jail Fund	Sheriff Drug Fund	Volunteer Fire Department	Emergency 911 Fund	Knox Theater Fund	Emergency Service Fund	Recreation Fund	Community Facilities Project	Warren County Planning Commission	Total Governmental Revenue Fund	Total Governmental Revenue Fund
Assets													
Cash & Cash Equivalent	$ 35,731	$ 21,859	$ 139,297	$ 2,754	$ 12,426	$ 3,300	$ 3,034	$ 21,303	$ 55,107	$ 18,608	$ 60,366	$ 373,785	$ 494,080
												0	
												0	
Receivables:													
Accounts	-	-	-	-	-	9,732	-	-	-	-		9,732	5,768
Sales tax	-	-	-	-	-	-	-	-	-	-		0	-
												0	
												0	
Due from other funds	-	-	-	-	-	-	-	12,222	22,088	-		34,310	58,103
												0	
												0	
Due from other governments	-	199	3,162	-	-	-	-	-	-	-		3,361	1,589
Total Assets	$ 35,731	$ 22,058	$ 142,459	$ 2,754	$ 12,426	$ 13,032	$ 3,034	$ 33,525	$ 77,195	$ 18,608	$ 60,366	$ 421,188	$ 559,540
Liabilities and fund balance													
Liabilities													
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 60,000	$ 60,000	$ 96,404
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	0	-
												0	
Due to other governments	-	-	-	-	-	-	-	-	-	-	-	0	-
Total liabilities	0	0	0	0	0	0	0	0	0	0	60,000	60,000	96,404
Fund Balance													
Reserved for:													
Program purposes	35,731	-	-	-	-	-	-	-	-	-	-	35,731	29,463
Special revenue funds	-	22,058	142,459	2,754	12,426	13,032	-	-	-	18,608	366	211,703	195,805
Capital project funds	-	-	-	-	-	-	3,034	33,525	77,195	-	-	113,754	237,868
Total fund balance	35,731	22,058	142,459	2,754	12,426	13,032	3,034	33,525	77,195	18,608	366	361,188	463,136
Total liabilities and fund balance	$ 35,731	$ 22,058	$ 142,459	$ 2,754	$ 12,426	$ 13,032	$ 3,034	$ 33,525	$ 77,195	$ 18,608	$ 60,366	$ 421,188	$ 559,540

WARREN COUNTY, GEORGIA
NON-MAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUND EXPENDITURES
COMBINING STATEMENTS OF REVENUES, AND CHANGES IN FUND BALANCES
JUNE 30, 2008
(WITH COMPARATIVE TOTALS AT JUNE 30, 2007)

	2008												2007
Revenues	Law Library	Drug Abuse Fund	Jail Fund	Sheriff Drug Fund	Volunteer Fire Department	Emergency 911 Fund	Knox Theater Fund	Emergency Service Fund	Recreation Fund	Community Facility Project	Warren County Planning Commission	Total Governmental Revenue Fund	Total Governmental Revenue Fund
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 0	$ -
Permits & Licenses	-	-	-	-	-	-	-	-	-	-	-	0	-
Intergovernmental	-	-	-	-	-	-	-	38,205	66,514	-	-	104,719	87,907
Charges for Service	-	-	-	-	-	152,648	-	-	-	-	-	152,648	74,175
Fines & Forfeitures	13,663	2,344	30,861	-	-	-	-	-	-	-	-	46,868	37,925
Use of money and property	242	74	6,461	60	30	-	11	104	176	69	217	7,444	1,503
Other	-	-	-	-	7,509	-	-	-	-	-	-	7,509	3,127
Total revenues	13,905	2,418	37,322	60	7,539	152,648	11	38,309	66,690	69	217	319,188	204,637
Expenditures													
Current Operating												0	9
General government	-	-	-	-	-	-	-	-	-	-	-	297,046	178,327
Public safety	-	-	25,000	-	3,983	268,063	-	-	-	-	-	7,637	10,548
Judicial	7,637	-	-	-	-	-	-	-	-	-	-	0	-
Public works	-	-	-	-	-	-	-	-	-	-	-	0	-
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	0	-
Library and recreation	-	-	-	-	-	-	-	-	-	-	-	0	36,176
Housing & development	-	-	-	-	-	-	-	-	169,672	-	-	169,672	
Capital outlay												0	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	96,893	58,413
Principal	-	-	-	-	-	-	-	54,031	-	42,862	-	24,228	19,853
Interest	-	-	-	-	-	-	-	5,421	-	18,807	-	595,476	303,326
Total Expenditures	7,637	0	25,000	0	3,983	268,063	0	59,452	169,672	61,669	-		
Transfers													
In	-	-	-	-	-	106,504	-	-	-	67,836	-	174,340	52,872
Out	-	-	-	-	-		-	-	-		-	0	-
												0	
Net changes in fund balances	6,268	2,418	12,322	60	3,556	(8,911)	11	(21,143)	(102,982)	6,236	217	0	
												(101,948)	(45,817)
												0	
Fund balance												0	
Beginning of year	29,463	19,640	130,137	2,694	8,870	21,943	3,023	54,668	180,177	12,372	149	463,136	508,953
End of year	$ 35,731	$ 22,058	$ 142,459	$ 2,754	$ 12,426	$ 13,032	$ 3,034	$ 33,525	$ 77,195	$ 18,608	$ 366	$ 361,188	$ 463,136

