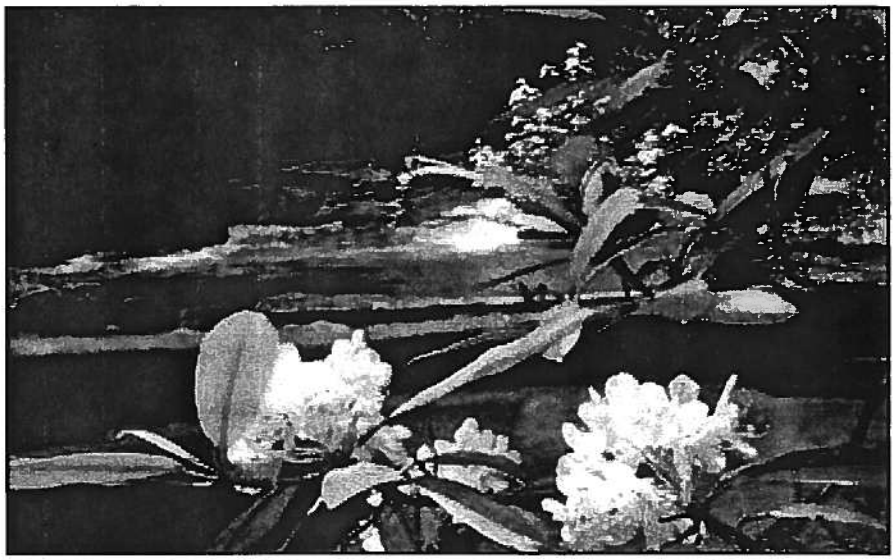
Lumpkin County, Georgia 2005



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2005

Prepared by: The Lumpkin County Office of Financial Administration

LUMPKIN COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2005
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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 BOARD OF COMMISSIONERS

"Dr. John" Raber
District 1

Deborah A. Hutcheson
District 2

Stephen W. Gooch
Chairman

Clarence Stowers
District 3

Marvin J. Martin
District 4

June 22, 2006

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, 2005.

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, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Lumpkin County, Georgia's financial statements for the

fiscal year ended December 31, 2005, 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 ensure 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 the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

General Information on Lumpkin County

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

Resting in the foothills of the Appalachian Mountains, Lumpkin County is 285 square miles in area, approximately one-third of which is located within the Chattahoochee National Forest. The population of the County has grown by more than 44% over the past ten years with the current estimated population to be over 24,000.

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

Government Structure

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

The form of government was changed to a five person Board of Commissioners, effective January 1, 2005. The Board is comprised of four

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

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

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

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

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

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

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

Economic Condition and Outlook

Lumpkin County lies just 40 miles north of the perimeter highway that circles Atlanta, Georgia. It is also adjacent to Dawson County, which is one of the fastest growing counties in the nation. The busy State Route 400 crosses the southern portion of Lumpkin County, providing easy access for Atlanta area commuters. As the metropolitan Atlanta growth moves northward, Lumpkin County is now on the fringes of dense development creating a demand for residential properties. This growth also increases the demand for police and fire protection and water and sewer services.

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

Major Initiatives & Accomplishments

During 2005, Lumpkin County applied for a DOT grant for beautification to the Highway 400 corridor. Lumpkin County also received funding from the Georgia Department of Transportation to complete a road signage and safety improvement program.

Other accomplishments during the year include:

- Resurfacing approximately 16.84 lane miles of County roads, using a combination of state and local money.
- Completion of a County Fleet Facility.
- Completion of a Recycling Center.
- Completion of Phase I of walking trails grant located in Yahoola Creek Park.
- The County began the initial phases of soccer fields located in Yahoola Creek Park.

