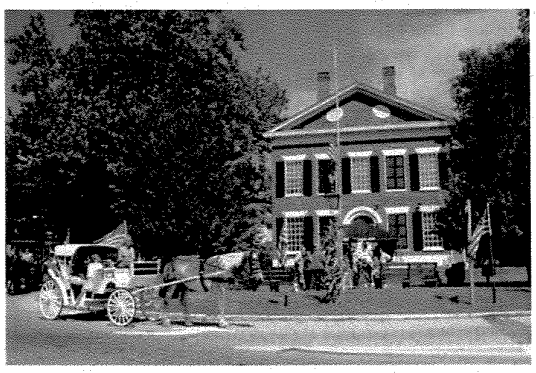
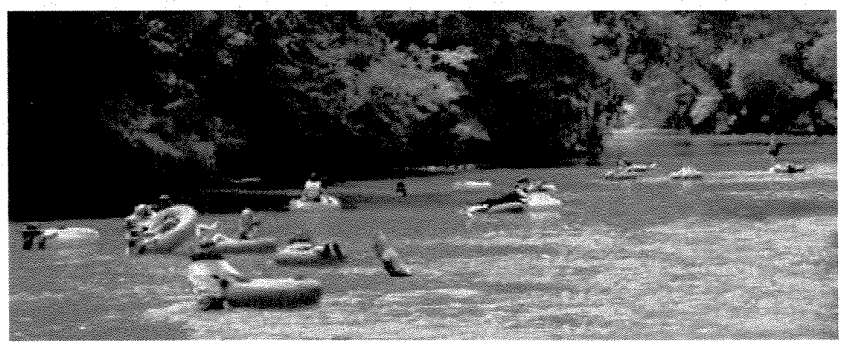
Lumpkin County, Georgia

2003





Photos by: Jack Anthony

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2003

Prepared by: The Lumpkin County Office of Financial Administration

LUMPKIN COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2003

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Introductory Section

Letter of Transmittal
Certificate of Achievement for Excellence in Financial Reporting
Organizational Chart
Officials of Lumpkin County, Georgia

LUMPKIN COUNTY COMMISSIONER

STEPHEN W. GOOCH

April 21, 2004

To the Citizens of Lumpkin County, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of Lumpkin County, Georgia for the fiscal year ended December 31, 2003.

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

The County's financial statements have been audited by Bates, Carter & Co., P.C. , a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended December 31, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by mangement; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Lumpkin County, Georgia's financial statements for the

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fiscal year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

In 2003 the County adopted the new reporting model required by Statement No. 34 of the Governmental Accounting Standards Board (GASB 34). GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

General Information on Lumpkin County

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

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

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

Government Structure

Lumpkin County's Charter sets forth a Sole Commissioner form of government under which the Commissioner is elected to serve as the executive and legislative body for the county.

The form of government is set to change to a five person Board of Commissioners, effective January 1, 2005. During 2004, a Commissioner from each of the four districts established in the County, plus a Chair of the Commission

will be elected. A County Manager will handle the day-to-day operations of the County.

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

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

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

The Commissioner, the Director of Finance, and the Budget Officer act as a Budget Committee.

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

Unforeseen situations may arise during the year that might require budget amendments. Department heads may request line-item budget amendments through the Finance Department, provided that the budget amendment does not increase or decrease the overall budget for that department. Any changes in department totals require Commissioner approval at an official meeting.

Economic Condition and Outlook

Lumpkin County lies just 40 miles north of the perimeter highway that circles Atlanta, Georgia. It is also adjacent to Dawson County, which is one of the

fastest growing counties in the nation. The busy State Route 400 crosses the southern portion of Lumpkin County, providing easy access for Atlanta area commuters. As the metropolitan Atlanta growth moves northward, Lumpkin County is now on the fringes of dense development creating a demand for residential properties. This growth also increases the demand for police and fire protection and water and sewer services. In response to these demands, during the upcoming year, the County plans to construct an additional fire station, a recycling center, an animal shelter, and a County shop to service its fleet of vehicles.

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

Major Initiatives & Accomplishments

During 2003, Lumpkin County accepted a grant from the Georgia Recreational Trails Program in the amount of $100,000. This brings the total of grant funds available for construction of recreational trails in the County to $199,000. The trails will be constructed primarily around the reservoir, which is a joint project with the City of Dahlonega. During 2003, the floodgates were closed and the reservoir began to fill. Additional adjoining land will be purchased in the future in order to raise the lake level to full pool.

Other accomplishments during the year include:

- Adoption of more comprehensive travel and purchasing policies.
- Adoption of a land use plan.
- Purchase of green space with state grant funds.
- Purchase of land adjoining the new park facility, which makes more of the previously owned property useable.
- Land swap with the Development Authority, with the new property to be used for a County Shop and Recycling Center.
- Bargain purchase of land for a new fire station.
- Establishment of a defined benefit plan, a deferred compensation plan under Section 457(b), and a defined contribution plan under Section 401(a) to improve the benefits available to County employees.
- Bringing payroll in-house, resulting in savings of more than $25,000 annually.

Cash Management

The Finance Department strives to keep abreast of current trends in cash and investment management to achieve the highest rate of return on idle cash during the

year. Cash received during the year was invested in demand deposit accounts bearing interest rates of 3.05% and 1.56%. In the Debt Service Fund a $2,000,000 certificate of deposit was purchased which yields a 4.0% rate of return. All funds on deposit are invested and either insured by federal depository insurance or collateralized. All collateral deposits were held by a financial institution in the county's name.

Risk Management

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

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

Pension Benefits

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lumpkin County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2002. This was the first time that Lumpkin County had received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement

Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

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

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

Respectfully submitted,

Stephen W. Gooch
Sole County Commissioner

W. Franklin Youngblood, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

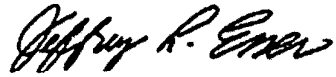
Presented to

Lumpkin County, Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2002

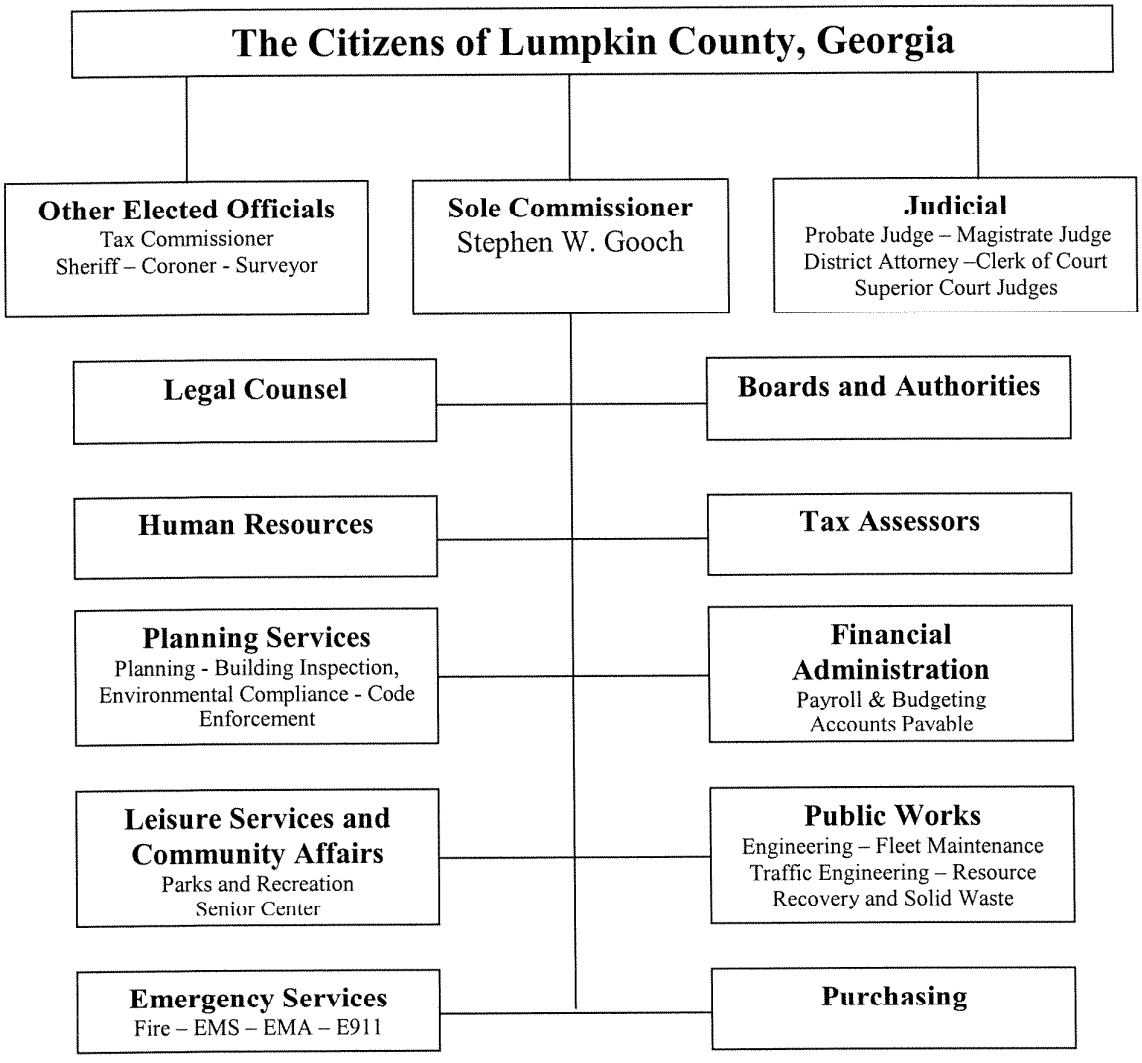
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

President



Executive Director

Lumpkin County, Georgia
Organizational Chart



OFFICIALS OF
LUMPKIN COUNTY, GEORGIA

COMMISSIONER'S OFFICE

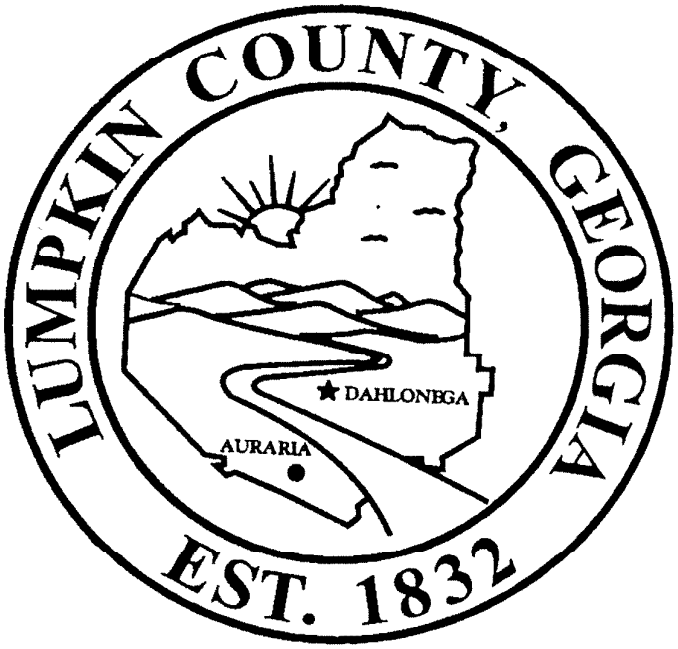
Stephen W. Gooch	**Sole Commissioner**
Ruth A. Bohac	**County Clerk**

DEPARTMENT DIRECTORS

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

JUDICIAL & OTHER ELECTED OFFICIALS

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



Financial Section

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Financial Statements
Required Supplementary Information

BATES, CARTER & CO.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

April 21, 2004

Mr. Stephen W. Gooch, Commissioner
LUMPKIN COUNTY, GEORGIA
Dahlonega, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LUMPKIN COUNTY, GEORGIA, as of and for the year ended December 31, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commissioner of LUMPKIN COUNTY, GEORGIA. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of THE LUMPKIN COUNTY HEALTH DEPARTMENT, as of and for the year ended June 30, 2003, a component unit of the County, which statements reflect total assets of $216,619 as of June 30, 2003, and total revenues of $688,043, for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component unit named above, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information of

LUMPKIN COUNTY, GEORGIA, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated April 21, 2004 on our consideration of LUMPKIN COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

As described in Note 16, LUMPKIN COUNTY, GEORGIA has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments,* as of December 31, 2003.

Bates, Carter + Co, P.C.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lumpkin County's Comprehensive Annual Financial Report provides readers with a narrative overview and analysis of the County's financial performance during the fiscal year that ended on December 31, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, the County's basic financial statements and notes to the financial statements to enhance their understanding of the activities and financial health of Lumpkin County.

As a result of the enactment of GASB 34 (as described in our transmittal letter), the County is required to present a discussion and analysis of our financial condition and performance for the year ended December 31, 2003.

Financial Highlights

- The assets of Lumpkin County exceeded its liabilities at December 31, 2003 by $50.5 million (*net assets*). Of this amount, $7.7 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2003, the governmental funds of Lumpkin County reported combined ending fund balances of $9.2 million, an increase of $655 thousand in comparison with the prior year. Approximately 59% of this amount, $5.4 million, is *available for spending* at the government's discretion (*unreserved fund balance*). The increase is primarily a result of Special Purpose Local Option Sales Tax (SPLOST) dollars being accumulated for debt service.
- At the end of 2003, unreserved fund balance for the general fund was $4.4 million, or 34% of total general fund expenditures and transfers out.
- During 2002, the voters of Lumpkin County approved a Special Purpose Local Option Sales Tax (SPLOST) to be collected and used exclusively to service the debt associated with the Public Building Authority Issue, Series 2001. At the end of 2003, the Debt Service Fund had accumulated $3.5 million toward the goal of retiring the 2001 issue.
- During 2003, Lumpkin County made principal and interest payments totaling $1.67 million on the Public Building Authority Issue, Series 2001. These payments reduced the outstanding principal to $12.77 million. The original issue was for $15.75 million.

Overview of the Financial Statements

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

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

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

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

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

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

TABLE A

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The County has three kinds of funds:

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

Financial Analysis of the County as a Whole

Since this is the first year of reporting under GASB 34, comparisons to the prior year on an entity-wide basis are not possible. We will make comparisons at the fund level whenever possible.

Net assets. As discussed earlier, net assets may serve as a useful indicator of a government's financial position. As of December 31, 2003, the County's net assets were $50.5 million. Table B on the following page provides a summary of the County's Governmental and Business-type net assets for 2003.

TABLE B

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CURRENT AND OTHER ASSETS	$ 17,986	$ 17	$ 18,003
CAPITAL ASSETS (net of depreciation)	59,094	544	59,638
TOTAL ASSETS	77,080	561	77,641
LONG-TERM LIABILITIES	19,419	463	19,882
OTHER LIABILITIES	7,179	18	7,197
TOTAL LIABILITIES	26,598	481	27,079
NET ASSETS:			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	39,257	544	39,801
RESTRICTED FOR DEBT SERVICE	3,528	-	3,528
UNRESTRICTED	7,697	(464)	7,233
TOTAL NET ASSETS	$ 50,482	$ 80	$ 50,562

A significant portion (78.7%) of these net assets represents the *investment in capital assets*, net of related debt. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Lumpkin County; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Other restricted net assets represent resources that are subject to external restrictions on how they may be used. Included in this category are unspent SPLOST proceeds for Debt Service Reserves. This portion makes up 7.0% of the total.