WARREN COUNTY, GEORGIA
LAW LIBRARY FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 35,731	$ 30,590
Total assets	$ 35,731	$ 30,590
Liabilities & fund balance		
Accounts payable	$ 0	$ 1,127
Total liabilities	0	1,127
Fund balance		
Reserve for program purposes	35,731	29,463
Total fund balance	35,731	29,463
Total liabilities and fund balance	$ 35,731	$ 30,590

WARREN COUNTY, GEORGIA
LAW LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Fines and forfeitures	$ 11,000	$ 11,000	$ 13,663	$ 2,663	$ 9,908
Investment earnings	-	-	242	242	228
Total revenue	11,000	11,000	13,905	2,905	10,136
Expenditures					
Judicial materials & supplies	11,000	11,000	7,637	(3,363)	10,548
Total expenditures					10,548
Net changes in fund balance	$ -	$ -	6,268	$ 6,268	(412)
Fund balance, beginning of year			29,463		29,875
Fund balance, end of year			$ 35,731		$ 29,463

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUNDS - DRUG ABUSE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 21,859	$ 19,254
Due from other governments	199	386
Total assets	$ 22,058	$ 19,640
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	22,058	19,640
Total fund balance	22,058	19,640
Total liabilities and fund balance	$ 22,058	$ 19,640

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUNDS - DRUG ABUSE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Fines and forfeitures	$ 1,000	$ 1,000	$ 2,344	$ 1,344	$ 3,194
Reserve funds	10,000	10,000		(10,000)	-
Investment earnings	-	-	74	74	63
Total revenue	11,000	11,000	2,418	(8,582)	3,257
Expenditures					
Public Safety	11,000	11,000	-	(11,000)	-
Total expenditures	11,000	11,000	-	(11,000)	-
Net changes in fund balance	$ 2,000	$ 2,000	2,418	$ 2,418	3,257
Fund balance, beginning of year			19,640		16,383
Fund balance, end of year			$ 22,058		$ 19,640

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - JAIL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 139,297	$ 134,220
Due from other governments	3,162	1,203
Total assets	$ 142,459	$ 135,423
Liabilities & fund balance		
Accounts payable	$	$ 5,286
Total liabilities	0	5,286
Fund balance		
Unreserved/unrestricted	142,459	130,137
Total fund balance	142,459	130,137
Total liabilities and fund balance	$ 142,459	$ 130,137

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - JAIL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Fines and forfeitures	$ 15,000	$ 15,000	$ 30,861	$ 15,861	$ 24,823
Reserve funds	10,000	10,000		(10,000)	-
Investment earnings			6,461	6,461	158
Total revenue	25,000	25,000	37,322	12,322	24,981
Expenditures					
Public Safety	25,000	25,000	25,000		21,928
Total expenditures	25,000	25,000	25,000	0	21,928
Net changes in fund balance	$ -	$ -	12,322	$ 12,322	3,053
Fund balance, beginning of year			130,137		127,084
Fund balance, end of year			$ 142,459		$ 130,137