Cash Management

The Finance Department strives to keep abreast of current trends in cash and investment management to achieve the highest rate of return on idle cash during the year. Cash received during the year was invested in demand deposit accounts bearing interest rate of 3.49%. In the Debt Service Fund a $2,000,000 certificate of deposit yields a 4.0% rate of return. All funds on deposit are invested and either insured by federal depository insurance or collateralized. All collateral deposits were held by a financial institution in the county's name.

Risk Management

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

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

Pension Benefits

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lumpkin County for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. 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.

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

Respectfully submitted,

Stanley J. Kelley
County Manager

C. Allison Martin
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lumpkin County, Georgia

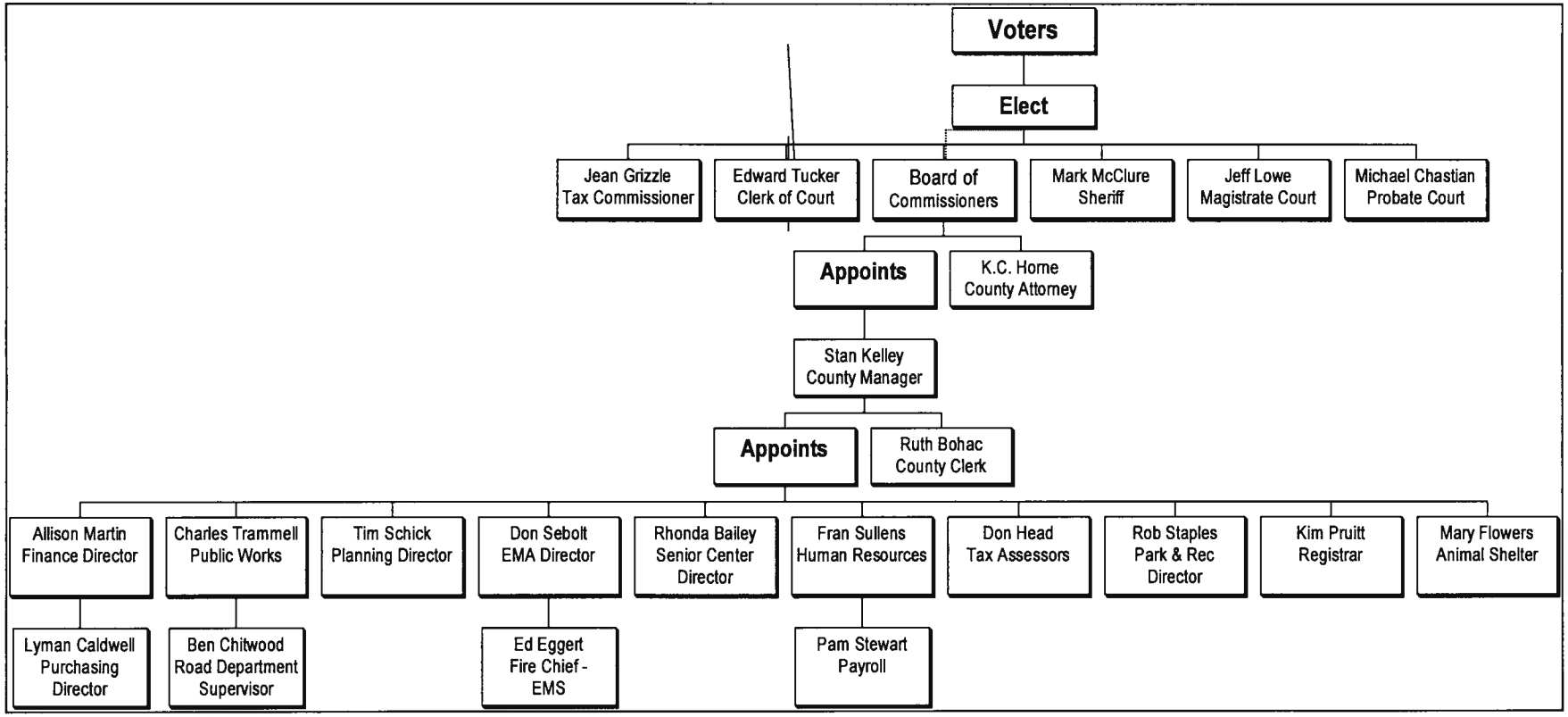
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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's Organization Chart