The remaining 14.3% of net assets represents the unrestricted portion available for the County's ongoing obligations to its citizens.

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

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

TABLE C

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

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
REVENUES:			
PROGRAM REVENUES:			
CHARGES FOR SERVICES	$ 3,414	$ 423	$ 3,837
OPERATING GRANTS & CONTRIBUTIONS	506	127	633
CAPITAL GRANTS & CONTRIBUTIONS	400	-	400
GENERAL REVENUE:			
PROPERTY TAXES	5,726	-	5,726
SALES TAXES	4,578	-	4,578
OTHER TAXES	1,207	-	1,207
UNRESTRICTED INVESTMENT EARNINGS	250	-	250
GRANTS & CONTRIBUTIONS NOT			
RESTRICTED TO A SPECIFIC PROGRAM	272	-	272
TOTAL REVENUES	16,353	550	16,903
EXPENSES:			
GENERAL GOVERNMENT	1,921	-	1,921
PUBLIC SAFETY	5,764	-	5,764
JUDICIAL SYSTEM	1,678	-	1,678
PUBLIC WORKS	1,741	-	1,741
HEALTH & WELFARE	401	-	401
CULTURE & RECREATION	1,107	-	1,107
HOUSING & DEVELOPMENT	550	-	550
INTEREST	803	-	803
SOLID WASTE	-	514	514
TOTAL EXPENSES	13,965	514	14,479
INCREASE IN NET ASSETS BEFORE			
TRANSFERS AND SALE OF ASSETS	2,388	36	2,424
GAIN (LOSS) ON SALE OF FIXED ASSETS	(89)	-	(89)
TRANSFERS	51	(51)	-
INCREASE (DECREASE) IN NET ASSETS	2,350	(15)	2,335
NET ASSETS AT 01/01/03	48,132	95	48,227
NET ASSETS AT 12/31/03	$ 50,482	$ 80	$ 50,562

As stated on the previous page, Table C presents revenues and expenditures as reported in the Entity-wide Statements. The 2004 MD&A presentation will include comparative general revenues and program revenues by major source as required by GASB Statement 34. This information was not available for comparison purposes in 2003.

Governmental Activities: Governmental activities accounted for $2.4 million of the excess in the County's net revenues over expenditures for 2003 primarily due to the accumulation of SPLOST dollars for debt service.

Business-type Activities: The County's only business-type activity, the Solid Waste Fund, experienced a 16.0% increase in revenues due to a reimbursement from the State of Georgia for costs related to closing the landfill. If the reimbursement were disregarded, the Solid Waste Fund would have experienced a 10.8% decrease in revenues.

Financial Analysis of the County's Funds

Governmental Funds Overview: Lumpkin County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As described earlier, the County's governmental funds provide information on short-term inflows and outflows, as well as what remains for future spending. Such information is useful in assessing the County's financing requirements. For example, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2003, Lumpkin County Governmental Funds reported a combined fund balance, excluding Component Units, of $9.2 million. This amount was up $655 thousand from 2002. Of the total combined fund balance, approximately 58.6% consists of *unreserved fund balance*, the portion of fund balance which serves as a measure of current available financial resources.

The *reserved fund balance* represented resources not available for spending or those on which legal restrictions have been placed. The County's reserved fund balance a makes up 41.4% of the combined total and includes the following: Reserved for Debt Service ($3.5 million); and Reserved for Inventory/ Receivables/Prepaid ($0.3 million).

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

General Fund. The General Fund of Lumpkin County accounts for all transactions not accounted for in other funds. As the County's major operating fund, the General Fund accounts for ordinary operating expenditures financed primarily by property taxes and charges for services. The General Fund completed the year with a fund balance of $4.7 million. This was almost identical to the previous year's fund balance due to the timing of revenues with expenditures. Of the $4.7 million, 93.6% is unreserved while the remaining 6.4% is reserved.

Debt Service. The Debt Service Fund accounts for the 2002 Special Purpose Local Option Sales Tax (SPLOST) money, including earned interest, which is reserved for retiring the Lumpkin County Public Building Authority Issue, Series 2001. This issue had an original principal balance of $15.75 million and at December 31, 2003 had an outstanding principal balance of $12.77 million. The fund balance of the Debt Service Fund is $3.5 million.

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

SPLOST. This fund accounts for the 1999 SPLOST money, including earned interest, which is to be used for various capital projects as provided in Title 48, Chapter 8 of the Official Code of Georgia Annotated. At December 31, 2003, the fund balance of this fund was $919 thousand.

Capital Projects. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. At December 31, 2003, the fund balance of this fund was a deficit of $145 thousand. The deficit is due to timing differences related to reimbursement requests from the Georgia Environmental Facilities Authority loan.

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

Enterprise Fund. The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through user charges on a continuing basis. The Solid Waste Fund is the County's single enterprise fund. Total net assets of the enterprise fund at the end of 2003 were $80 thousand, representing a decline of $15 thousand due largely to depreciation expense.

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

General Fund Budgetary Highlights

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

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

Even with these adjustments, actual expenditures were $254 thousand below final budget amounts.

Resources available for appropriation were $5.3 million above final budget amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of 2003, the County had acquired $59.6 million (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type activities including land, buildings, park facilities, roads, bridges, heavy machinery, vehicles and equipment, and infrastructure.

- All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
- The total increase in capital assets, net of accumulated depreciation, for the current fiscal year was $4.4 million, including an adjustment during 2003 related to the implementation of GASB 34 in the amount of $1.7 million. Including the adjustment, the percentage increase in capital assets was 4.98%.
- Additional information on the County's net assets can be found in Note 5 of the Notes to Financial Statements.

Debt Administration

Georgia Statutes provide for a general obligation debt limit of 10.0% of assessed valuation. The County had a general obligation debt capacity of $79.6 million in 2003. The County currently has $12.77 million subject to the limitation.

At December 31, 2003, Lumpkin County had the following outstanding long-term debt:

- $12.77 million in Certificates of Participation.
- $238 thousand in capital leases.
- $187 thousand in compensated absences.
- $6.8 million Georgia Environmental Facilities Authority payable.
- Additional information on the County's long-term debt can be found in Note 6 of the Notes to Financial Statements.

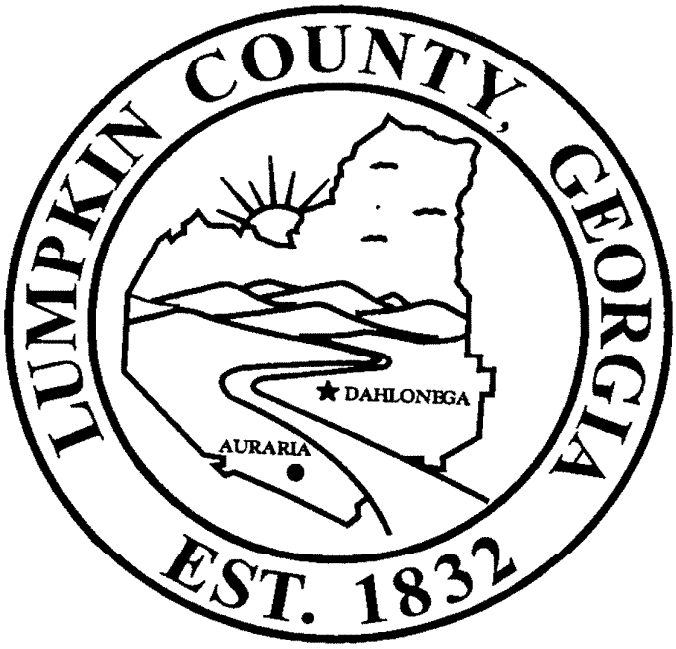
Economic Factors and Next Year's Budgets and Rates

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

Due to the relatively flat economy, the 2004 budget plans for an increase of revenues of only about 1.7%. This small growth in revenues has necessitated a tight spending budget for 2004, with no planned increases to the size of the County workforce.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, 99 Courthouse Hill, Suite A, Dahlonega, GA. 30533.



Basic
Financial Statements

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2003

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 10,934,766	$ 199	$ 10,934,965	$ 1,729,153
Investments	2,014,913	-	2,014,913	1,074,517
Other receivables(net of allowance for uncollectibles)	4,720,459	17,396	4,737,855	66,537
Inventories	23,337	-	23,337	-
Restricted assets:				
Restricted cash	-	-	-	157,168
Restricted investments	-	-	-	22,462
Prepaid items	286,874	-	286,874	3,505
Deposits in escrow	5,000	-	5,000	-
Capital lease receivable, current	-	-	-	132,845
Noncurrent assets:				
Deferred charges	-	-	-	62,641
Restricted investments	-	-	-	356,799
Other assets	500	-	500	-
Capital lease receivable	-	-	-	1,483,503
Land held for resale	-	-	-	116,475
Capital assets:				
Land and improvements	26,602,114	192,103	26,794,217	292
Construction in progress	9,100,028	1,895	9,101,923	544,468
Buildings and improvements	15,979,523	470,319	16,449,842	-
Machinery and equipment	2,420,330	133,000	2,553,330	31,948
Vehicles	2,808,889	-	2,808,889	-
Water system	-	-	-	3,591,372
Infrastructure	13,286,625	-	13,286,625	-
Less: Accumulated depreciation	(11,103,425)	(253,550)	(11,356,975)	(254,700)
Capital assets, net of depreciation	59,094,084	543,767	59,637,851	3,913,380
Total Assets	77,079,933	561,362	77,641,295	9,118,985
LIABILITIES				
Accounts payable	566,307	4,160	570,467	362,896
Accrued expenses	333,994	4,423	338,417	99,108
Due to other governments	44,258	-	44,258	-
Deferred revenue	5,629,424	-	5,629,424	-
Funds held in trust	-	-	-	38,037
Compensated absences, current	3,734	-	3,734	6,436
Landfill closure and postclosure, current	-	10,000	10,000	-
Agreement for sale payable, current	315,000	-	315,000	-
Contracts payable, current	219,065	-	219,065	-
Notes payable, current	-	-	-	132,845
Revenue bonds payable, current	-	-	-	45,000
Capital leases payable, current	66,484	-	66,484	-
Noncurrent liabilities:				
Landfill closure and postclosure	-	463,128	463,128	-
Compensated absences	182,988	-	182,988	25,743
Agreement for sale payable	12,455,000	-	12,455,000	-
Contracts payable	6,609,795	-	6,609,795	-
Notes payable	-	-	-	1,483,503
Revenue bonds payable	-	-	-	3,565,000
Capital leases payable	171,479	-	171,479	-
Total Liabilities	26,597,528	481,711	27,079,239	5,758,568
NET ASSETS				
Invested in capital assets, net of related debt	39,257,261	543,767	39,801,028	1,143,062
Restricted for:				
Debt service	3,527,982	-	3,527,982	22,464
Unrestricted	7,697,162	(464,116)	7,233,046	2,194,891
Total Net Assets	$ 50,482,405	$ 79,651	$ 50,562,056	$ 3,360,417

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
General Government	$ 1,920,851	$ 659,829	$ 27,864	$ -	$ (1,233,158)	$ -	$ (1,233,158)	$ -
Public Safety	5,764,114	1,238,161	174,463	47,895	(4,303,595)	-	(4,303,595)	-
Judicial System	1,678,388	929,845	161,431	-	(587,112)	-	(587,112)	-
Public Works	1,741,101	22,024	-	195,851	(1,523,226)	-	(1,523,226)	-
Health and Welfare	400,728	11,489	88,521	94,260	(206,458)	-	(206,458)	-
Culture and Recreation	1,106,390	253,986	15,243	61,520	(775,641)	-	(775,641)	-
Housing and Development	550,179	298,878	38,386	-	(212,915)	-	(212,915)	-
Interest	803,277	-	-	-	(803,277)	-	(803,277)	-
Total Governmental Activities	13,965,028	3,414,212	505,908	399,526	(9,645,382)	-	(9,645,382)	-
BUSINESS-TYPE ACTIVITIES								
Solid Waste	514,378	423,099	127,392	-	-	36,113	36,113	-
Total Business-Type Activities	514,378	423,099	127,392	-	-	36,113	36,113	-
Total Primary Government	$ 14,479,406	$ 3,837,311	$ 633,300	$ 399,526	(9,645,382)	36,113	(9,609,269)	-
COMPONENT UNITS								
Health Department	$ 737,514	$ 600,806	$ 87,237	$ -	$ -	$ -	$ -	$ (49,471)
Development Authority	330,456	223,974	63,902	5,000	-	-	-	(37,580)
Hospital Authority	14,438	-	-	-	-	-	-	(14,438)
Water and Sewerage Authority	582,311	350,174	-	230,914	-	-	-	(1,223)
Total Component Units	$ 1,664,719	$ 1,174,954	$ 151,139	$ 235,914	-	-	-	(102,712)
GENERAL REVENUES								
Property Taxes					5,726,074	-	5,726,074	-
Sales Taxes					4,578,196	-	4,578,196	-
Insurance Premium Taxes					662,480	-	662,480	-
Other Taxes					544,816	-	544,816	-
Unrestricted investment earnings					249,792	-	249,792	208,707
Grants and contributions not restricted to a specific program					272,275	-	272,275	-
Gain (loss) on sale of capital assets					(89,419)	-	(89,419)	(23,177)
TRANSFERS					51,597	(51,597)	-	-
Total General Revenues and Transfers					11,995,811	(51,597)	11,944,214	185,530
CHANGE IN NET ASSETS					2,350,429	(15,484)	2,334,945	82,818
NET ASSETS, as previously reported					46,407,167	95,135	46,502,302	3,277,599
Prior period adjustments					1,724,809	-	1,724,809	-
NET ASSETS, as restated					48,131,976	95,135	48,227,111	3,277,599
NET ASSETS, Ending					**$ 50,482,405**	**$ 79,651**	**$ 50,562,056**	**$ 3,360,417**

The accompanying notes are an integral part of this statement.

COMPONENT UNITS

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

Combining Statement of Activities - all discretely presented component units.

LUMPKIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF NET ASSETS
December 31, 2003

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
ASSETS					
Cash	$ 194,115	$ 1,306,997	$ 210,479	$ 17,562	$ 1,729,153
Investments	-	-	1,074,517	-	1,074,517
Other receivables(net of allowance for uncollectibles)	15,965	-	16,331	34,241	66,537
Restricted assets:					
Restricted cash	-	-	-	157,168	157,168
Restricted investments	-	-	-	22,462	22,462
Prepaid items	-	-	-	3,505	3,505
Capital lease receivable, current	-	132,845	-	-	132,845
Noncurrent assets:					
Deferred charges	-	-	-	62,641	62,641
Restricted investments	-	-	-	356,799	356,799
Capital lease receivable	-	1,483,503	-	-	1,483,503
Land held for resale	-	116,475	-	-	116,475
Capital assets:					
Land and improvements	-	-	-	292	292
Construction in progress	-	508,293	-	36,175	544,468
Machinery and equipment	12,344	-	-	19,604	31,948
Water system	-	-	-	3,591,372	3,591,372
Less: Accumulated depreciation	(5,805)	-	-	(248,895)	(254,700)
Capital assets, net of depreciation	6,539	508,293	-	3,398,548	3,913,380
Total Assets	216,619	3,548,113	1,301,327	4,052,926	9,118,985
LIABILITIES					
Accounts payable	3,332	311,925	-	47,639	362,896
Accrued expenses	-	11,737	-	87,371	99,108
Funds held in trust	-	7,500	-	30,537	38,037
Compensated absences, current	6,436	-	-	-	6,436
Notes payable, current	-	132,845	-	-	132,845
Revenue bonds payable, current	-	-	-	45,000	45,000
Noncurrent liabilities:					
Compensated absences	25,743	-	-	-	25,743
Notes payable	-	1,483,503	-	-	1,483,503
Revenue bonds payable	-	-	-	3,565,000	3,565,000
Total Liabilities	35,511	1,947,510	-	3,775,547	5,758,568
NET ASSETS					
Invested in capital assets, net of related debt	6,539	508,293	-	628,230	1,143,062
Restricted for:					
Debt service	-	-	-	22,464	22,464
Unrestricted	174,569	1,092,310	1,301,327	(373,315)	2,194,891
Total Net Assets	$ 181,108	$ 1,600,603	$ 1,301,327	$ 277,379	$ 3,360,417

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: HEALTH DEPARTMENT	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: DEVELOPMENT AUTHORITY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: HOSPITAL AUTHORITY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: WATER AND SEWERAGE AUTHORITY	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: TOTAL
COMPONENT UNITS									
Health Department	$ 737,514	$ 600,806	$ 87,237	$ -	$ (49,471)	$ -	$ -	$ -	$ (49,471)
Development Authority	330,456	223,974	63,902	5,000	-	(37,580)	-	-	(37,580)
Hospital Authority	14,438	-	-	-	-	-	(14,438)	-	(14,438)
Water and Sewerage Authority	582,311	350,174	-	230,914	-	-	-	(1,223)	(1,223)
Total Component Units	$ 1,664,719	$ 1,174,954	$ 151,139	$ 235,914	(49,471)	(37,580)	(14,438)	(1,223)	(102,712)
GENERAL REVENUES									
Unrestricted investment earnings					-	179,615	24,969	4,123	208,707
Gain (loss) on sale of capital assets					-	-	-	(23,177)	(23,177)
Total General Revenues					-	179,615	24,969	(19,054)	185,530
CHANGE IN NET ASSETS					(49,471)	142,035	10,531	(20,277)	82,818
NET ASSETS, Beginning					230,579	1,458,568	1,290,796	297,656	3,277,599
NET ASSETS, Ending					**$ 181,108**	**$ 1,600,603**	**$ 1,301,327**	**$ 277,379**	**$ 3,360,417**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2003

	GENERAL	DEBT SERVICE	COMMUNITY DEVELOPMENT BLOCK GRANT	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS							
Cash	$ 8,798,789	$ 1,076,805	$ -	$ 919,150	$ 13,919	$ 126,103	$ 10,934,766
Investments	-	2,014,913	-	-	-	-	2,014,913
Other receivables(net of allowance for uncollectibles)	4,226,391	436,264	2,101	-	20,063	35,640	4,720,459
Inventories	23,337	-	-	-	-	-	23,337
Due from other funds	5,625	-	-	-	-	127,531	133,156
Prepaid items	279,822	-	-	-	-	7,052	286,874
Deposits in escrow	5,000	-	-	-	-	-	5,000
Other assets	-	-	-	-	-	500	500
TOTAL ASSETS	$13,338,964	$ 3,527,982	$ 2,101	$ 919,150	$ 33,982	$ 296,826	$ 18,119,005
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ 393,655	$ -	$ 2,101	$ -	$ 161,441	$ 9,111	$ 566,308
Accrued expenses	6,268	-	-	-	-	-	6,268
Due to other funds	127,531	-	-	95	5,530	-	133,156
Due to other governments	44,258	-	-	-	-	-	44,258
Deferred revenue	8,056,714	-	-	-	11,925	56,105	8,124,744
TOTAL LIABILITIES	8,628,426	-	2,101	95	178,896	65,216	8,874,734
Fund Balances							
Reserved:							
Prepaid items and inventories	303,159	-	-	-	-	-	303,159
Debt Service Fund	-	3,527,982	-	-	-	-	3,527,982
Unreserved, undesignated:							
General Fund	4,407,379	-	-	-	-	-	4,407,379
Special Revenue Funds	-	-	-	-	-	231,610	231,610
Capital Projects Funds	-	-	-	919,055	(144,914)	-	774,141
TOTAL FUND BALANCES	4,710,538	3,527,982	-	919,055	(144,914)	231,610	9,244,271
TOTAL LIABILITIES AND FUND BALANCES	$13,338,964	$ 3,527,982	$ 2,101	$ 919,150	$ 33,982	$ 296,826	$ 18,119,005

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2003

Total Fund Balances for Governmental Funds (page 8)		**$ 9,244,271**
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.		59,094,084
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	451,697	
Fines	2,043,623	
		2,495,320
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2003 are:		
Accrued interest on agreement for sale payable	(327,726)	
Agreement for sale payable	(12,770,000)	
Contracts payable	(6,828,860)	
Capital leases	(237,963)	
Compensated absences	(186,722)	
		(20,351,271)
Rounding		1
Total net assets of governmental activities (page 4)		**$ 50,482,405**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year December 31, 2003

	GENERAL	DEBT SERVICE	COMMUNITY DEVELOPMENT BLOCK GRANT	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES							
Taxes	$ 8,908,483	$ 2,207,229	$ -	$ 410,494	$ -	$ -	$ 11,526,206
Licenses and permits	245,434	-	-	-	-	-	245,434
Fines and forfeitures	599,127	-	-	-	-	49,628	648,755
Charges for services	2,037,624	-	-	-	-	309,367	2,346,991
Interest income	174,340	49,503	-	24,653	864	433	249,793
Intergovernmental	905,167	-	94,260	450	127,068	73,582	1,200,527
Contributions and donations	6,033	-	-	-	20,063	-	26,096
Other	3,540	-	-	-	-	-	3,540
TOTAL REVENUES	12,379,748	2,256,732	94,260	435,597	147,995	433,010	16,247,342
EXPENDITURES							
Current							
General Government	1,774,496	-	-	-	22,770	-	1,797,266
Public Safety	5,019,179	-	-	(720)	38,458	403,968	5,460,885
Judicial System	1,476,100	-	-	-	38,636	153,143	1,667,879
Public Works	792,406	-	-	6,365	90,835	-	889,606
Health and Welfare	368,916	-	9,172	-	3,843	-	381,931
Culture and Recreation	1,023,611	-	-	-	3,063	-	1,026,674
Housing and Development	523,372	-	-	-	4,719	-	528,091
Capital Outlay	67,602	-	-	240,249	2,220,079	-	2,527,930
Debt Service							
Principal	74,134	865,000	-	-	-	-	939,134
Interest	13,116	808,254	-	-	-	-	821,370
TOTAL EXPENDITURES	11,132,932	1,673,254	9,172	245,894	2,422,403	557,111	16,040,766
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,746,816	583,478	85,088	189,703	(2,274,408)	(124,101)	206,576
OTHER FINANCING SOURCES (USES)							
Proceeds from capital leases	-	-	-	-	19,210	-	19,210
Proceeds from borrowing	-	-	-	-	305,647	-	305,647
Proceeds from sale of fixed assets	72,746	-	-	(1,200)	-	-	71,546
Transfers in	138,205	2,944,504	-	-	1,789,491	135,727	5,007,927
Transfers out	(1,898,968)	-	(86,608)	(2,944,504)	-	(26,250)	(4,956,330)
TOTAL OTHER FINANCING SOURCES (USES)	(1,688,017)	2,944,504	(86,608)	(2,945,704)	2,114,348	109,477	448,000
NET CHANGES IN FUND BALANCES	58,799	3,527,982	(1,520)	(2,756,001)	(160,060)	(14,624)	654,576
FUND BALANCES, Beginning of year	4,651,739	-	1,520	3,675,056	15,146	246,234	8,589,695
FUND BALANCE, End of year	$ 4,710,538	$ 3,527,982	$ -	$ 919,055	$ (144,914)	$ 231,610	$ 9,244,271

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2003

Net change in fund balances (page 10)		**$ 654,576**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($2,527,930) exceeded depreciation ($1,411,695) in the current period.		1,116,235
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(160,965)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	451,697	
Donated Assets	170,561	
Fines	2,043,623	
		2,665,881
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities		
Property Taxes	(406,208)	
Fines	(2,153,736)	
		(2,559,944)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of four balances.		
Proceeds from borrowing	(324,857)	
Payments on Long-Term Debt	939,134	
Compensated absences	2,274	
Accrued interest on Bonds	18,093	
		634,644
Rounding		2
Change in net assets of governmental activities (page 5)		**$ 2,350,429**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2003

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS
	SOLID WASTE
ASSETS	
Current Assets	
Cash	$ 199
Other receivables(net of allowance for uncollectibles)	17,396
TOTAL CURRENT ASSETS	17,595
Capital Assets	
Land	192,103
Buildings and improvements	470,319
Machinery and equipment	133,000
Construction in progress	1,895
	797,317
Less: Accumulated depreciation	(253,550)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	543,767
TOTAL ASSETS	561,362
LIABILITIES	
Current Liabilities	
Accounts payable	4,160
Accrued expenses	4,423
Landfill closure and postclosure, current	10,000
TOTAL CURRENT LIABILITIES	18,583
Noncurrent Liabilities	
Landfill closure and postclosure	463,128
TOTAL LIABILITIES	481,711
NET ASSETS	
Invested in capital assets, net of related debt	543,767
Unrestricted	(464,116)
TOTAL NET ASSETS	$ 79,651

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSE AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
OPERATING REVENUES	
Charges for services	$ 423,099
OPERATING EXPENSES	
Salaries and benefits	129,809
Supplies	3,809
Waste management and operating charges	305,576
Other services and charges	53,296
Depreciation expense	21,888
TOTAL OPERATING EXPENSES	514,378
OPERATING INCOME (LOSS)	(91,279)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental	127,392
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	36,113
Transfers out	(51,597)
CHANGE IN NET ASSETS	(15,484)
TOTAL NET ASSETS, Beginning of year	95,135
TOTAL NET ASSETS, End of year	$ 79,651

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2003

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	426,007
Payments to suppliers	(370,099)
Payments to employees	(129,809)
Net cash provided by (used in) operating activities	(73,901)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	(51,597)
Operating grants	127,392
Net cash provided by (used in) noncapital financing activities	75,795
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(1,895)
Net cash provided by (used in) capital and related financing activities	(1,895)
INCREASE (DECREASE) IN CASH	(1)
CASH, Beginning of year	200
CASH, End of year	$ 199
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ (91,279)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	21,888
(Increase) Decrease in:	
Accounts receivable	2,908
Increase (Decrease) in:	
Accounts payable	3,864
Accrued expenses	1,973
Postclosure care liability	(13,255)
Net cash provided by (used in) operating activities	$ (73,901)

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2003

	AGENCY FUNDS
ASSETS	
Cash	$ 3,704,387
TOTAL ASSETS	3,704,387
LIABILITIES	
Funds held in trust	3,704,387
TOTAL LIABILITIES	3,704,387
NET ASSETS	$ -

The accompanying notes are an integral part of this statement.

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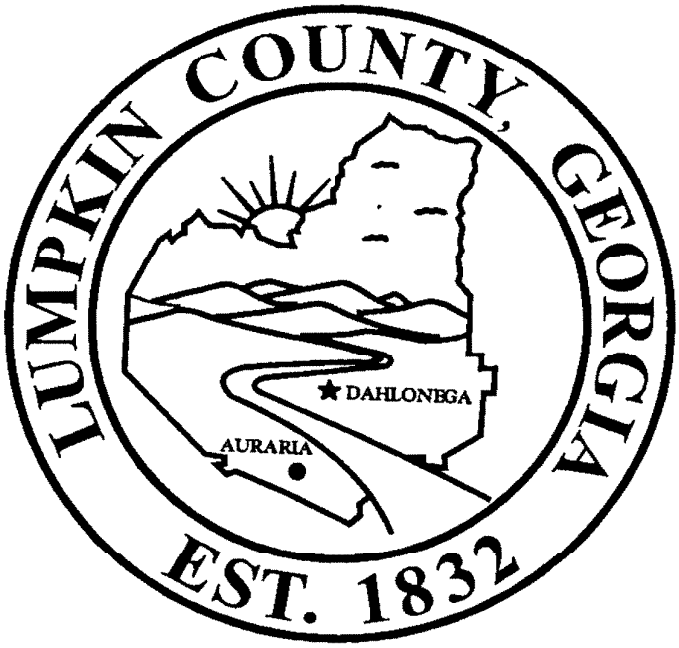


Notes to
Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

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

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

Discretely Presented Component Units: The Lumpkin County Health Department (Health Department) monitors and controls all health activities in the County. The Lumpkin County Board of Health (Board) governs the health department. The Health Department is dependent upon the government because the government approves the Health Department's budget and the government has the ability to impose its will upon the Health Department. During 2003, the County supplemented the Health Department's budget in the amount of $87,237. The Health Department is presented as a governmental fund type. The Health Department's fiscal year end is June 30.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Lumpkin County Development Authority (Development Authority) is charged with aiding economic development within the County. It is governed by a seven-member board appointed by the Commissioner of Lumpkin County. The Development Authority is dependent upon the government because the government approves the Development Authority's budget and the government has the ability to impose its will upon the Development Authority. During 2003, the County supplemented the Development Authority's budget in the amount of $63,902. The Development Authority is presented as a proprietary fund type. The Development Authority's fiscal year end is December 31.

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

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

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

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

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

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund type:

The *Agency Funds* are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

*1. **Deposits and Investments***

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

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

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

*2. **Receivables and Payables***

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, culverts, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2003.

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

7. Fund Equity

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

8. Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

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

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

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

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

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

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

(B) EXCESS OF REVENUES AND EXPENDITURES OVER APPROPRIATIONS

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

DEPARTMENT	ACTUAL	BUDGETED	DIFFERENCE
Sheriff-Criminal Investigation	576,927	541,766	35,161
Detention Center	1,735,549	1,571,190	164,359

The excess has been funded by additional revenue and prior year fund balance.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

(C) DEFICIT FUND BALANCE

At December 31, 2003, the Emergency 911 Special Revenue Fund had a fund balance deficit of $13,413, which resulted primarily from having to defer revenues due to state statutes regarding E-911 wireless. In year 2004, the general fund will transfer funds to eliminate the fund deficit.

At December 31, 2003, the Capital Projects Fund had a fund balance deficit of $144,914, which resulted primarily from timing differences. These differences will be eliminated in 2004 by proceeds from borrowing that will offset an account payable recorded in 2003.

NOTE 3 - DEPOSITS AND INVESTMENTS

DEPOSITS. As of December 31, 2003, the carrying amount of the County's deposits for the primary government and discretely presented component units was $14,639,352 and $1,886,321 and the bank balance was $15,207,415 and $1,910,990 respectively. The amount of the total bank balance is classified into three categories of credit risk: (1) deposits that are insured or collateralized with securities held by the County or by its agent in the County's name, (2) deposits collateralized with securities held by the pledging financial institution's trust department or agent in the County's name and (3) uncollateralized bank accounts.