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 2,754	$ 2,694
Total assets	$ 2,754	$ 2,694
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	2,754	2,694
Total fund balance	2,754	2,694
Total liabilities and fund balance	$ 2,754	$ 2,694

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - SHERIFF DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Investment earnings	$	$	$ 60	$ 60	$ 99
Reserve funds	2,000	2,000	-	(20,000)	-
Total revenue	2,000	2,000	60	(19,940)	99
Expenditures					
Public Safety	2,000	2,000	-	(2,000)	-
Total expenditures	2,000	2,000	-	(2,000)	-
Net changes in fund balance	$ -	$ -	60	$ 60	99
Fund balance, beginning of year			2,694		2,595
Fund balance, end of year			$ 2,754		$ 2,694

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - VOLUNTARY FIRE DEPARTMENT FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 12,425	$ 8,870
Total assets	$ 12,425	$ 8,870
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	12,425	8,870
Total fund balance	12,425	8,870
Total liabilities and fund balance	$ 12,425	$ 8,870

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUNDS - VOLUNTARY FIRE DEPARTMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Fund raising & other	$ 1,000	$ 1,000	$ 7,508	$ 6,508	$ 3,127
Investment earnings			30	30	32
Reserve funds	5,000	5,000		(5,000)	-
Total revenue	6,000	6,000	7,538	1,538	3,159
Expenditures					
Public Safety	6,000	6,000	3,983	(2,017)	3,648
Total expenditures	6,000	6,000	3,983	(2,017)	3,648
Net changes in fund balance	$ -	$ -	3,555	$ 3,555	(489)
Fund balance, beginning of year			8,870		9,359
Fund balance, end of year			$ 12,425		$ 8,870

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - EMERGENCY 911 FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 3,300	$ 16,175
Accounts receivable	9,732	5,768
Total assets	$ 13,032	$ 21,943
Liabilities & fund balance		
Due to other funds	$ -	$ -
Total liabilities	-	-
Fund balance	13,032	21,943
Total fund balance	13,032	21,943
Total liabilities and fund balance	$ 13,032	$ 21,943

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND - EMERGENCY 911 FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Charges for service	$ 48,000	$ 48,000	$ 132,648	$ 104,648	$ 70,761
Total revenue	48,000	48,000	132,648	104,648	70,761
Expenditures					
Public safety	48,000	48,000	268,063	220,063	251,181
Total expenditures	48,000	48,000	268,063	220,063	251,181
Expenditures in excess of revenue	-	-	(115,415)	(115,415)	(180,420)
Other financing sources					
Transfer in	-	-	106,504	106,504	178,540
Total other financing sources	-	-			178,540
Net changes in fund balance	$ -	$ -	(8,911)	$ (8,911)	(1,880)
Fund balance, beginning of year			21,943		23,823
Fund balance, end of year			$ 13,032		$ 21,943

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND - KNOX THEATER FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 3,034	$ 3,023
Total assets	$ 3,034	$ 3,023
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Reserve for capital project	3,034	3,023
Total fund balance	3,034	3,023
Total liabilities and fund balance	$ 3,034	$ 3,023

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND - KNOX THEATER FUND
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Reserve funds	$ 3,000	$ 3,000	$ -	$	$ -
Investment earnings	-	-	11		10
Total revenue	3,000	3,000	11	0	10
Expenditures					
Economic Development	3,000	3,000	-	-	-
Total expenditures	3,000	3,000	-	-	-
Net changes in fund balance	$ -	$ -	11	$ 0	10
Fund balance, beginning of year			3,023		3,013
Fund balance, end of year			$ 3,034		$ 3,023

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - EMERGENCY SERVICE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 21,303	$ 28,318
Due from other governments	12,222	26,350
Total assets	$ 33,525	$ 54,668
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Reserve for capital project	33,325	54,668
Total fund balance	33,325	54,668
Total liabilities and fund balance	$ 33,325	$ 54,668