OFFICIALS OF
LUMPKIN COUNTY, GEORGIA

COMMISSIONER'S OFFICE

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

DEPARTMENT DIRECTORS

C. Allison Martin	**Finance**
Fran Sullens	**Human Resources**
Rob Staples	**Parks & Recreation**
Tim Schick	**Planning**
Charles Trammell	**Public Works**
Rhonda Bailey	**Senior Center**
Don Head	**Chief Appraiser**
Kimberly Pruitt	**Registrar**
Mary Flowers	**Animal Shelter**
Don Seabolt	**Emergency Management**

JUDICIAL & OTHER ELECTED OFFICIALS

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

Financial Section

Independent Auditors' Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Financial Statements
Required Supplementary Information
Nonmajor Governmental Funds
Fiduciary Funds
Supplemental Information

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Business Advisors | CPAs | Since 1962

INDEPENDENT AUDITORS' REPORT

June 22, 2006

Board of Commissioners
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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LUMPKIN COUNTY, GEORGIA's management. Our responsibility is to express opinions on these financial statements based on our audit .We did not audit the financial statements of THE LUMPKIN COUNTY HEALTH DEPARTMENT, as of and for the year ended June 30, 2005, a component unit of the County, which statements reflect total assets of $293,920 as of June 30, 2005, and total revenues of $1,009,358, 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 respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LUMPKIN COUNTY, GEORGIA,

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John M. Nix, C.P.A., C.S.P.M. | Duane B. Schlereth, C.P.A. | Russell D. Hopkins, C.P.A.
J. Ronald Bracewell, Jr., C.P.A., A.B.V. | Elizabeth B. Grimes, C.P.A.

as of December 31, 2005, 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 June 22, 2006, on our consideration of LUMPKIN COUNTY, GEORGIA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, Schedule of Pension Funding Progress, Schedule of Employer Retirement Contributions, and 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 opinions on the financial statements that collectively comprise LUMPKIN COUNTY, GEORGIA's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of LUMPKIN COUNTY, GEORGIA. The combining and individual nonmajor fund financial statements, supplemental budgetary comparison schedules, and schedule of expenditures of federal awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Bailey 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, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report, the County's basic financial statements, and notes to the financial statements to enhance their understanding of the activities and financial health of Lumpkin County.

The County is required to present a discussion and analysis of our financial condition and performance for the year ended December 31, 2005.

Financial Highlights

- The assets of Lumpkin County exceeded its liabilities at December 31, 2005 by $55 million (*net assets*). Of this amount, $4.6 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2005, the governmental funds of Lumpkin County reported combined ending fund balances of $11.8 million, an increase of $.9 million in comparison with the prior year. Approximately 37% of this amount, $4.3 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 2005, unreserved fund balance for the general fund was $3.5 million, or 24% 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 2005, the Debt Service Fund had accumulated $7.0 million toward the goal of retiring the 2001 issue.
- During 2005, Lumpkin County made principal and interest payments totaling $1.54 million on the Public Building Authority Issue, Series 2001. These payments reduced the outstanding principal to $11.660 million. The original issue was for $15.75 million.

Overview of the Financial Statements

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

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

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

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

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

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

TABLE A

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The County has three kinds of funds:

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

Financial Analysis of the County as a Whole

Net assets. As discussed earlier, net assets may serve as a useful indicator of a government's financial position. As of December 31, 2005, the County's net assets were $56 million. Table B on the following page provides a summary of the County's Governmental and Business-type net assets for 2005 and 2004.