The County's deposits are displayed as follows:

Statement of net assets (page 4)	
Cash	$ 10,934,965
Statement of Fiduciary net assets (page 15)	
Cash, agency funds	3,704,387
Total	$ 14,639,352

The County's deposits are classified as follows at December 31, 2003:

Category	Primary Government Bank Balance	Discretely presented Component Units Bank Balance
1	$ 671,248	$ 446,793
2	14,536,167	1,464,197
3	-	-
	$15,207,415	$1,910,990

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

	1	2	3	Fair Value
Certificate of Deposit	$2,014,913	$ -	$ -	$2,014,913

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

	1	2	3	Fair Value
U.S. Government Securities	$1,096,979	$ -	$ -	$1,096,979

NOTE 4 – RECEIVABLES

Primary Government

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

	General Fund	Debt Service	Community Development Block Grant	Capital Projects	Nonmajor Governmental Funds	Solid Waste
Receivables:						
Property Taxes	$ 1,369,509	$ -	$ -	$ -	$ -	$ -
Accounts	4,862,163	-	-	20,063	35,640	17,396
Intergovernmental	512,715	436,264	2,101	-	-	-
Total Gross Receivables	6,744,387	436,264	2,101	20,063	35,640	17,396
Less: Allowance for Uncollectibles	(2,517,996)	-	-	-	-	-
Total Net Receivables	$ 4,226,391	$ 436,264	$ 2,101	$ 20,063	$ 35,640	$ 17,396

NOTE 4 – RECEIVABLES (CONTINUED)

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

	UNAVAILABLE	UNEARNED
Delinquent property taxes receivable (General Fund)	$ 451,697	$ -
Current year property taxes (General Fund)	-	5,352,371
Probation fines (General Fund)	2,043,623	-
E-911 fees (Emergency Telephone System Fund)	-	56,104
Grant drawdowns prior to meeting all eligibility requirements (Capital Projects)	-	11,925
Grant drawdowns prior to meeting all eligibility requirements (General Fund)	-	209,024
Total deferred/unearned revenue for governmental funds	$ 2,495,320	$ 5,629,424

Property taxes receivable at December 31, 2003, consist of the following:.

DIGEST YEAR	GENERAL FUND
2003	$ 920,202
2002	216,753
2001	81,561
2000	80,939
1999	57,308
1998	3,119
1997	7,056
1996	2,571
Total	$ 1,369,509

NOTE 4 – RECEIVABLES (CONTINUED)

Discretely Presented Component Units

	Health Department	Hospital Authority	Water Authority
Receivables:			
Accounts	$ 15,824	$ 16,331	$ 36,641
Intergovernmental	141	-	-
Total Gross Receivables	15,965	16,331	36,641
Less: Allowance for Uncollectibles	-	-	(2,400)
Total Net Receivables	$ 15,965	$ 16,331	$ 34,241

The Development Authority has entered into a capital lease based on the provision of Statement No. 13, issued by the Financial Accounting Standards Board. The capital lease consists of land and buildings leased to Siemens Energy & Automation, Inc. The Siemens lease originated in 1998 for $2,227,675. Siemens pays a monthly payment of $21,991 including imputed interest at 8.42%. The lease is amortized over 15 years. The following lists the components of the net investments in sales-type leases as of December 31, 2003:

Year	Amount
2004	$ 263,892
2005	263,892
2006	263,892
2007	263,892
2008	263,892
Thereafter	961,089
Total future minimum lease payments	2,280,549
Less imputed interest	(664,201)
Present value of future minimum lease payments	$ 1,616,348

On January 22, 2004, Siemens and the Authority entered into a lease termination agreement. Siemens made a payment of $113,979 which reduced the balance of the note payable to $1,500,000. On that same date, the authority entered into an operating lease with Masterpiece Millwork, Inc. This lease is for a period of 60 months at a base rental of $11,800 per month. The lessee has an option to purchase the property at any time during the lease for the amount of principal and accrued interest on the note payable to the bank. At that same time, the bank modified the loan agreement to require 60 monthly payments commencing March 5, 2004 of $11,294, including interest at a fixed rate of 6.625%. The loan is secured by the property and by assignment of the lease proceeds.

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments And Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	$11,858,664	$803,035	$ (133,443)	$ 684,425	$13,212,681
Infrastructure land improvements	13,317,613	71,820	-	-	13,389,433
Construction in progress	8,334,344	814,814	-	(49,130)	9,100,028
Total non-depreciable capital assets	33,510,621	1,689,669	(133,443)	635,295	35,702,142
Depreciable Assets:					
Buildings and improvements	14,809,774	96,655	-	1,073,094	15,979,523
Machinery and equipment	2,247,476	193,694	-	(20,840)	2,420,330
Vehicles	2,545,997	316,906	(91,274)	37,260	2,808,889
Infrastructure	13,056,951	401,567	(171,893)	-	13,286,625
Total depreciable capital assets	32,660,198	1,008,822	(263,167)	1,089,514	34,495,367
Less Accumulated Depreciation for:					
Buildings and improvements	1,624,827	290,624	-	-	1,915,451
Machinery and equipment	1,359,590	137,761	-	-	1,497,351
Vehicles	1,614,035	217,198	(73,415)	-	1,757,818
Infrastructure	5,328,922	766,112	(162,229)	-	5,932,805
Total accumulated depreciation	9,927,374	1,411,695	(235,644)	-	11,103,425
Total depreciable capital assets, net	22,732,824	(402,873)	(27,523)	1,089,514	23,391,942
Governmental activities capital assets, net	$ 56,243,445	$ 1,286,796	$ (160,966)	$ 1,724,809	$ 59,094,084

Capital Outlay	$ 2,527,930
Donated roads, including underlying land	149,151
Land exchanged with the Development Authority	16,715
Seized vehicles	4,695
Total	$ 2,698,491
Non-depreciable capital assets additions	$ 1,689,669
Depreciable capital assets additions	1,008,822
Total	$ 2,698,491

During 2003, a prior period adjustment in the amount of $1,724,809 was posted to record land and buildings acquired by the County in prior years.

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-Depreciable Assets:					
Land and improvements	$ 192,103	$ -	$ -	$ -	$ 192,103
Construction in progress		1,895			1,895
Total non-depreciable capital assets	192,103	1,895	-	-	193,998
Depreciable Assets:					
Buildings and improvements	470,319	-	-	-	470,319
Machinery and equipment	133,000	-	-	-	133,000
Total depreciable capital assets	603,319	-	-	-	603,319
Less Accumulated Depreciation for:					
Land improvements	126,630	12,085	-	-	138,715
Buildings	19,745	4,583	-	-	24,328
Machinery and equipment	85,287	5,220	-	-	90,507
Total accumulated depreciation	231,662	21,888	-	-	253,550
Total depreciable capital assets, net	371,657	(21,888)	-	-	349,769
Business-type activities capital assets, net	$ 563,760	$ (19,993)	$ -	$ -	$ 543,767

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

Governmental Activities:	
General Government	$ 125,859
Judicial	10,509
Public Health and Welfare	18,797
Public Safety	303,231
Public Works	851,495
Recreation and Culture	79,716
Housing and Development	22,088
	$ 1,411,695
Business-type Activities:	
Solid Waste	$ 21,888

NOTE 5 - CAPITAL ASSETS (CONTINUED)
Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2003, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 18,350	$ -	$ (6,006)	$ 12,344
Less accumulated depreciation	9,876	1,935	(6,006)	5,805
Capital assets, net	$ 8,474	$ (1,935)	$ -	$ 6,539

Activity of the Development Authority for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	$ 190,534	$ -	$ -	$ (190,534)	$ -
Construction in progress	-	508,293	-	-	508,293
Total non-depreciable capital assets	$ 190,534	$ 508,293	$ -	$ (190,534)	$ 508,293

During 2003, land was reclassified from capital assets to land held for resale.

The Development Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2003 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project costs are noted below:

Project	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Natural Gas Line	$ 157,480	$ 157,480	-	$ -	retained earnings
12" Water Line	548,520	326,522	-	221,998	retained earnings
Long Branch Site Plan and Grading	13,345	13,345	-	-	retained earnings
Red Oak Flat Road	7,446	7,446	-	-	retained earnings
Design Website	7,000	3,500	3,500	-	retained earnings
	$ 733,791	$ 508,293	$ 3,500	$ 221,998	

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Activity for the Water Authority for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	$ 292	$ -	$ -	$ -	$ 292
Construction in progress	-	67,733	-	(31,558)	36,175
Total non-depreciable capital assets	292	67,733	-	(31,558)	36,467
Depreciable assets:					
Machinery and equipment	17,704	1,900	-	-	19,604
Water system	3,348,857	235,957	(25,000)	31,558	3,591,372
Total depreciable capital assets	3,366,561	237,857	(25,000)	31,558	3,610,976
Less accumulated depreciation for:					
Machinery and equipment	7,053	3,537	-	-	10,590
Water system	125,505	114,623	(1,823)	-	238,305
Total accumulated depreciation	132,558	118,160	(1,823)	-	248,895
Total depreciable capital assets, net	3,234,003	119,697	(23,177)	31,558	3,362,081
Business-type capital assets, net	$ 3,234,295	$ 187,430	$ (23,177)	$ -	$ 3,398,548

The Water and Sewerage Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2003 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project costs are noted below:

Project	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Longbranch pump station	$ 39,222	$ 33,900	$ 5,322	$ -	2000 Bond Issue

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 292,887	$ 19,210	$ (74,134)	$ 237,963	$ 66,484
Agreement for sale payable	13,635,000	-	(865,000)	12,770,000	315,000
Compensated absences	188,996	220,020	(222,294)	186,722	3,734
GEFA note payable	6,523,214	305,646	-	6,828,860	219,065
Governmental activities long-term liabilities	$ 20,640,097	$ 544,876	$ (1,161,428)	$ 20,023,545	$ 604,283
Business-Type Activities:					
Landfill closure/postclosure	$ 486,383	$ -	$ (13,255)	$ 473,128	$ 10,000
Business-type activities long-term liabilities	$ 486,383	$ -	$ (13,255)	$ 473,128	$ 10,000

Compensated absences are generally liquidated by the general fund.

CAPITAL LEASES

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

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

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Minimum future lease obligations for these leases, as of December 31, 2003, are as follows:

Year Ending December 31,	Governmental Activities
2004	$ 76,411
2005	76,411
2006	69,070
2007	37,031
2008	416
Total minimum lease payments	259,339
Less: amount representing interest (3.66% - 10.83%)	(21,376)
Present value of minimum lease payments	$ 237,963

In order to secure financing for the debts of the previous administration, the County transferred certain public buildings to a newly created entity, The Lumpkin County Public Building Authority. In February 2001, this Authority then sold those assets back to the County in exchange for the County's promise of payment backed by its full faith and credit and taxing power. The right to receive those payments under this Agreement for Sale were then assigned to the bank which provided $15,750,000 in financing. Scheduled repayment of this sum including interest from 5.02% to 7.6%, is outlined below. Final payment is due February 1, 2017. In the event of any early payment, a premium as determined by the February 2001 agreement would be due. During 2002, a Special Purpose Local Option Sales Tax was passed as provided by O.C.G.A. Sec 48-8-100, et seg. for the purpose of paying off and retiring a substantial portion of this debt.

Year Ending December 31,	Principal	Interest	Total
2004	$ 315,000	$ 778,636	$ 1,093,636
2005	795,000	745,623	1,540,623
2006	840,000	693,944	1,533,944
2007	900,000	638,846	1,538,846
2008	955,000	579,966	1,534,966
2009 - 2013	5,820,000	1,866,327	7,686,327
2014 - 2017	3,145,000	266,504	3,411,504
Total	$ 12,770,000	$ 5,569,846	$ 18,339,846

NOTE 6 – LONG-TERM DEBT (CONTINUED)

In September 1999, Lumpkin County and the City of Dahlonega borrowed $4,475,000 from the Georgia Environmental Facility Authority (GEFA) to develop a reservoir. During 2001, the City and Lumpkin County entered into an agreement to increase the loan amount to $13,730,000. The loan agreement provides that if the reservoir is completed before December 31, 2004, the City and County may convey the title to the property to GEFA in exchange for forgiveness of the debt. When the title is transferred, GEFA intends to enter into an agreement with the North Georgia Mountains Authority (NGMA) to operate the reservoir facilities. The County's share of the obligation as of December 31, 2003, was $6,828,860 or 50% of the total "draw downs" of all GEFA notes related to the reservoir project. Even though it is very likely that the title to the reservoir project will be transferred and debt forgiven, the amortization is shown below in the unlikely event that the City and County retain title.

Year Ending December 31,	Principal	Interest	Total
2004	$ 219,065	$ 283,705	$ 502,770
2005	241,978	260,792	502,770
2006	251,803	250,968	502,771
2007	262,027	240,743	502,770
2008	272,666	230,103	502,769
2009 - 2013	1,538,671	975,178	2,513,849
2014 - 2018	1,877,471	636,378	2,513,849
2019 - 2023	2,165,179	222,977	2,388,156
Total	$ 6,828,860	$ 3,100,844	$ 9,929,704

CONDUIT DEBT

In December 2001, the Lumpkin County Public Building Authority issued $5,000,000 in aggregate principal amount of Lumpkin County School District Qualified Zone Academy Project, Series 2001 Bonds. The proceeds will be used to rehabilitate, repair, renovate, extend and improve Lumpkin County Middle School and Lumpkin County Elementary School. As of December 31, 2003, the amount outstanding related to these bonds was $5,000,000. The obligation of Lumpkin County School District to make the payment required by the contract is a general obligation of the School District for which its full faith and credit and taxing power are pledged. The Public Building Authority has no obligation to repay this debt beyond the funds received from the School District.

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 33,881	$ 25,963	$ (27,665)	$ 32,179	$ 6,436

Activity for the Development Authority for the year ended December 31, 2003, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Note payable - Siemens Property	$ 1,736,486	$ -	$ (120,138)	$ 1,616,348	$ 132,845

Note Payable, original balance of $2,227,675, payable $21,991 monthly including interest at 8.42%- Siemens Property.

The annual requirements to amortize all debts of the Development Authority outstanding as of December 31, 2003 are as follows:

Year	Principal	Interest	Total
2004	$ 132,845	$ 131,047	$ 263,892
2005	144,472	119,420	263,892
2006	157,117	106,775	263,892
2007	170,869	93,023	263,892
2008	185,825	78,067	263,892
2009 - 2012	825,220	135,869	961,089
Total	$ 1,616,348	$ 664,201	$ 2,280,549

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Activity for the Water Authority for the year ended December 31, 2003, was as follows:

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

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

The annual requirements to amortize all debts of the Water Authority outstanding as of December 31, 2003 are as follows:

	Principal	Interest	Total
2004	$ 45,000	$ 201,634	$ 246,634
2005	65,000	208,056	273,056
2006	85,000	193,348	278,348
2007	105,000	187,509	292,509
2008	130,000	180,282	310,282
2009 - 2013	955,000	748,864	1,703,864
2014 - 2018	1,275,000	426,928	1,701,928
2019 - 2021	950,000	60,125	1,010,125
Total	$ 3,610,000	$ 2,206,746	$ 5,816,746

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2003, consist of the following:

$ 5,530	Due to the General Fund from the Capital Projects Fund for equipment purchases.
127,531	Due to the Drug Rehabilitation Fund from the General Fund for fines collected.
95	Other Balances.
$ 133,156	Total

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

$ 133,156	Due from other funds, Balance Sheet-Governmental Funds.