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - EMERGENCY SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEARS ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Sales tax	$ 30,000	$ 30,000	$ 38,205	$ 8,205	$ 39,870
Investment earnings			104	104	94
Total revenue	30,000	30,000	38,309	8,309	39,964
Expenditures					
Debt services programs					16,597
Public safety, capital outlay	30,000	30,000	59,452	29,452	0
Total expenditures	30,000	30,000	59,452	29,452	16,597
Net changes in fund balance	$ -	$ -	(21,143)	$ (21,143)	23,367
Fund balance, beginning of year			54,668		31,301
Fund balance, end of year			$ 33,525		$ 54,668

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - RECREATION FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 55,107	$ 148,424
Due from other governments	22,088	31,753
Total assets	$ 77,195	$ 180,177
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Reserve for capital project	77,195	180,177
Total fund balance	77,195	180,177
Total liabilities and fund balance	$ 77,195	$ 180,177

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Sales tax	$ 30,000	$ 30,000	$ 66,514	$ 36,514	$ 48,037
Reserve fund	120,000	120,000	0	(120,000)	0
Investment earnings			176	176	611
Total revenue	150,000	150,000	66,690	(83,310)	48,648
Expenditures					
Culture and recreation	150,000	150,000	169,672	19,672	36,176
Total expenditures	150,000	150,000	169,672	19,672	-
Net changes in fund balance	$ -	$ -	(102,982)	$ (102,982)	12,472
Fund balance, beginning of year			180,177		167,705
Fund balance, end of year			$ 77,195		$ 180,177

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND - COMMUNITY FACILITIES PROJECT
BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 18,608	$ 12,372
Total assets	$ 18,608	$ 12,372
Liabilities & fund balance		
Liabilities	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	18,608	12,372
Total fund balance	18,608	12,372
Total liabilities and fund balance	$ 18,608	$ 12,372

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND - COMMUNITY FACILITIES PROJECT
SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Reserve Fund	$ -	$ -	$ -	$ -	$ -
Investment earnings	-	-	69	69	59
Total revenue	0	0	69	69	59
Expenditures					
Culture and recreation					
Debt services	61,669	61,669	61,669		61,669
Total expenditures	61,669	61,669	61,669	0	61,669
Other financing sources					
Transfers in	61,669	61,669	67,836	6,167	6,167
Net changes in fund balance	$ -	$ -	6,236	$ 6,236	(55,443)
Fund balance, beginning of year			12,372		67,815
Fund balance, end of year			$ 18,608		$ 12,372

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - ECONOMIC DEVELOPMENT FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 244,777	$ 333,306
Due from other governments	22,088	56,025
Total assets	$ 266,865	$ 389,331
Liabilities & fund balance		
Due to other funds	$ -	$ -
Total liabilities	-	-
Fund balance		
Reserve for capital projects	266,865	389,331
Total fund balance	266,865	389,331
Total liabilities and fund balance	$ 266,865	$ 389,331

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Sales tax	$ 60,000	$ 60,000	$ 70,382	$ 10,382	$ 84,760
Investment earnings			5,943	5,943	12,134
Reserve fund	220,000	220,000	0	(220,000)	-
Total revenue	280,000	280,000	76,325	(203,675)	96,894
Expenditures					
Industrial park	280,000	280,000	198,791	(81,209)	
Total expenditures	280,000	280,000	198,791	(81,209)	0
Net changes in fund balance	$ -	$ -	122,466	$ (122,466)	96,894
Fund balance, beginning of year			389,331		292,437
Fund balance, end of year			$ 266,865		$ 389,331

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND
SPECIAL LOCAL OPTION SALES TAX - LANDFILL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 366,862	$ 350,035
Total assets	$ 366,862	$ 350,035
Liabilities & fund balance		
Due to other funds	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	366,862	350,035
Total fund balance	366,862	350,035
Total liabilities and fund balance	$ 366,862	$ 350,035

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND
SPECIAL LOCAL OPTION SALES TAX - LANDFILL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Investment earnings	$	$	$ 16,827	$ 16,827	$ 16,512
Reserve fund	70,000	70,000		(70,000)	-
Total revenue	70,000	70,000	16,827	(53,173)	16,512
Expenditures					
Sanitation	70,000	70,000	0	(70,000)	20,000
Total expenditures	70,000	70,000	0	(70,000)	20,000
Net changes in fund balance	$ -	$ -	16,827	$ 16,827	(3,488)
Fund balance, beginning of year			350,035		353,523
Fund balance, end of year			$ 366,862		$ 350,035