TABLE B

LUMPKIN COUNTY, GEORGIA'S NET ASSETS
December 31, 2005 and 2004
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
CURRENT AND OTHER ASSETS	$20,478	$17,.884	$172	$ 27	$20,650	$17,911
CAPITAL ASSETS (net of depreciation)	61,824	60,066	849	548	62,673	60,614
TOTAL ASSETS	82,302	77,950	1,021	575	83,323	78,525
LONG-TERM LIABILITIES	17,811	18,754	443	447	18,254	19,201
OTHER LIABILITIES	9,234	7,584	50	26	9,284	7,610
TOTAL LIABILITIES	27,045	26,338	493	473	27,538	26,811
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	42,989	40,372	849	548	43,838	40,920
RESTRICTED FOR DEBT SERVICE	6,705	5,452	0	0	6,705	5,452
OTHER RESTRICTIONS	616	279	0	0	616	279
UNRESTRICTED	4,947	6,509	(321)	(446)	4,626	6,063
TOTAL NET ASSETS	$55,257	$52,612	$528	$102	$55,785	$52,714

A significant portion (78.6%) of these net assets represents the *investment in capital assets*, net of related debt. This includes land, buildings, machinery and equipment, and infrastructure assets, offset with associated long-term and short-term debt liabilities. Capital assets are restricted for the purpose of providing services to the citizens of Lumpkin County; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Other restricted net assets represent resources that are subject to external restrictions on how they may be used. Included in this category are unspent SPLOST proceeds for Debt Service Reserves (12.0% of the total), and various other restrictions amounting to 1.1% of the total.

The remaining 8.3% of net assets represent the unrestricted portion available for the County's ongoing obligations to its citizens.

Changes in Revenues and Expenses. Table C on the following page presents the County's 2005 and 2004 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, 2005 and 2004
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
REVENUES:						
PROGRAM REVENUES:						
CHARGES FOR SERVICES	$4,209	$ 2,177	$15	$290	$4,224	$ 2,467
OPERATING GRANTS & CONTRIBUTIONS	1,001	438	0	50	1,001	488
CAPITAL GRANTS & CONTRIBUTIONS	1,768	1,337	150	77	1,918	1,414
GENERAL REVENUE:						
PROPERTY TAXES	6,004	5,859			6,004	5,859
SALES TAXES	5,127	5,060			5,127	5,060
OTHER TAXES	1,336	1,291			1,336	1,291
UNRESTRICTED INVESTMENT EARNINGS	378	241			378	241
GRANTS & CONTRIBUTIONS NOT RESTRICTED TO A SPECIFIC PROGRAM	292	284			292	284
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	0	41	27	14	27	55
TOTAL REVENUE	20,115	16,728	192	431	20,307	17,159
EXPENSES:						
GENERAL GOVERNMENT	2,276	2,297			2,276	2,297
PUBLIC SAFETY	6,680	6,268			6,680	6,268
JUDICIAL SYSTEM	2,138	1,789			2,138	1,789
PUBLIC WORKS	2,096	2,125			2,096	2,125
HEALTH & WELFARE	480	462			480	462
CULTURE & RECREATION	1,225	1,243			1,225	1,243
HOUSING & DEVELOPMENT	481	521			481	521
INTEREST	730	791			730	791
SOLID WASTE			130	511	130	511
TOTAL EXPENSES	16,106	15,496	130	511	16,236	16,007
INCREASE IN NET ASSETS BEFORE TRANSFERS AND SALE OF ASSETS	4,009	1,232	62	(80)	4,071	1,152
TRANSFERS	(364)	(102)	364	102	0	
INCREASE (DECREASE) IN NET ASSETS	3,645	1,130	426	22	4,071	1,152
NET ASSETS, BEGINNING OF YEAR	51,612	50,482	102	80	51714	50,562
NET ASSETS, END OF YEAR	$55,257	$51,612	$528	$102	$55,785	$51,714

Governmental Activities: Governmental activities accounted for $3.6 million of the excess in the County's net revenues over expenditures for 2005 primarily due to the accumulation of SPLOST dollars for debt service and increase in the collection of property taxes.