Transfers to/from other funds at December 31, 2003, consist of the following:

$ 1,789,491	From the General Fund to Capital Projects Fund to pay for various building improvements, land acquisitions and vehicle purchases.
109,477	From the General Fund to Emergency Telephone Fund to supplement fiscal year 2003 operating budget.
26,250	From the Drug Rehabilitation Fund to Drug Court Fund to supplement fiscal year 2003 operating budget.
2,944,504	From the SPLOST Fund to Debt Service Fund for debt retirement.
86,608	From Community Development Block Grant Fund to General Fund to reimburse prior year expenditures.
51,597	From Solid Waste Fund to the General Fund for cash receipts in excess of cash disbursements.
$ 5,007,927	Total

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (CONTINUED)

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

$ 4,956,330	Transfers Out, Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds.
51,597	Transfers Out, Statement of Revenues, Expense and Changes in Fund Net Assets-Proprietary Funds.
$ 5,007,927	Total

NOTE 8 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN
(A) PLAN DESCRIPTION

The County sponsors the Association of County Commissioners of Georgia (ACCG) Restated Pension Plan (Plan), which is a defined benefit plan. The plan was effective January 1, 2003.

The Plan provides retirement, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association of County Commissioners of Georgia Third Restated Defined Benefit Plan (ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of the Plan, as provided in Section 19.02 of the ACCG Plan document. The Plan issues a stand-alone report. This report may be obtained from: GEBCorp, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

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

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

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report. The required contribution amount of $124,894 was paid in fiscal year 2004.The County's payroll for employees participating in the Plan as

NOTE 8-RETIREMENT PLANS (CONTINUED)

of January 1, 2003, (the most recent actuarial valuation date) was $3,188,737 (based on covered earnings of preceding year.)

(B) FUNDING POLICY

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia Statutes.

(C) ANNUAL PENSION COST

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

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

The County's contribution for the year ended December 31, 2003 was $124,894, which was not made until after December 31, 2003.

Participants as of January 1, 2003 (the most recent actuarial valuation date) are shown below:

Retirees and beneficiaries receiving benefits	97
Total number of plan participants	97

The information was determined as part of the actuarial valuation as of January 1, 2003. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2003
Actuarial Cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	10 years
(The estimated amortization period for all unfunded liabilities is combined into one amount.)	
Asset valuation method	Market Value

NOTE 8-RETIREMENT PLANS (CONTINUED)

Actuarial assumptions:

Investment rate return*	8.0%
Projected salary increases*	6.0%
*Includes inflation at	3.0%
Cost-of-living adjustments	N/A
Post-retirement benefit increases	N/A

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

Derivation of annual pension cost:	2003
Annual required contribution	$ 124,894
Interest on net pension obligation	N/A
Amortization of net pension obligation	N/A
Annual pension cost	124,894
Contributions made with interest	-
Increase (decrease) in net pension obligation	124,894
Net pension obligation, January 1, 2002	-
Net pension obligation, January 1, 2003	$ 124,894

Since the annual contribution was not made until after December 31, 2003, a net pension obligation was created. In future years, the annual pension cost will include interest on this net pension obligation.

DEFINED CONTRIBUTION PLAN

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

The County's covered payroll for employees participating in this plan was $3,775,505 and total payroll was $6,222,817. The County contribution for 2003 was $74,989 and employee contributions were $0.

NOTE 8-RETIREMENT PLANS (CONTINUED)

OTHER PLANS

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

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

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

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

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

NOTE 9 – RISK MANAGEMENT

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

Other

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

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At December 31, 2003, there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

Workers' Compensation

The County participates in the Association County Commissioners of Georgia (ACCG) Group Self-Insurance Workers' Compensation Fund (GSIWCF), a self-insured pool cooperative arrangement among its members to finance workers' compensation coverage. The fund is owned by its members and is managed by a seven member Board of Trustees made up of representatives from participating counties. Losses up to $450,000 per individual claims are paid by the Fund. However, excess losses, if any, are covered by reinsurance and would be paid by the reinsurer. The members of the Fund are assessable if the losses that the Fund must pay exceed the assets of the pool. At December 31, 2003 there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

As part of these risk pools, (IRMA & GSIWCF), the County is obligated to pay all contributions and assessments to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents that could require the funds to pay any type of loss. The County is also to allow all the pools' agents and attorneys to represent the county in investigations, settlement discussions, and all levels of litigation arising out of any claim made against the county.

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

NOTE 10 - CONTINGENT LIABILITIES

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

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

NOTE 10 - CONTINGENT LIABILITIES (CONTINUED)

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

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

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports an estimated portion of these closure and postclosure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date. The County received its closure certificate on June 17, 2003. As of December 31, 2003, the County has recorded a liability for the landfill of $473,128 which represents the estimated postclosure cost based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2003. The estimated costs are subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The County is also required to demonstrate financial assurance that the closure and postclosure care cost can be paid in the future. As of December 31, 2003, the County was able to demonstrate those requirements using the financial ratio tests.

NOTE 12 - CERTAIN SIGNIFICANT ESTIMATES

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

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

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

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

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

NOTE 13 – GEORGIA MOUNTAIN REGIONAL DEVELOPMENT CENTER

Under Georgia law, the County, in conjunction with other cities and counties in the area, are members of the Georgia Mountain Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended December 31, 2003, the County paid $16,509 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

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

NOTE 14 – HOTEL/MOTEL TAX

During the year ended December 31, 2003, the County spent $62,234 to promote tourism, conventions, and trade shows. This was 250% of the tax receipts to be expended for these purposes under OCGA 48-13-51. The County complied with the requirements of this law.

NOTE 15 – JOINT VENTURES

Lumpkin County participates with Union and Towns Counties in the North Georgia Waste Management Authority. The Authority studied solid waste disposal issues, developed a plant to recycle waste paper and has leased those facilities to private entities. Lumpkin County has an ongoing financial interest and obligation for funding debt service requirements. The participating counties are annually assessed varying amounts to cover the Authority's inability to service its debt. During 2003, the County paid $51,210 to the Authority. Financial statements for the Authority are available from the Authority at 624 Green Street, Gainesville, Georgia 30501.

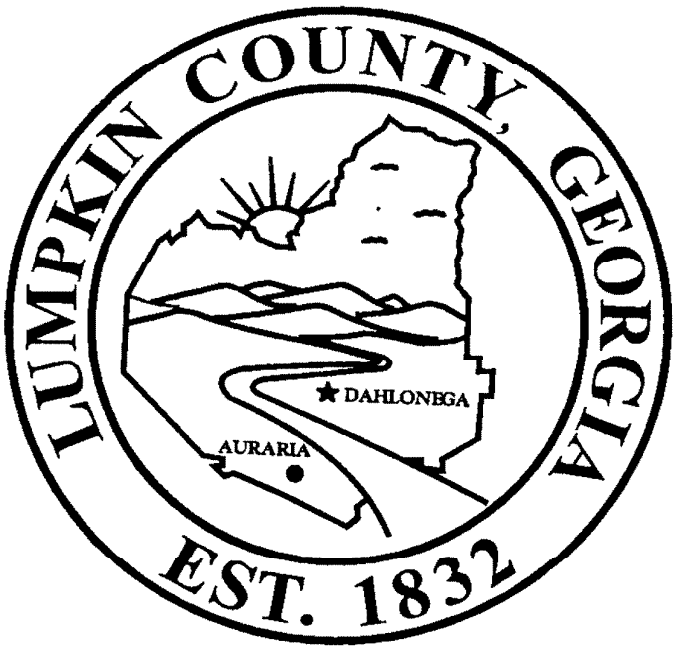
Lumpkin County and the City of Dahlonega share an undivided interest in a reservoir to be financed using loan proceeds from the Georgia Environmental Facilities Authority (GEFA).The environmental services contract with GEFA began in September 1999 with Lumpkin County and the City of Dahlonega each owning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

NOTE 16 – CHANGE IN ACOUNTING PRINCIPLES

The County adopted Government Accounting Standards Board Statement No. 34 – "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," (GASB 34) for fiscal year ended December 31, 2003. GASB 34 establishes the basic financial statements and required supplementary information for governments which should consist of management's discussion and analysis, government-wide financial statements, consisting of a statement of net assets and a statement of activities using the accrual basis of accounting, fund financial statements that report governmental fund financial statement using the modified accrual basis of accounting and that report proprietary fund financial statements using the accrual basis of accounting, notes to the financial statements, and required supplementary information.

NOTE 16 – CHANGE IN ACOUNTING PRINCIPLES (CONTINUED)

As restatement of prior financial statements is not practical, the cumulative effect of applying these statements is reported as a restatement of beginning fund balance or fund net assets for 2003. The total effect was an addition of $37,817,471 to governmental fund balances at December 31, 2002 to arrive at governmental activities net assets at that date.



Required
Supplementary Information

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2003
"Unaudited'

Actuarial Valuation Date (12/31)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2003	$0	$644,262	0%	$644,262	$3,188,737	20%

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

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

2003 was the first year that this plan was effective.

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2003
"Unaudited'

Fiscal Year	Annual Required Contributions	Actual Contribution	Percentage Contributed
2003	$124,894	$0	0%

2003 was the first year that this plan was effective

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2003
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 4,651,739	$ 4,651,739	$ 4,651,739	$ -
RESOURCES (INFLOWS)				
Taxes	8,765,655	8,765,655	8,908,483	142,828
Licenses and permits	256,000	256,000	245,434	(10,566)
Fines and forfeitures	539,900	539,900	599,127	59,227
Charges for services	1,678,561	1,684,514	2,037,624	353,110
Interest income	197,575	197,576	174,340	(23,236)
Intergovernmental	692,847	904,514	905,167	653
Contributions and donations	4,500	4,500	6,033	1,533
Other	500	3,407	3,540	133
Proceeds from sale of fixed assets	4,000	4,000	72,746	68,746
Transfers in	(125,553)	50,575	138,205	87,630
Total Resources (Inflows)	12,013,985	12,410,641	13,090,699	680,058
AMOUNTS AVAILABLE FOR APPROPRIATION	16,665,724	17,062,380	17,742,438	680,058
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Commissioner	272,686	277,159	277,026	133
Elections	49,299	51,017	51,012	5
Financial Administration	244,045	258,218	257,773	445
Legal	50,000	92,830	92,826	4
Data Processing/GIS	63,395	62,742	58,773	3,969
Human Resources	17,000	38,000	36,994	1,006
Tax Commissioner	343,235	344,650	329,924	14,726
Tax Assessor	250,783	261,736	261,321	415
Board of Equalization	3,230	3,853	3,482	371
Risk Management	91,384	79,673	79,673	-
Public/General Buildings	345,569	329,842	295,257	34,585
Administrative Support	181,141	37,773	24,268	13,505
General Administrative Fees	18,000	22,000	21,999	1
Total General Government	1,929,767	1,859,493	1,790,328	69,165
Public Safety				
Sheriff-Criminal Investigation	533,164	541,766	576,927	(35,161)
Drug Task	97,292	97,611	70,194	27,417
Sheriff-Uniform Patrol	1,404,534	1,419,949	1,413,995	5,954
Detention Center	1,569,185	1,571,190	1,735,549	(164,359)
Sheriff-Animal Control	46,742	46,818	36,275	10,543
Fire Department	352,660	353,411	329,276	24,135
Ambulance	785,716	812,202	811,426	776
Emergency Management	84,389	111,231	97,865	13,366
Coroner	19,082	20,033	18,958	1,075
Animal Shelter	-	135	132	3
Total Public Safety	4,892,764	4,974,346	5,090,597	(116,251)

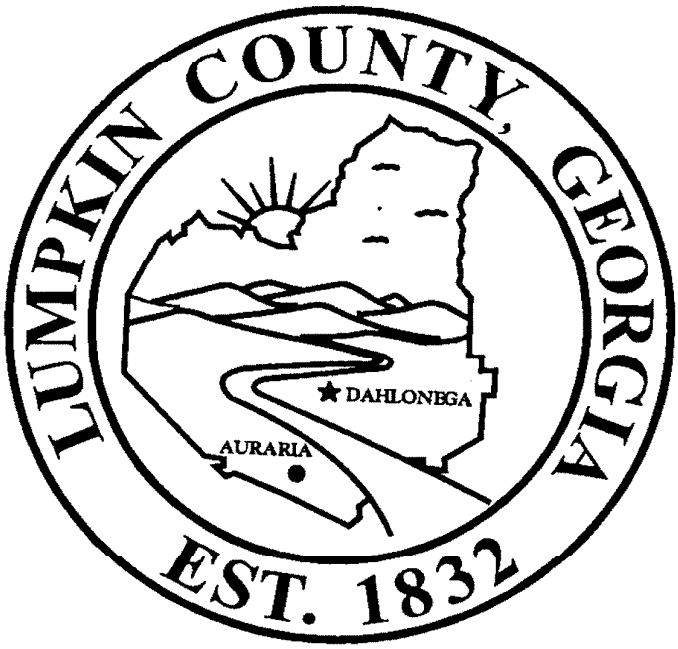
CONTINUED.....