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - ROADS AND BRIDGES FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 337,003	$ 419,229
Due from other governments	186,280	145,678
Total assets	$ 523,283	$ 564,907
Liabilities & fund balance		
Due to other funds	$ -	$ -
Total liabilities	-	-
Fund balance		
Reserve for capital projects	523,283	564,907
Total fund balance	523,283	564,907
Total liabilities and fund balance	$ 523,283	$ 564,907

WARREN COUNTY, GEORGIA
CAPITAL PROJECT FUND
SPECIAL LOCAL OPTION SALES TAX - ROADS AND BRIDGES FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (BUDGET - ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2008
(WITH COMPARATIVE ACTUAL AMOUNTS AT JUNE 30, 2007)

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Sales tax	$ 170,000	$ 170,000	$ 334,747	$ 164,747	$ 266,272
Georgia DOT			425,461	425,461	521,352
Investment earnings			6,144	6,144	15,183
Reserve funds	530,000	530,000	0	(530,000)	-
Total revenue	700,000	700,000	766,352	66,352	802,807
Expenditures					
Computer equipement					-
Highway & streets	700,000	700,000	807,976	107,976	956,031
Total expenditures	700,000	700,000	807,976	107,976	956,031
Other Financing Sources (uses)					
Transfer out					(6,167)
Total other financing sources (uses)	-	-	0	0	-
Net changes in fund balance	$ -	$ -	(41,624)	$ (41,624)	(159,391)
Fund balance, beginning of year			564,907		724,298
Fund balance, end of year			$ 523,283		$ 564,907

WARREN COUNTY, GEORGIA
SPECIAL LOCAL OPTION SALES TAX DISTRIBUTION FUND
(SPLOST 2002-2007)
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 184,070	$ 275,437
Accounts receivable	0	98,127
Total assets	$ 184,070	$ 373,564
Liabilities & fund balance		
Due to other funds	$ 146,446	$ 298,389
Due to other governments	37,624	75,175
Total liabilities	184,070	373,564
Fund balance	-	-
Total fund balance	-	-
Total liabilities and fund balance	$ 184,070	$ 373,564

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND
REVOLVING LOAN FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2008 AND 2007

Assets	2008	2007
Cash and cash equivalents	$ 501,475	$ 389,918
Note receivable	-	102,720
Total assets	$ 501,475	$ 492,638
Liabilities & fund balance		
Due to other funds	$ -	$ -
Total liabilities	-	-
Fund balance		
Unreserved/unrestricted	501,475	492,638
Total fund balance	501,475	492,638
Total liabilities and fund balance	$ 501,475	$ 492,638

WARREN COUNTY, GEORGIA
SPECIAL REVENUE FUND
REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008				2007
Revenues	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
Investment earnings	$	$	$ 8,837	$ 8,837	$ 12,501
Other	350,000	350,000	-	(350,000)	0
Total revenue	350,000	350,000	8,837	(341,163)	12,501
Expenditures					
Economic Development	350,000	350,000	0	(350,000)	54,262
Total expenditures	350,000	350,000	0	(350,000)	54,262
Net change in fund balance	-	-	8,837	$ 8,837	(41,761)
Fund balance, beginning of year	$ -	$ -	492,638		534,399
Fund balance, end of year			$ 501,475		$ 492,638

WARREN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
CLERK OF COURT				
Assets				
Cash	$ 23,092	$ 187,859	$ 183,638	$ 27,313
Liabilities				
Due to other governments	$ 23,092	$ 183,638	$ 187,859	$ 27,313
Due to others	-	-	-	-
	$ 23,092	$ 183,638	$ 187,859	$ 27,313
MAGISTRATE COURT				
Assets				
Cash	$ 3,653	$ 91,145	$ 92,821	$ 1,977
Liabilities				
Due to other government	$ 1,468	$ 17,180	$ 17,180	$ 1,468
Due to others	2,185	75,641	73,965	509
	$ 3,653	$ 92,821	$ 91,145	$ 1,977
PROBATE COURT				
Assets				
Cash	$ 39,319	$ 471,824	$ 457,283	$ 53,860
Liabilities				
Due to other governments	$ -	$ 262,720	$ 262,720	$ -
Due to others	39,319	194,563	209,104	53,860
	$ 39,319	$ 457,283	$ 471,824	$ 53,860
SHERIFF				
Assets				
Cash	$ 21	$ -	$ -	$ 21
Liabilities				
Due to other governments	$ 21	$ -	$ -	$ 21