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

Financial Analysis of the County's Funds

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

At the end of 2005, Lumpkin County Governmental Funds reported a combined fund balance, excluding Component Units, of $11.8 million. This amount was up $1.0 million from 2004. Of the total combined fund balance, approximately 37% consists of *unreserved fund balance*, the portion of fund balance, which serves as a measure of current available financial resources.

The *reserved fund balance* represented resources not available for spending or those on which legal restrictions have been placed. The County's reserved fund balance makes up 63% of the combined total and includes the following: Reserved for Debt Service ($7.0 million); and Reserved for Inventory/ Receivables/Prepaid ($0.4 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 $3.9 million. This was $ 7 million slightly less than the previous year, due to the funding of capital projects. Of the $3.9 million, 89.2% is unreserved while the remaining 10.8% 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, 2005 had an outstanding principal balance of $11.660 million. The fund balance of the Debt Service Fund is $7.0 million.

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, 2005 the fund balance of this fund was $247 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, 2005 the fund balance of this fund was $158 thousand.

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

Enterprise Fund. The Enterprise Fund accounts for operations that are financed and operated in a manner similar to private business enterprises - where the costs (expenses, including depreciation) of providing goods or services to the general public are being financed or recovered primarily through user charges on a continuing basis. The Solid Waste Fund is the County's single enterprise fund. Total net assets of the enterprise fund at the end of 2005 were $528 thousand, representing an increase of $426 thousand due largely to a transfer from the general fund to finance the construction of a recycling center.

General Fund Budgetary Highlights

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

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

Even with these adjustments, actual expenditures were $914 thousand below final budget amounts.

Total resources available for appropriation were $17.9 million, this includes fund balance from previous years of $4.7 million.

Capital Assets and Debt Administration

Capital Assets

At the end of 2005, the County had acquired $62.7 million (net of accumulated depreciation) in a broad range of capital assets for its governmental and business-type

activities including land, buildings, park facilities, roads, bridges, heavy machinery, vehicles and equipment, and infrastructure.

- All infrastructure assets acquired to date are included in capital assets in accordance with GASB 34 requirements.
- The total increase in capital assets, net of accumulated depreciation, for the current fiscal year was $1.2 million. The percentage increase in capital assets was 1.9%.
- 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 $89.3 million in 2005. The County currently has $11.660 million subject to the limitation.

At December 31, 2005, Lumpkin County had the following outstanding long-term debt:

- $11.660 million in agreement for sale payable.
- $93 thousand in capital leases.
- $186 thousand in compensated absences.
- $7.1 million Georgia Environmental Facilities Authority contracts 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 2005, with minimal growth in the business sector. New housing starts were up in the County during 2005, increasing the tax base and increasing demands for services. In an effort to stimulate growth of light industry and shift more of the tax burden from homeowners, a project to extend water and sewerage service was begun during 2003 and continued during 2005 in the southern part of the County.

Due to the relatively flat economy, the 2006 budget plans for an increase of revenues of only about 7.8%. This small growth in revenues has necessitated a tight spending budget for 2006, with one planned increase to the size of the County workforce.