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

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2003
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CONTINUED.....				
Judicial System				
Enotah Circuit	55,946	179,082	171,010	8,072
Superior Court	338,631	336,623	326,219	10,404
Capital Trial	200,000	111,635	72,027	39,608
Clerk Superior Court	458,397	459,667	449,319	10,348
District Attorney	43,205	8,555	8,118	437
Victim Assistance	62,201	61,417	57,305	4,112
Magistrate Court	212,778	213,605	202,358	11,247
Probate Court	193,083	195,263	189,744	5,519
Total Judicial System	1,564,241	1,565,847	1,476,100	89,747
Public Works				
Administration- Public Works	61,518	65,825	65,816	9
Roads and Bridges	773,663	960,161	794,192	165,969
Total Public Works	835,181	1,025,986	860,008	165,978
Health and Welfare				
Rainbow House	47,290	48,853	48,092	761
Mental Health	-	8,640	8,638	2
Health Department	87,233	99,997	99,994	3
DFACS	27,000	27,000	16,758	10,242
Senior Center	162,840	163,624	161,746	1,878
Transportation	32,891	33,760	33,688	72
Total Health and Welfare	357,254	381,874	368,916	12,958
Culture and Recreation				
Administration-Community Affairs and Leisure Services	57,751	58,484	57,896	588
Park & Recreation	336,192	321,345	306,556	14,789
Community Center	156,924	160,923	159,018	1,905
After School	127,118	103,531	102,983	548
Library	397,158	397,158	397,158	-
Total Culture and Recreation	1,075,143	1,041,441	1,023,611	17,830
Housing and Development				
County Extension Service	46,429	46,399	42,605	3,794
Planning	276,615	284,810	285,147	(337)
Environmental Enforcement & Education	57,154	40,692	38,298	2,394
Development Authority	72,330	66,968	63,678	3,290
Tourism	75,000	65,200	65,234	(34)
Airport	25,500	30,075	28,410	1,665
Total Housing and Development	553,028	534,144	523,372	10,772
Transfers out	806,607	1,903,072	1,898,968	4,104
TOTAL CHARGES TO APPROPRIATIONS	12,013,985	13,286,203	13,031,900	254,303
CHANGE IN FUND BALANCE	-	(875,562)	58,799	934,361
FUND BALANCES, End of year	$ 4,651,739	$ 3,776,177	$ 4,710,538	$ 934,361

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



Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
For the Year Ended December 31, 2003

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT	TOTAL
ASSETS					
Cash	$ -	$ 105,648	$ -	$ 20,455	$ 126,103
Other receivables(net of allowance for uncollectibles)	-	-	35,640	-	35,640
Due from other funds	127,531	-	-	-	127,531
Prepaid items	-	-	7,052	-	7,052
Other assets	-	-	-	500	500
TOTAL ASSETS	$ 127,531	$ 105,648	$ 42,692	$ 20,955	$ 296,826
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 9,111	$ 9,111
Deferred revenue	-	-	56,105	-	56,105
TOTAL LIABILITIES	-	-	56,105	9,111	65,216
FUND EQUITY					
Fund balance:					
Unreserved, undesignated	127,531	105,648	(13,413)	11,844	231,610
TOTAL FUND EQUITY	127,531	105,648	(13,413)	11,844	231,610
TOTAL LIABILITIES AND FUND EQUITY	$ 127,531	$ 105,648	$ 42,692	$ 20,955	$ 296,826

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS-SPECIAL REVENUE
For the Year Ended December 31, 2003

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT	TOTAL
REVENUE					
Fines and forfeitures	$ 27,352	$ 22,276	$ -	$ -	$ 49,628
Charges for services	-	-	264,437	44,930	309,367
Intergovernmental	-	-	-	73,582	73,582
Interest income	-	-	-	433	433
TOTAL REVENUE	27,352	22,276	264,437	118,945	433,010
EXPENDITURES					
Public Safety	8,437	-	395,531	-	403,968
Judicial System	-	11,972	-	141,171	153,143
TOTAL EXPENDITURES	8,437	11,972	395,531	141,171	557,111
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,915	10,304	(131,094)	(22,226)	(124,101)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	109,477	26,250	135,727
Transfers out	(26,250)	-	-	-	(26,250)
TOTAL OTHER FINANCING SOURCES (USES)	(26,250)	-	109,477	26,250	109,477
NET CHANGE IN FUND BALANCES	(7,335)	10,304	(21,617)	4,024	(14,624)
FUND BALANCES, Beginning of year	134,866	95,344	8,204	7,820	246,234
FUND BALANCES, End of year	$ 127,531	$ 105,648	$ (13,413)	$ 11,844	$ 231,610

LUMPKIN COUNTY, GEORGIA
DEBT SERVICE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2003

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	-	-	2,207,229	2,207,229
Interest income	-	-	49,503	49,503
Transfers in	1,673,254	1,673,254	2,944,504	1,271,250
Total Resources (Inflows)	1,673,254	1,673,254	5,201,236	3,527,982
AMOUNTS AVAILABLE FOR APPROPRIATION	1,673,254	1,673,254	5,201,236	3,527,982
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt Service				
Principal	865,000	865,000	865,000	-
Interest	808,254	808,254	808,254	-
TOTAL CHARGES TO APPROPRIATIONS	1,673,254	1,673,254	1,673,254	-
CHANGE IN FUND BALANCE	-	-	3,527,982	3,527,982
FUND BALANCES, End of year	$ -	$ -	$ 3,527,982	$ 3,527,982

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

LUMPKIN COUNTY, GEORGIA
DRUG REHABILITATION SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2003

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 134,866	$ 134,866	$ 134,866	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	15,000	15,000	27,352	12,352
Total Resources (Inflows)	15,000	15,000	27,352	12,352
AMOUNTS AVAILABLE FOR APPROPRIATION	149,866	149,866	162,218	12,352
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	15,000	15,000	8,437	6,563
Transfers out	35,000	35,000	26,250	8,750
TOTAL CHARGES TO APPROPRIATIONS	50,000	50,000	34,687	15,313
CHANGE IN FUND BALANCE	(35,000)	(35,000)	(7,335)	27,665
FUND BALANCES, End of year	$ 99,866	$ 99,866	$ 127,531	$ 27,665

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

LUMPKIN COUNTY, GEORGIA
LAW LIBRARY SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2003

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 95,344	$ 95,344	$ 95,344	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	26,000	26,000	22,276	(3,724)
Total Resources (Inflows)	26,000	26,000	22,276	(3,724)
AMOUNTS AVAILABLE FOR APPROPRIATION	121,344	121,344	117,620	(3,724)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	41,000	41,000	11,972	29,028
TOTAL CHARGES TO APPROPRIATIONS	41,000	41,000	11,972	29,028
CHANGE IN FUND BALANCE	(15,000)	(15,000)	10,304	25,304
FUND BALANCES, End of year	$ 80,344	$ 80,344	$ 105,648	$ 25,304

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

LUMPKIN COUNTY, GEORGIA
EMERGENCY TELEPHONE SYSTEM SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2003

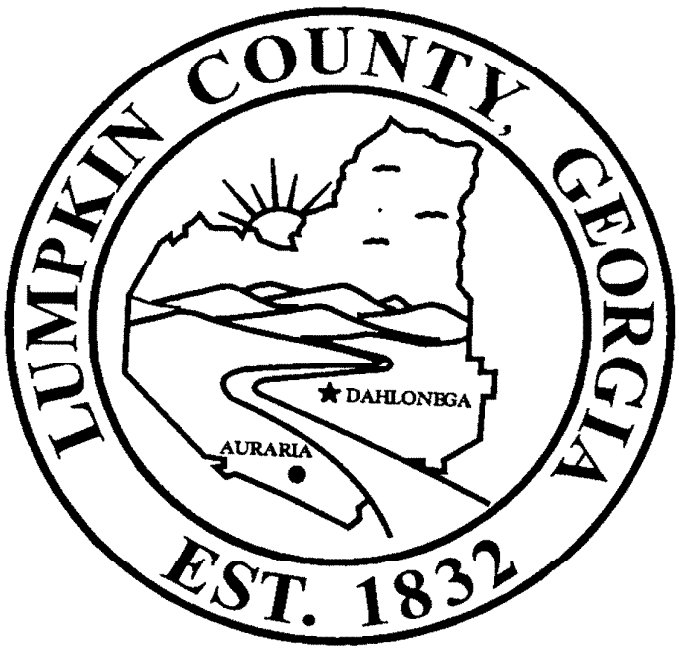
	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 8,204	$ 8,204	$ 8,204	$ -
RESOURCES (INFLOWS)				
Charges for services	262,000	286,200	264,437	(21,763)
Transfers in	148,977	109,677	109,477	(200)
Total Resources (Inflows)	410,977	395,877	373,914	(21,963)
AMOUNTS AVAILABLE FOR APPROPRIATION	419,181	404,081	382,118	(21,963)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	410,977	395,877	395,531	346
TOTAL CHARGES TO APPROPRIATIONS	410,977	395,877	395,531	346
CHANGE IN FUND BALANCE	-	-	(21,617)	(21,617)
FUND BALANCES, End of year	$ 8,204	$ 8,204	$ (13,413)	$ (21,617)

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

LUMPKIN COUNTY, GEORGIA
DRUG COURT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2003

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 7,820	$ 7,820	$ 7,820	$ -
RESOURCES (INFLOWS)				
Charges for services	-	50,800	44,930	(5,870)
Interest income	-	500	433	(67)
Intergovernmental	35,000	70,000	73,582	3,582
Transfers in	35,000	35,000	26,250	(8,750)
Total Resources (Inflows)	70,000	156,300	145,195	(11,105)
AMOUNTS AVAILABLE FOR APPROPRIATION	77,820	164,120	153,015	(11,105)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	70,000	156,300	141,171	15,129
TOTAL CHARGES TO APPROPRIATIONS	70,000	156,300	141,171	15,129
CHANGE IN FUND BALANCE	-	-	4,024	4,024
FUND BALANCES, End of year	$ 7,820	$ 7,820	$ 11,844	$ 4,024

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



Fiduciary Funds

FIDUCIARY FUNDS

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

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

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

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

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

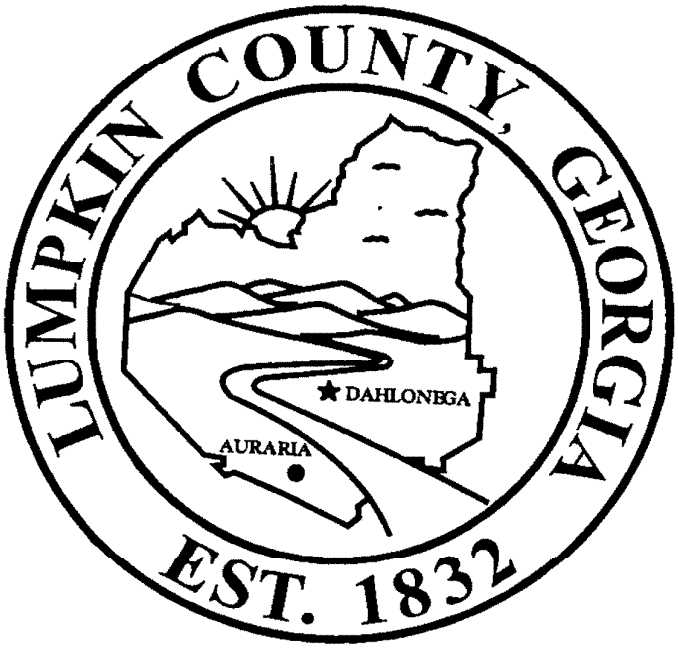
Magistrate Court - to account for the collection of fees in jurisdiction of small claims courts, which are disbursed to other parties.

LUMPKIN COUNTY, GEORGIA
TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
December 31, 2003

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 3,409,398	$ 6,202	$ 232,598	$ 38,196	$ 17,993	$ 3,704,387
TOTAL ASSETS	3,409,398	6,202	232,598	38,196	17,993	3,704,387
LIABILITIES						
Funds held in trust	3,409,398	6,202	232,598	38,196	17,993	3,704,387
TOTAL LIABILITIES	3,409,398	6,202	232,598	38,196	17,993	3,704,387
NET ASSETS	$ -	$ -	$ -	$ -	$ -	$ -

LUMPKIN COUNTY, GEORGIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2003

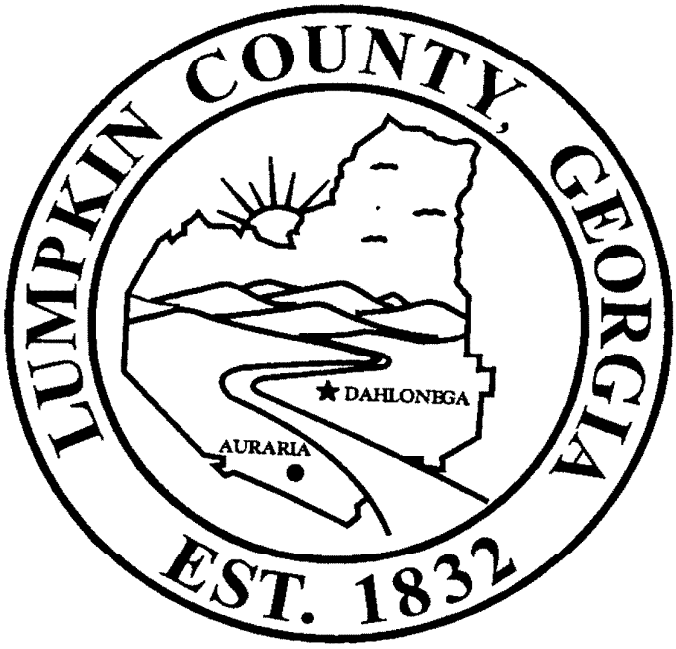
	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash						
Balance, January 1, 2003	$ 2,599,928	$ 59,687	$ 408,774	$ 69,598	$ 2,777	$ 3,140,764
Additions	27,685,097	168,086	2,069,493	373,350	64,648	30,360,674
Deductions	(26,875,627)	(221,571)	(2,245,669)	(404,752)	(49,432)	(29,797,051)
Cash Balance, December 31, 2003	3,409,398	6,202	232,598	38,196	17,993	3,704,387
TOTAL ASSETS, December 31, 2003	$ 3,409,398	$ 6,202	$ 232,598	$ 38,196	$ 17,993	$ 3,704,387
LIABILITIES						
Due to Lumpkin County						
Balance, January 1, 2003	$ 989,785	$ 51,365	$ 53,486	$ 20,241	$ 2,231	$ 1,117,108
Additions	10,116,087	36,286	928,434	250,033	23,350	11,354,190
Deductions	(11,105,872)	(87,651)	(981,920)	(270,274)	(25,581)	(12,471,298)
Balance, December 31, 2003	-	-	-	-	-	-
Amounts held in trust						
Balance, January 1, 2003	1,610,143	8,322	355,288	49,357	546	2,023,656
Additions	17,569,010	131,800	1,141,059	123,317	41,298	19,006,484
Deductions	(15,769,755)	(133,920)	(1,263,749)	(134,478)	(23,851)	(17,325,753)
Balance, December 31, 2003	3,409,398	6,202	232,598	38,196	17,993	3,704,387
TOTAL LIABILITIES						
Balance January 1, 2003	2,599,928	59,687	408,774	69,598	2,777	3,140,764
Additions	27,685,097	168,086	2,069,493	373,350	64,648	30,360,674
Deductions	(26,875,627)	(221,571)	(2,245,669)	(404,752)	(49,432)	(29,797,051)
TOTAL LIABILITIES, December 31, 2003	$ 3,409,398	$ 6,202	$ 232,598	$ 38,196	$ 17,993	$ 3,704,387



Supplementary Information

LUMPKIN COUNTY, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2003

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
SPLOST #4 - Commenced 1999				
Roads, streets and bridges	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ -
Construct and equip three fire stations and a detention center	5,000,000	8,383,859	5,193,461	245,894
	$ 10,000,000	$ 13,383,859	$ 10,193,461	$ 245,894
SPLOST #5 - Commenced 2003				
Debt Service-Public Building Authority	$ 15,750,000	$ 15,750,000	$ -	$ 1,673,254



Statistical Section

STATISTICAL SECTION

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

LUMPKIN COUNTY, GEORGIA

Government-Wide Revenues by Source

Last Ten Fiscal Years

	PROGRAM REVENUES			GENERAL REVENUES				
Fiscal Year	*Charges for Services*	*Operating Grants and Contributions*	*Capital Grants and Contributions*	*Taxes*	*Grants and Contributions Not Restricted*	*Unrestricted Investment Income*	*Other*	*Total*
2003	$ 3,837,311	$ 633,300	$ 399,526	$ 11,511,566	$ 272,275	$ 249,792	$ (89,419)	$ 16,814,351

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

LUMPKIN COUNTY, GEORGIA

Government-Wide Expenses by Function

Last Ten Fiscal Years

Fiscal Year	*General Government*	*Public Safety*	*Judicial*	*Public Works*	*Health and Welfare*	*Culture and Recreation*	*Housing and Development*	*Interest*	*Solid Waste*	*Total*
2003	$ 1,920,851	$ 5,764,114	$ 1,678,388	$ 1,741,101	$ 400,728	$ 1,106,390	$ 550,179	$ 803,277	$ 514,378	$ 14,479,406