WARREN COUNTY, GEORGIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES (CONT.)
JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
TAX ASSESSOR				
Assets				
Cash	$ 21	$ -	$ -	$ 21
Liabilities				
Due to other funds	$ 21	$ -	$ -	$ 21
TAX COMMISSIONER				
Assets				
Cash	$ 140,959	$ 5,764,256	$ 5,826,810	$ 78,405
Liabilities				
Due to other governments	$ 82,974	$ 3,279,600	$ 3,249,485	$ 52,859
Due to others	57,985	2,547,210	2,514,771	25,546
	$ 140,959	$ 5,826,810	$ 5,764,256	$ 78,405
ALL AGENCY FUNDS				
Assets				
Cash	$ 207,065	$ 6,515,084	$ 6,560,552	$ 161,597
Liabilities				
Due to other governments	$ 106,066	$ 3,743,138	$ 3,717,244	$ 80,172
Due to others	100,999	2,817,414	2,797,840	81,425
	$ 207,065	$ 6,560,552	$ 6,515,084	$ 161,597

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

Warren County Board of Commissioners
Warren County, Georgia

We have audited the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Warren County, Georgia, as of and for the year ended June 30, 2008, which collectively comprise Warren County, Georgia's basic financial statements and have issued our report threreon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. As stated previously, we did not audit the financial statements of the Warren County Health Department discretely presented component unit. Those financial statements were audited by other auditors whose reports therein have been furnished to us, and our opinion insofar as it relates to the amounts included for the aggregate discretely presented component units based on the report of other auditors.

Internal Control Over Financial Reporting

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

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 Warren County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Warren County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by Warren County, Georgia's internal control.

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 Warren County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. A material weakness is a reportable condition in which the design or operation of one of more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud

in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We did not identify any deficiencies in internal control over financial reporting and its operation that we consider to be a material weakness. However, the auditors of the Warren County Health Department identified certain deficiencies in internal control over finance reporting that they considered to be significant deficiencies. On pages 88 – 90 is the schedule of findings and questioned costs taken from other auditors' report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Warren County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of out audit and, accordingly, we do not express such an opinion. The results of our tests and tests by Warren County Health Department auditors disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, commission 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.

Berry & Associates P.C.

December 19, 2008

Warren County Department of Health

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

Findings – Financial Statement Audit

2008-1 Absence of Optimum Level of Segregation of Duties (Repeat Finding)

Criteria: A properly designed and effective system of internal control requires that there are a sufficient number of properly trained, skilled personnel to be able to segregate duties and responsibilities among personnel so that individuals initiating, processing, verifying, reviewing, approving, recording or processing financial transactions are not performed by the same individual.

Condition: The Health Department does not have sufficient personnel to provide an optimum level of appropriate segregation of duties and responsibilities.

Effect: Errors, intentional or otherwise, and fraud could occur in the processing of financial transactions and the preparation of financial statements.

Recommendation: The Health Department should continue to monitor this situation and use alternative control measures where available to assist in safeguarding the Health Department's assets.

Management's Response: Management concurs with the finding. The Health Department will continue to evaluate the costs and related benefits of adding additional personnel to alleviate this problem. The Health Department will continue to use alternative measures where available to assist in safeguarding the Health Department's assets.

2008-2 Accounting Expertise (Preparation of Financial Statements)

Criteria: Statement on Auditing Standards No. 112 describes examples of circumstances that are to be considered to be a significant deficiency and a strong indicator of a material weakness in internal control. Deficiencies in the design of controls exist when employees or management lack the qualifications and training to prepare year-end financial statements in accordance with generally accepted accounting principles.

Condition: The Health Department did not have an employee with adequate time, qualifications, and training to prepare year-end financial statements.

Effect: The independent auditor has prepared financial statements from the records of the Health Department. The Health Department's management and staff are unable to evaluate the adequacy and completeness of the information presented.