Contacting the County's Financial Management

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

Basic
Financial Statements

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2005

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 14,431,477	$ -	$ 14,431,477	$ 1,412,138
Investments	2,179,666	-	2,179,666	1,064,908
Other receivables (net of allowance for uncollectibles)	3,290,172	150,395	3,440,567	128,885
Inventories	101,501	-	101,501	-
Internal balances	18	(18)	-	-
Due from component units	96,167	-	96,167	21
Restricted assets:				
Restricted cash	-	-	-	63,933
Restricted investments	-	-	-	164,161
Prepaid items	331,915	21,482	353,397	249,016
Non-current assets:				
Deferred charges	-	-	-	55,307
Restricted investments	-	-	-	364,478
Other assets	500	-	500	-
Net pension obligation	46,390	-	46,390	-
Land held for resale	-	-	-	549,047
Building held for resale	-	-	-	1,370,000
Capital assets not being depreciated:				
Land and improvements	29,617,574	192,103	29,809,677	44,385
Construction in progress	7,268,960	333,104	7,602,064	534,905
Capital assets being depreciated:				
Buildings and improvements	16,790,002	470,319	17,260,321	-
Machinery, equipment and vehicles	6,138,804	127,000	6,265,804	12,344
Water system	-	-	-	3,511,964
Infrastructure	15,260,847	-	15,260,847	-
Less: accumulated depreciation	(13,251,865)	(273,239)	(13,525,104)	(9,675)
Capital assets, net of depreciation	61,824,322	849,287	62,673,609	4,093,923
TOTAL ASSETS	82,302,128	1,021,146	83,323,274	9,515,817
LIABILITIES				
Accounts payable	601,394	38,210	639,604	64,045
Accrued expenses	445,809	-	445,809	90,922
Customer deposits	-	-	-	76,246
Due to component units	-	-	-	21
Due to primary government	-	-	-	89,567
Unearned revenue	6,975,924	-	6,975,924	274,720
Funds held in trust	400	-	400	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	23,450	-	23,450	24,000
Landfill closure and postclosure	-	12,000	12,000	-
Agreement for sale payable	840,000	-	840,000	-
Contracts payable	285,997	-	285,997	-
Notes payable	-	-	-	1,464,473
Revenue bonds payable	-	-	-	85,000
Capital leases payable	61,154	-	61,154	-
Due in more than one year				
Deposits, noncurrent	-	-	-	400,000
Landfill closure and postclosure	-	442,891	442,891	-
Compensated absences payable	162,929	-	162,929	13,643
Agreement for sale payable	10,820,000	-	10,820,000	-
Contracts payable	6,796,964	-	6,796,964	-
Revenue bonds payable, noncurrent	-	-	-	3,415,000
Capital leases payable	31,544	-	31,544	-
TOTAL LIABILITIES	27,045,565	493,101	27,538,666	5,997,637
NET ASSETS				
Invested in capital assets, net of related debt	42,988,663	849,287	43,837,950	665,293
Restricted for:				
Debt service	6,705,246	-	6,705,246	101,080
County sales tax referendum projects	247,075	-	247,075	-
Drug rehabilitation program	93,742	-	93,742	-
Law library program	133,746	-	133,746	-
Other programs	141,420	-	141,420	-
Unrestricted	4,946,671	(321,242)	4,625,429	2,751,807
TOTAL NET ASSETS	$ 55,256,563	$ 528,045	$ 55,784,608	$ 3,518,180