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

LUMPKIN COUNTY, GEORGIA

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

Fiscal Year	*Taxes*	*Licenses and Permits*	*Fines and Forfeitures*	*Charges for Services*	*Interest*	*Intergovern-mental*	*Other*	*Transfers In*	*Total*
1994	$ 3,838,860	$ 32,638	$ 176,680	$ 271,345	$ 139,885	$ 474,271	$ 662,823	$ 114,275	$ 5,710,777
1995	4,186,746	40,366	163,748	332,816	179,817	668,586	654,003	0	6,226,082
1996	4,727,966	76,877	295,135	370,652	236,153	467,587	647,726	695,827	7,517,923
1997	6,294,047	147,792	485,383	1,032,418	286,078	658,711	174,410	0	9,078,839
1998	6,151,735	184,739	580,920	1,082,485	265,175	695,202	167,297	27,919	9,155,472
1999	6,301,858	191,350	606,777	1,219,056	159,684	813,462	601,036	0	9,893,223
2000	7,311,552	201,619	551,549	967,058	98,915	833,323	24,268	709,995	10,698,279
2001	8,508,834	208,961	673,916	915,526	246,830	700,534	81,413	129,659	11,465,673
2002	8,744,582	253,170	712,400	1,306,943	225,639	783,528	118,570	83,963	12,228,795
2003	$ 8,908,483	$ 245,434	$ 599,127	$ 2,037,624	$ 174,340	$ 905,167	$ 9,573	$ 138,205	$ 13,017,953

General Fund Tax Revenues by Source
Last Two Fiscal Years

Fiscal Year	*Property Tax*	*Interest, Cost, Penalties on Delinquent*	*Intangible Recording*	*Alcoholic Beverage*	*Real Estate Transfer*	*Sales Tax*	*Hotel/Motel Tax*	*Insurance Premium Tax*	*Total*
2002	$ 5,639,280	$ 165,261	$ 271,882	$ 4,547	$ 46,468	$ 1,940,156	$ 59,260	$ 617,728	$ 8,744,582
2003	$ 5,590,730	$ 189,579	$ 252,703	$ 86,805	$ 103,479	$ 1,960,473	$ 62,234	$ 662,480	$ 8,908,483

LUMPKIN COUNTY, GEORGIA

General Fund Expenditures and Transfers Out by Function

Last Ten Fiscal Years

Fiscal Year	*General Government*	*Public Safety*	*Judicial*	*Public Works*	*Health and Welfare*	*Culture and Recreation*	*Housing and Development*	*Capital Outlay*	*Debt Service*	*Transfers Out*	*Total*
1994	$ 1,121,538	$ 1,147,626	$ 575,251	$ 1,040,284	$ 562,208	$ 277,754	$ 0	$ 0	$ 0	$ 740,929	$ 5,465,590
1995	1,151,395	1,197,183	619,195	1,110,086	668,016	374,415	0	0	0	625,864	5,746,154
1996	1,411,917	1,448,351	848,245	1,568,905	689,624	491,677	0	0	0	635,637	7,094,456
1997	1,408,566	1,278,755	716,633	838,557	858,691	675,265	0	548,585	93,331	1,271,438	7,689,821
1998	1,583,955	1,439,572	786,145	3,010,629	982,328	763,896	0	1,978,196	109,119	1,488,887	12,142,727
1999	2,137,137	2,814,061	861,300	1,154,193	157,820	930,630	0	694,296	88,086	1,727,919	10,565,442
2000	1,900,131	3,154,455	1,096,953	2,532,940	380,735	2,671,491	348,711	2,686,868	356,175	1,283,668	16,412,127
2001	1,813,244	2,993,685	1,120,937	778,970	338,188	951,005	356,115	346,976	265,996	1,783,250	10,748,366
2002	1,816,706	4,730,906	1,309,934	891,610	350,448	991,205	580,803	107,783	144,482	421,406	11,345,283
2003	$ 1,774,496	$ 5,019,179	$ 1,476,100	$ 792,406	$ 368,916	$ 1,023,611	$ 523,372	$ 67,602	$ 87,250	$ 1,898,968	$ 13,031,900

LUMPKIN COUNTY, GEORGIA

Property Tax Levies and Collections
Last Ten Tax Years

Tax Year	*Tax Due Date*	*Total Tax Levy (1)*	*Current Tax Collections (2)*	*Percent of Current Tax Collected*	*Delinquent Tax Collections (3)*	*Total Tax Collections*	*Ratio of Total Tax Collections to Total Tax Levy*	*Outstanding Delinquent Taxes (4)*	*Ratio of Delinquent Taxes to Tax Levy*
1994	12/30/94	2,246,328	$ n/a	$ n/a	$ n/a	$ n/a	n/a	$ n/a	n/a
1995	12/29/95	2,574,421	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1996	02/10/97	3,191,076	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1997	02/10/98	3,297,604	3,087,057	93.6%	n/a	n/a	n/a	288,075	8.7%
1998	02/15/99	3,378,122	3,169,989	93.8%	309,980	3,479,969	103.0%	278,632	8.2%
1999	03/31/00	3,495,679	3,335,068	95.4%	248,769	3,583,837	102.5%	256,420	7.3%
2000	03/31/01	4,418,813	4,096,858	92.7%	209,713	4,306,571	97.5%	427,244	9.7%
2001	12/31/01	4,770,551	4,415,089	92.5%	385,225	4,800,314	100.6%	483,311	10.1%
2002	02/20/03	5,030,593	4,559,259	90.6%	415,842	4,975,101	98.9%	632,161	12.6%
2003	12/20/03	$ 5,059,480	$ 4,593,804	$ 90.8%	$ 532,984	$ 5,126,788	101.3%	$ 701,101	13.9%

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

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

(3) Includes interest and penalties.

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

(4) Amount of tax levy outstanding at end of fiscal year, except Tax Year 2003, which represents amount remaining at ninety days beyond due date.

LUMPKIN COUNTY, GEORGIA

Assessed and Estimated Actual Values of Taxable Property (1)

Last Ten Fiscal Years

(Amounts expressed in thousands)

	Real Property			Personal Property (2)			Total		
Tax Year	*Assessed Value*	*Estimated Actual Value*	*Exemptions*	*Assessed Value*	*Estimated Actual Value*	*Exemptions*	*Assessed Value (3)*	*Estimated Actual Value (4)*	*Assessed Value to Total Estimated Actual Value*
1994	$ 255,594	$ 638,985	$ 27,010	$ 54,277	$ 135,693	$ 3,629	$ 279,233	$ 774,678	40.0%
1995	264,727	661,818	28,691	58,090	145,225	4,430	289,696	807,043	40.0%
1996	303,478	758,695	36,361	65,637	164,093	3,998	328,757	922,788	40.0%
1997	326,654	816,635	39,032	78,341	195,853	6,522	359,441	1,012,488	40.0%
1998	343,235	858,088	40,694	80,369	200,923	6,421	376,488	1,059,010	40.0%
1999	366,169	915,423	41,308	97,159	242,898	12,222	409,797	1,158,320	40.0%
2000	394,193	985,483	35,185	107,606	269,015	9,005	457,609	1,254,498	40.0%
2001	422,340	1,055,850	44,120	118,438	296,095	11,418	485,240	1,351,945	40.0%
2002	767,522	1,918,805	108,112	125,365	313,413	9,986	774,790	2,232,218	40.0%
2003	$ 799,342	$ 1,998,354	$ 119,884	$ 120,695	$ 301,738	$ 4,129	$ 796,023	$ 2,300,092	40.0%

(1) All property is assessed as of January 1st of each year.
Total assessed value is based on 40% of estimated actual value.

(2) Personal property includes business inventories, machinery, equipment, furniture, and fixtures used in business, farm equipment, motor vehicles, aircraft, boats, timber, heavy equipment, and mobile homes.

(3) After subtracting real and personal property exemptions.

(4) Before exemptions are applied.

LUMPKIN COUNTY, GEORGIA

Property Tax Rate - Mills

Last Ten Fiscal Years

Tax Year	*1994*	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*
County - Incorporated	10.170	11.140	12.020	11.520	11.020	11.020	12.740	13.150	8.360	8.275
County - Unincorporated	8.700	9.700	10.700	10.200	9.890	9.750	11.590	11.995	7.483	7.308
School Operations	13.670	16.670	14.670	14.670	15.670	16.000	16.000	16.750	13.250	13.250
City of Dahlonega	4.200	4.000	4.000	4.000	4.000	4.000	3.986	3.883	2.931	2.900
State of Georgia	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
Total Incorporated	28.290	32.060	30.940	30.440	30.940	31.270	32.976	34.033	24.791	24.675
Total Unincorporated	22.620	26.620	25.620	25.120	25.810	26.000	27.840	28.995	20.983	20.808

LUMPKIN COUNTY, GEORGIA

Principal Taxpayers
Tax Year 2003

Taxpayer	*Type of Business*	*100% Assessed Valuation*	*Percentage of Assessed Valuation*	*Current Year Tax Levy(1)*	*Percentage of Current Year Tax Levy*
The Torrington Company	Industrial	$ 25,120,690	1.26%	$ 75,512	1.5%
Inland Container Corp.	Industrial	23,745,778	1.19%	69,414	1.4%
Standard Telephone	Utility	20,237,260	1.01%	62,273	1.2%
Sherman Green	Individual	15,091,855	0.76%	49,579	1.0%
Wal-Mart Store #2513	Commercial	9,086,900	0.45%	30,078	0.6%
Owens Valley Farms	Agriculture	8,482,645	0.42%	27,927	0.6%
Amicalola EMC	Utility	9,391,055	0.47%	27,454	0.5%
R Ranch	Resort	8,122,630	0.41%	23,744	0.5%
Georgia Power Company	Utility	7,261,995	0.36%	22,619	0.4%
Edna A. Noblin Estate	Individual	7,563,445	0.38%	22,109	0.4%
All Other Taxpayers	General	1,864,249,945	93.29%	4,648,771	91.9%
Total		**1,998,354,198**	100.00%	**5,059,480**	100.00%

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

LUMPKIN COUNTY, GEORGIA

Computation of Direct and Overlapping Bonded Debt
General Obligation Bonds
December 31, 2003

Jurisdiction	*Bonded Debt Outstanding*
Direct General Obligation Debt	$ 12,770,000
Overlapping General Obligation Debt	
Lumpkin County School District	23,795,000
Total	$ 36,565,000

LUMPKIN COUNTY, GEORGIA

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

Tax Year	Population (1)	Assessed Value (2)*	Gross Bonded Debt*	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	16,507	$ 279,233	$ 0	0	$ 0
1995	17,090	289,696	0	0	0
1996	17,771	328,757	0	0	0
1997	18,731	359,441	0	0	0
1998	19,709	376,488	0	0	0
1999	20,547	409,797	0	0	0
2000	21,016	457,609	0	0	0
2001	21,172	485,240	15,750	3.44%	744
2002	21,855	774,790	13,635	2.81%	624
2003	23,412	$ 796,023	$ 12,770	1.65%	$ 545

* Expressed in thousands.
(1) Information from U.S. Census Estimates.
(2) From Table 4.

LUMPKIN COUNTY, GEORGIA

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1994	$ 0	$ 0	$ 0	$ 5,466	-
1995	0	0	0	5,746	-
1996	0	0	0	7,094	-
1997	0	0	0	7,690	-
1998	0	0	0	12,143	-
1999	0	0	0	10,408	-
2000	0	0	0	17,013	-
2001	0	403	403	10,661	3.78%
2002	2,115	883	2,998	10,753	27.88%
2003	$ 865	$ 808	$ 1,673	$ 13,032	12.84%

LUMPKIN COUNTY, GEORGIA

Computation of Legal Debt Margin

December 31, 2003

Assessed Valuation		
Assessed Value	$	796,023,329
Legal Debt Margin:		
Debt Limitation - 10 Percent of Total Assessed Value		79,602,333
Total Debt Applicable to limitation		12,770,000
Legal Debt Margin	$	66,832,333
Percent of Debt Limit Used		16.04%

LUMPKIN COUNTY, GEORGIA

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	*(1) Population*	*(2) Per Capita Income*	*(1) Median Age*	*(3) School Enrollment*	*(2) Unemployment Rate*
1994	16,507	$16,875	n/a	2,657	2.8%
1995	17,090	$17,596	n/a	2,766	3.8%
1996	17,771	$18,622	n/a	2,861	3.2%
1997	18,731	$19,695	n/a	2,974	3.1%
1998	19,709	$21,103	n/a	3,049	3.2%
1999	20,547	$21,651	n/a	3,191	2.2%
2000	21,016	$22,279	32.5	3,163	1.8%
2001	21,976	n/a	n/a	3,232	2.3%
2002	22,665	n/a	n/a	3,413	2.9%
2003	23,412	n/a	n/a	3,497	2.5%

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

LUMPKIN COUNTY, GEORGIA

Property Values, Construction and Bank Deposits
Last Ten Fiscal Years

Tax Year	*(1) Property Value**	*(2) Number of Permits*	*(2) Estimated Construction Costs**	*(3) Bank Deposits**
1994	$ 638,985	499	$ n/a	$ 150,000
1995	661,818	573	n/a	154,000
1996	758,695	627	27,189	163,000
1997	816,635	690	37,007	204,000
1998	858,088	746	43,507	222,000
1999	915,423	759	64,577	248,000
2000	985,483	709	80,043	248,000
2001	1,055,850	601	38,157	293,000
2002	1,918,805	648	40,009	267,000
2003	$ 1,998,354	625	$ 47,720	$ 252,000

* Amounts expressed in thousands.

(1) Estimated actual value of real property from table 4, excluding exemptions.

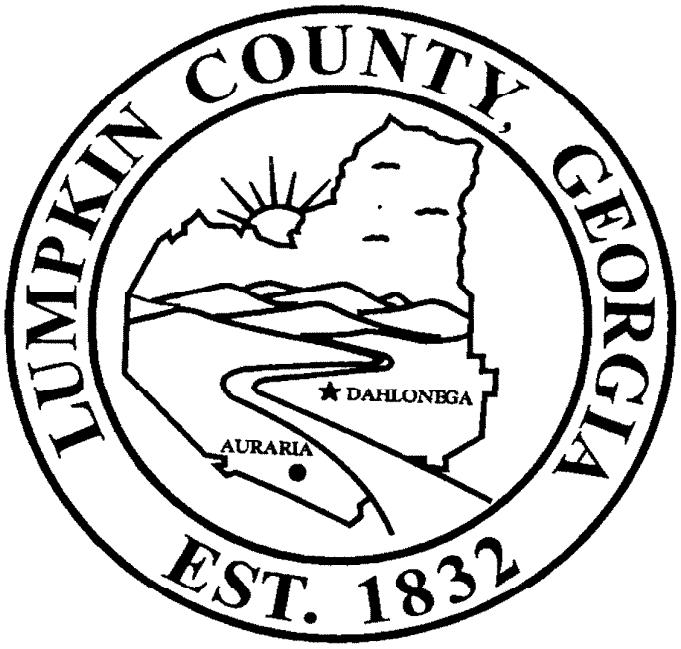
(2) Source: Lumpkin County Planning Department.