Cause: The material weakness is the result of the Health Department not having employees with adequate time, training, and expertise in generally accepted accounting principles and governmental accounting standards to prepare or adequately review and evaluate financial statements which were prepared by the independent auditor.

Warren County Department of Health

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

Recommendation: The Health Department should evaluate the cost/benefit implications of improving internal control with the preparation of year-end financial statements.

Management's Response: Management concurs with the finding. The Health Department is aware of this situation and will continue to evaluate the costs and related benefits of internally preparing the financial statements and/or explore contracting this service to an outside party.

Warren County Department of Health

STATUS OF PRIOR AUDIT REPORT FINDINGS
June 30, 2008

In the audit report of the Warren County Department of Health for the year ended June 30, 2007, it was noted in the "Report on Internal Control Structure" that the Health Department's internal control structure suffers from a lack of appropriate segregation of duties and a lack of expertise in the preparation of financial statements. The Health Department continues to monitor these issues, however, due to the limited number of personnel available, the problems will not be remedied in the foreseeable future.

BERRY & ASSOCIATES, P.C.
Certified Public Accountants
130 North Belair Road • Evans, Georgia 30809
(706) 863-5906 • FAX: (706) 863-6872

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

Chairman and Members
of the Board of Commissioners
Warren County, Georgia

We have audited the accompanying Schedule of Special Purpose Local Option Sales Tax (SPLOST) for Warren County, Georgia, for the year ended June 30, 2008. This schedule is the responsibility of Warren County, Georgia's management. Our responsibility is to express an opinion on Special Purpose Local Option Sales Tax (SPLOST) based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards required that we plan and perform the audit to obtain reasonable assurance about examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Special Purpose Local Option Tax. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of Special Purpose Local Option Sales Tax. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Special Purpose Local Option Sales Tax is prepared for the purpose of complying with the Official code of Georgia Annotated, 48-8-121 on the modified accrual basis of accounting as described in Note 1 and is not intended to be a complete presentation of Warren County, Georgia's revenues and expenditures.

In our opinion, the Schedule of Special Purpose Local Option Sales Tax referred to above presents fairly, in all material respects, the original estimated cost, the current estimated cost, and the current and prior year expenditures for each project of Warren County, Georgia for the year ended June 30, 2008, in conformity with accounting principles generally accepted in the United States of America.

December 19, 2008

Berry & Associates PC.

Member of American Institute of Certified Public Accountants • Georgia Society of Certified Public Accountants

WARREN COUNTY, GEORGIA
SCHEDULE OF PROJECT EXPENDITURES WITH SALES TAX
PROCEEDS (SPLOST 2008 - 2011)
FOR THE YEAR ENDED JUNE 30, 2008

Projects	Original Estimated Cost	Prior Year	Current Year	Total To Date	Estimated Percentage of Completion
Warren County					
Roads & Bridges	$ 1,216,000	$ 434,679	$ 314,679	$ 749,358	61.62%
Water	349,440	-	-	0	0
Economic Development	384,000	-	198,791	198,791	51.51%
Recreation	384,000	36,176	169,672	205,848	53.60%
Emergency Service	212,480	16,597	-	16,597	7.80%
	2,545,920	487,452	683,142	1,170,594	
City of Warrenton					
Roads & Bridges	38,400	3,372	7,401	10,773	
Water & Sewer Project	349,440	46,035	83,111	129,146	
Emergency Service	43,520	6,092	10,719	16,811	
	431,360	55,499	(1) 101,231	(1) 156,730	
City of Norwood					
Roads & Bridges	12,800	1,686	3,044	4,730	
Water & Sewer Project	98,560	12,984	23,442	36,426	
	111,360	14,670	(1) 26,486	(1) 41,156	
Town of Camak					
Roads & Bridges	12,800	1,686	3,044	4,730	
Water & Sewer Project	98,560	12,984	23,442	36,426	
	111,360	# 14,670	(1) 26,486	(1) 41,156	
	$ 3,200,000	$ 572,291	$ 837,345	$ 1,409,636	

(1) These amounts were disbursed by Warren County to the City of Warrenton, the City of Norwood and the Town of Camak.