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2005

		----------PROGRAM REVENUES----------			-------NET (EXPENS			
					----------PRIMARY			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES								
General government	$ 2,275,968	690,771	$ 33,068	-	(1,552,129)	$ -	$ (1,552,129)	$ -
Public safety	6,680,106	2,164,959	400,667	-	(4,114,480)	-	(4,114,480)	-
Judicial system	2,138,531	535,963	363,319	-	(1,239,249)	-	(1,239,249)	-
Public works	2,096,317	5,238	71,110	1,768,208	(251,761)	-	(251,761)	-
Health and welfare	479,565	13,566	82,216	-	(383,783)	-	(383,783)	-
Culture and recreation	1,224,885	277,578	50,707	-	(896,600)	-	(896,600)	-
Housing and development	480,781	520,797	-	-	40,016	-	40,016	-
Interest	730,375	-	-	-	(730,375)	-	(730,375)	-
Total Governmental Activities	16,106,528	4,208,872	1,001,087	1,768,208	(9,128,361)	-	(9,128,361)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste	129,961	14,932	-	150,395	-	35,366	35,366	-
Total Business-Type Activities	129,961	14,932	-	150,395	-	35,366	35,366	-
Total Primary Government	$ 16,236,489	4,223,804	$ 1,001,087	1,918,603	(9,128,361)	$ 35,366	$ (9,092,995)	$ -
COMPONENT UNITS								
Health Department	$ 1,025,129	489,449	$ 522,350	-	-	$ -	$ -	$ (13,330)
Development Authority	546,077	48,277	38,821	33,557	-	-	-	(425,422)
Hospital Authority	109,093	-	-	-	-	-	-	(109,093)
Water and Sewerage Authority	712,287	539,394	-	292,519	-	-	-	119,626
Total Component Units	$ 2,392,586	1,077,120	$ 561,171	326,076	-	$ -	$ -	$ (428,219)
GENERAL REVENUES								
Property taxes					$ 6,004,475	$ -	$ 6,004,475	$ -
Sales taxes					5,126,596	-	5,126,596	-
Insurance premium taxes					765,472	-	765,472	-
Other taxes					570,336	-	570,336	-
Subtotal all taxes					12,466,879	-	12,466,879	-
Unrestricted investment earnings					378,194	-	378,194	87,070
Grants and contributions not restricted to a specific program					291,838	-	291,838	-
Gain on sale of capital assets					-	27,229	27,229	-
TRANSFERS					(363,945)	363,945	-	-
Total General Revenues and Transfers					12,772,966	391,174	13,164,140	87,070
CHANGE IN NET ASSETS					3,644,605	426,540	4,071,145	(341,149)
NET ASSETS, Beginning					51,611,958	101,505	51,713,463	3,859,329
NET ASSETS, Ending					55,256,563	$ 528,045	$ 55,784,608	$ 3,518,180

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

	GENERAL	DEBT SERVICE	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	$ 9,189,352	$ 4,537,542	$ 290,799	$ 187,497	$ 226,287	$ 14,431,477
Investments	-	2,179,666	-	-	-	2,179,666
Other receivables(net of allowance for uncollectibles)	2,645,337	548,797	-	-	96,038	3,290,172
Inventories	101,501	-	-	-	-	101,501
Due from other funds	25,387	-	-	-	136,089	161,476
Due from component units	96,167	-	-	-	-	96,167
Prepaid items	331,915	-	-	-	-	331,915
Other assets	-	-	-	-	500	500
TOTAL ASSETS	$ 12,389,659	$ 7,266,005	$ 290,799	$ 187,497	$ 458,914	$ 20,592,874
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 513,787	$ -	$ 27,704	$ 29,263	$ 13,534	$ 584,288
Accrued expenses	145,594	-	-	-	-	145,594
Due to other funds	138,966	-	16,020	-	6,472	161,458
Deferred revenue	7,591,463	260,544	-	-	70,000	7,922,007
Retainage payable	17,106	-	-	-	-	17,106
Funds held in trust	400	-	-	-	-	400
TOTAL LIABILITIES	8,407,316	260,544	43,724	29,263	90,006	8,830,853
Fund Balances						
Reserved:						
Prepaid items and inventories	433,416	-	-	-	-	433,416
Debt Service Fund	-	7,005,461	-	-	-	7,005,461
Unreserved, undesignated:						
General Fund	3,548,927	-	-	-	-	3,548,927
Special Revenue Funds	-	-	-	-	368,908	368,908
Capital Projects Funds	-	-	247,075	158,234	-	405,309
TOTAL FUND BALANCES	3,982,343	7,005,461	247,075	158,234	368,908	11,762,021
TOTAL LIABILITIES AND FUND BALANCES	$ 12,389,659	$ 7,266,005	$ 290,799	$ 187,497	$ 458,914	$ 20,592,874