(3) Source: Georgia Department of Banking and Finance

LUMPKIN COUNTY, GEORGIA

Miscellaneous Statistics

Date of Establishment	1832
Form of Government	Sole Commissioner
1990 Population	14,573
2000 Population	21,016
Population Percentage Gain 1990-2000	44.2%
Area in Square Miles	285
Miles of Public Roads (County Maintained)	401.97
Government Services and Facilities:	
Recreation and Culture	
Community Centers	1
Senior Centers	1
Libraries	1
Fire Services	
Number of Stations	5
Number of Full Time Employees	1
Number of Part-Time Employees	11
Number of Volunteers	60
Number of Vehicles	16
Emergency Services	
Number of Employees	29
Number of Vehicles	5
Public Safety	
Number of Employees	64
Number of Vehicles	35
Court System	
Superior Court Judges	2
Magistrate Court Judges	2
Juvenile Court Judges	1
Probate Court Judges	1
Water and Sewerage Authority	
Employees	2
Development Authority	
Employees	2
Health Department	
Number of Employees	15
Number of Buildings	1
Hospitals	1
Number of Employees	207
Number of Patient Beds	49



Other Reports

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

April 21, 2004

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

We have audited the financial statements of LUMPKIN COUNTY, GEORGIA as of and for the year ended December 31, 2003, and have issued our report thereon dated April 21, 2004. We did not audit the financial statements of THE LUMPKIN COUNTY HEALTH DEPARTMENT, which statements reflect total assets of $216,619 as of June 30, 2003 and total revenues of $688,043 for the year then ended. Those financial statements were audited by another auditor whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for THE LUMPKIN COUNTY HEALTH DEPARTMENT component unit, is based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LUMPKIN COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The instances of noncompliance are described as follows:

COMPLIANCE

GREENSPACE GRANT PROGRAM

03-01 ***Statement of Condition:*** Lumpkin County is not in compliance with the Georgia Greenspace Program requirements with respect to submitting the appropriate documentation to the Georgia Department of Natural Resources upon acquisition of Greenspace property.

Criteria: Within 60 days of the expenditure of any Greenspace Grant Funds, a report should be submitted to the Georgia Department of Natural resources regarding the amount of funds expended, the interest in property acquired, a copy of the recorded deed and other acquisition documents, the Georgia Greenspace Act goal furthered by acquisition of the property, a reference to the part of the program which describes the acquired property, and a property description in digital format provided by the surveyor. Furthermore, an originally signed opinion of counsel regarding the interest in the acquired Greenspace property must also be submitted.

Effect of Condition: Failure to comply with the Greenspace requirements may result Lumpkin County being considered ineligible for future funding.

Cause of Condition: This was an oversight.

Recommendation: We recommend Lumpkin County promptly submit the appropriate documentation referred to above to the Georgia Department of natural Resources for all Greenspace property acquired to date.

Response: At this time, the grants department is submitting the required documentation to the Georgia Department of Natural Resources. Furthermore, the grant department will attend all property closings in the future to be sure that title work is done in accordance with the grant. This will ensure that documentation can be submitted in a timely manner to the Georgia Department of Natural Resources.

BUDGET

03-02 ***Statement of Condition:*** The actual expenditures exceeded budgeted appropriations for the Sheriff Criminal Investigations department in the amount of $35,161 and the Detention Center in the amount of $164,359.

Criteria: Under Georgia code section 36-81-3, expenditures are not allowed to exceed budgeted appropriations at the department level unless a budget amendment has been adopted by resolution or ordinance of the Commissioner.

Effect of Condition: As a result, the County is in violation of the State budget law.

Cause of Condition: The excess in the Sheriff Criminal Investigations department is primarily due to salaries and various other operating expenditures. The excess in the Detention Center is primarily due to inmate medical costs.

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

Response: As to detention center, the overage is primary due to the medical care of the inmates. In 2004, a contract with Georgia Correctional Health has been instrumented which should reduce costs. As to Criminal Investigations, the Sheriff's office in the future will request additional funding from the Commissioner's office when a shortage becomes known.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LUMPKIN COUNTY, GEORGIA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect LUMPKIN COUNTY, GEORGIA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described as follows:

ACCOUNTS RECEIVABLE

03-03 ***Statement of Condition:*** The same employee has authorization to make deposits and update the accounts receivable records for the Solid Waste Disposal Facility.

Criteria: Duties should be segregated so that the same employee does not have the responsibility of both handling cash and updating accounting records.

Effect of Condition: The risk of misappropriation of assets increases when there is a lack of segregation of duties.

Cause of Condition: The employee responsible for taking in money and making deposits as assigned the duty of helping the Solid Waste Disposal Facility with their accounting records management.

Recommendation: We recommend the duties of receiving cash and updating accounts receivable records for the Solid Waste Disposal Facility be segregated.

Response: Due to current staffing limitations, I feel that segregation of these duties would not be in the best interest of the Finance Department at this time. However, we will institute additional procedures to decrease the risks associated with an absence of segregation. Effective immediately, the Director of Finance will review the activity in charge accounts monthly to ensure that the transactions recorded there agree with the general ledger entries.

SHERIFF

03-04 ***Statement of Condition:*** The County does not receive an accounting of receipts and disbursements for seized property and commissary commissions from the Sheriff's Office.

Criteria: State law requires that operating expenditures not exceed legally adopted budgets. The expenditures made for the operations of the Sheriff's Office and Jail from sources such as drug busts, seized property, and commissary sales are subject to this law even though the use of those funds are restricted to certain specific law enforcement purposes.

Effect of Condition The County is unable to ensure that the Sheriff's Office is in compliance with the budget.

Cause of Condition: This is caused by the Sheriff's Office expending money that has not been included in the County budget process.

Recommendation: We recommend that the Sheriff's Office prepare a monthly report of receipts and disbursements and submit this to the County Finance Department. Also, if expenditures at the Sheriff's Office exceed budgeted amounts, an amendment to the budget should be submitted to the County as well. **This was a recommendation in the prior year as well.**

Response: The funds generated by operation of the commissary are a completely internal operation. The funds are generated by the inmates, not by tax dollars. The funds therefore are used entirely for their benefit and in my opinion are not a budgetary matter with which the county commission need to concern itself with. Of course, all my books are open, and if anyone would like to inspect them, they are welcome to do so.

Secondly, seized property under Title 16 may not be used to pay salaries, by may be used for any other law enforcement purpose. By law, OCGA16-13-49, proceeds for seized property "shall not be used to supplant any other local, state, or federal funds appropriated".

03-05 ***Statement of Condition:*** Traffic citations are not being issued to Deputies in sequential order.

Criteria: Traffic citations should be issued and used in sequential order to strengthen controls and accountability.

Effect of Condition: Because ticket books are not issued in sequential order, it is difficult to account for all tickets, increasing the possibility of having ticket numbers unaccounted for.

Cause of Condition: This situation is caused by not issuing ticket books in sequential order.

Recommendation: We recommend that it be standard policy to issue ticket books in sequential order. **This was a recommendation in the prior year as well.**

Response: Uniform Traffic Citations are currently issued out with a Log Sheet with the date of issue, assigned booklet citation numbers, and the officer who is responsible for the assigned numbers. In the event a citation number or series of numbers are in question, then a review of the sign out sheet would indicate the officer responsible.

03-06 ***Statement of Condition*** Seized money is being maintained in the evidence room until a disbursement order is received.

Criteria: In order to strengthen controls, seized money should be deposited into a bank account until a disbursement order is received.

Effect of Condition: Because of this, the risk of misappropriation of the seized money has increased substantially.

Cause of Condition: This is caused by the Sheriff's Office not wanting to deposit the money into a bank account because of the fact that interest may be earned on money that money and service fees will be assessed on the account. The Sheriff's Office feels it is easier just to hold on to the money until a disbursement order is issued.

Recommendation: We recommend a separate bank account be opened specifically for seized money. The bank account should be non-interest bearing and can be negotiated so that no service fee is charged. The only deposits into this account should be the seized money. The only disbursements from this account should be returns of the money or transfers into the Sheriff Sale account.

Response: In order that cases made by the Sheriff's Office are successfully prosecuted, it is essential that the evidentiary principle of chain of custody be adhered to. Until all the necessary tests are run and reports are received, prematurely placing money into a bank account may jeopardize the prosecution of certain cases, particularly drug cases.

After disposition has been made, these funds are deposited into the Sheriff's Sale Account.

COMPONENT UNITS

DEVELOPMENT AUTHORITY

03-07 ***Statement of Condition:*** Bank reconciliations were not prepared for two months during the year 2003.

Criteria: Bank reconciliations should be prepared on a monthly basis.

Effect of Condition: The risk of error and misappropriation of assets increases as a result of this condition.

Cause of Condition: This was an oversight.

Recommendation: We recommend the bank reconciliation be prepared on a monthly basis, as part of the internal control policies.

Response: The procedure is included in the administrative assistant's monthly duties and the oversight has been corrected.

03-08 ***Statement of Condition:*** Minutes of board meeting do not contain sufficient details of contracts entered into by the Authority.

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

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

Cause of Condition: This was an oversight.

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

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

03-09 ***Statement of Condition:*** The Authority does not maintain an inventory of land held for resale.

Criteria: The Authority should maintain an inventory listing of land held for resale that agrees to the general ledger.

Effect of Condition: There is no listing of land held for resale that agrees to the general ledger.

Cause of Condition: This was an oversight.

Recommendation: We have prepared this listing as of December 31, 2003, and recommend this listing be maintained by the Authority as land is purchased and sold throughout the year.

Response: The listing will be maintained in the future.

WATER AUTHORITY

03-10 ***Statement of Condition:*** We noted two transactions posted to miscellaneous revenues in the amount of $3,291 and 3,750 for which supporting documentation could not be located.

Criteria: Supporting documentation should be maintained for all transactions posted to the general ledger.

Effect of Condition: There is uncertainty as to the character of these transactions.

Cause of Condition: These transactions occurred prior to July 1, 2003, the date which the current Finance Manager began employment. As a result, the actual cause of this condition is unknown.

Recommendation: We recommend policies be implemented to ensure supporting documentation be maintained for all transactions.

Response: Subsequent to July 5, 2003, policies to ensure supporting documentation is properly maintained for all transactions are in place.

03-11 ***Statement of Condition:*** We noted two transactions posted to expense accounts in the amount of $3000.00 and $1,576.50 for which supporting documentation could not be located.

Criteria: Supporting documentation should be maintained for all transactions posted to the general ledger.

Effect of Condition: There is uncertainty as to the character of these transactions.

Cause of Condition: These transactions occurred prior to July 1, 2003, the date which the current Finance Manager began employment. As a result, the actual cause of this condition is unknown.

Recommendation: We recommend policies be implemented to ensure supporting documentation be maintained for all transactions.

Response: Subsequent to July 5, 2003, policies to ensure supporting documentation is properly maintained for all transactions are in place.

03-12 ***Statement of Condition:*** The Authority does not maintain adequate records to monitor water loss.

Criteria: The Authority should be able to account for all water purchased. It should analyze the amount of water losses which State and industry standards require to be 10% or less.

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

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

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

Response: A water purchase spreadsheet is being prepared in order to account for water purchases. Written analysis of unaccounted water will be presented by the Finance Manager and the Operations Manager to the Executive Director on a monthly basis.

03-13 ***Statement of Condition:*** The Authority does not require developers that donate waterlines to post a bond to cover the cost of repairs during the one year warranty period.

Criteria: Developers should be required to be bonded in order to reduce the risk the Authority assumes when accepting waterlines.

Effect of Condition: The Authority assumes the risk should these waterlines fail during the warranty period and the developer was unable to make the necessary repairs.

Cause of Condition: There is no current policy requiring developers to be bonded.

Recommendation: We recommend the Authority adopt a policy that requires developers to be adequately bonded to cover any risk associated with donated waterlines during the warranty period.

Response: The Water Authority Board met May 24, 2004 and voted to require developers to be bonded to cover any risk associated with donated waterlines during the warranty period.

03-14 ***Statement of Condition:*** The Authority's security deposit bank account has approximately $7,300 more in the account than the liability owed to customers as recorded in the computer system.

Criteria: The details of the security deposits should be maintained in the system.

Effect of Condition: There is uncertainty as to whom these funds belong.

Cause of Condition: The cause of this condition is apparently due to input errors.

Recommendation: We recommend the security deposits in the bank account be reconciled to the system's "Service Deposit Report". Once this has been done, we recommend this procedure be done on a monthly basis to ensure all of the security deposits are accounted for.

Response: On a monthly basis, the Finance Manager will reconcile the security deposits in the bank account to the Service Deposit Report.

03-15 ***Statement of Condition:*** The December 2003 bank reconciliation was not properly prepared for the operating account.

Criteria: The bank reconciliation should be prepared as to reconcile the balance reported by the bank to the balance in the general ledger at month end.

Effect of Condition: The bank reconciliation did not agree to the general ledger.

Cause of Condition: The Finance Manager was unsure where to post a specific general ledger entry.

Recommendation: We recommend the bank reconciliation be prepared each month that reconciles the balance reported by the bank to the balance in the general ledger. The bank reconciliation should show the balance reported by the bank, plus deposits in the general ledger that have not cleared the bank, less checks written that are in the general ledger but have not cleared the bank. This should then leave a balance that agrees to the general ledger operating cash account. Furthermore, the bank reconciliation should be approved each month by the Executive Director.

Response: The bank reconciliation will show the balance reported by the bank, plus deposits in the general ledger that have not cleared the bank, less checks written that are in the general ledger but have not cleared the bank, leaving a balance that agrees to the general ledger operating cash account. The bank reconciliation will be submitted to the Executive Director on a monthly basis.

03-16 ***Statement of Condition:*** Payroll transactions were not properly recorded in the general ledger for the year 2003. After reclassifying entries were made, the salaries and overtime reported in the general ledger were approximately $3,000 less than the wages, tips, and other compensation reported to the Internal Revenue Service in the Authority's W-3 Transmittal of Wage and Tax Statements.

Criteria: Payroll transactions should be properly recorded in the general ledger biweekly, and should agree to the amounts reported to the Internal Revenue Service.

Effect of Condition: Salaries and payroll tax accounts in the general ledger did not agree to the Internal Revenue Service filings for those expenses.

Cause of Condition: Improper posting of payroll transactions.

Recommendation: We recommend payroll transactions be recorded when payroll is processed to accurately record salaries, withholdings, and payroll taxes. The expense accounts should agree to the quarterly 941 filings as well as the year end W-2 and W-3 filings. Any differences should be investigated and corrected if applicable.

Response: Payroll transactions will be recorded when payroll is processed to accurately record salaries, withholdings, and payroll taxes. The expense accounts will agree to the quarterly 941 filings as well as the year end W-2 and W-3 filings. Any differences will be investigated

and corrected, if applicable.

03-17 ***Statement of Condition:*** The fourth quarter Department of Labor Quarterly Tax and Wage Report was not prepared properly. This report was prepared without considering employees that made over $8,500 for the year.

Criteria: Employers are liable for unemployment tax based on the first $8,500 earned by each employee for the year. The Authority paid unemployment taxes on all wages paid in the fourth quarter.

Effect of Condition: The Authority overpaid unemployment taxes.

Cause of Condition: Error by the Finance Manager.

Recommendation: We recommend the Department of Labor be contacted to request reimbursement of excess unemployment taxes paid for 2003. Furthermore, we recommend the Quarterly Tax and Wage Report be prepared correctly for future periods.

Response: Forms have been procured from the Department of Labor and the process for reimbursement has begun.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matter involving the internal controls over financial reporting that we have reported to management of LUMPKIN COUNTY, GEORGIA in a separate letter dated April 21, 2004.

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

Bates, Gaites + G, P. C.