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, 2005

Total Fund Balances for Governmental Funds (page 3)		**$ 11,762,021**
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.		61,824,322
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	503,818	
Fines	442,265	
		946,083
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, 2005 are:		
Accrued interest on agreement for sale payable	(300,215)	
Agreement for sale payable	(11,660,000)	
Contracts payable	(7,082,961)	
Capital leases	(92,698)	
Compensated absences	(186,379)	
		(19,322,253)
Net pension obligation		46,390
Total net assets of governmental activities (page 1)		**$ 55,256,563**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	GENERAL	DEBT SERVICE	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ 9,522,726	$ 2,923,192	$ -	$ -	$ 70,114	$ 12,516,032
Licenses and permits	431,008	-	-	-	-	431,008
Fines and forfeitures	453,934	-	-	-	45,671	499,605
Charges for services	2,593,913	-	-	-	552,692	3,146,605
Interest income	193,902	171,295	7,896	-	5,102	378,195
Intergovernmental	804,031	-	-	294,454	196,649	1,295,134
Contributions and donations	36,926	-	-	15,125	47,934	99,985
Other	4,066	-	-	-	656	4,722
TOTAL REVENUES	14,040,506	3,094,487	7,896	309,579	918,818	18,371,286
EXPENDITURES						
Current						
General Government	2,126,835	-	-	38,463	-	2,165,298
Public Safety	5,700,625	-	-	11,985	572,071	6,284,681
Judicial System	1,552,940	-	-	40,562	270,578	1,864,080
Public Works	1,144,313	-	-	4,127	-	1,148,440
Health and Welfare	458,091	-	-	-	-	458,091
Culture and Recreation	1,122,802	-	-	-	-	1,122,802
Housing and Development	391,750	-	-	-	69,759	461,509
Intergovernmental	-	-	-	-	79,447	79,447
Capital Outlay	29,480	-	-	1,813,522	72,256	1,915,258
Debt Service						
Principal	51,305	795,000	14,438	-	-	860,743
Interest	4,093	745,623	1,582	-	-	751,298
TOTAL EXPENDITURES	12,582,234	1,540,623	16,020	1,908,659	1,064,111	17,111,647
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,458,272	1,553,864	(8,124)	(1,599,080)	(145,293)	1,259,639
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	15,543	-	15,543
Proceeds from sale of capital assets	4,506	-	-	-	-	4,506
Transfers in	48,423	-	-	1,642,237	336,363	2,027,023
Transfers out	(2,255,447)	-	-	(42,098)	(93,423)	(2,390,968)
TOTAL OTHER FINANCING SOURCES (USES)	(2,202,518)	-	-	1,615,682	242,940	(343,896)
NET CHANGES IN FUND BALANCES	(744,246)	1,553,864	(8,124)	16,602	97,647	915,743
FUND BALANCES, Beginning of year	4,726,589	5,451,597	255,199	141,632	271,261	10,846,278
FUND BALANCE, End of year	$ 3,982,343	$ 7,005,461	$ 247,075	$ 158,234	$ 368,908	$ 11,762,021

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, 2005

Net change in fund balances (page 5)		**$ 915,743**
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 ($1,915,258) exceeded depreciation ($1,530,889) in the current period.		384,369
In the statement of activities, only the gain/loss on the sale of various capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(28,472)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	503,818	
Donated Assets	1,402,378	
Fines	442,265	
		2,348,461
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities		
Property Taxes	(552,971)	
Fines	(328,370)	
		(881,341)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, where as these amounts are deferred and amortized in the statement of activities. This adjustment combines the net change of four balances.		
Proceeds from borrowing	(15,543)	
Payments on Long-Term Debt	873,780	
Compensated absences	5,751	
Accrued interest on Bonds	20,922	
		884,910
Net pension obligation		20,935
Change in net assets of governmental activities (page 2)		**$ 3,644,605**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS
	SOLID WASTE
ASSETS	
Current Assets	
Other receivables(net of allowance for uncollectibles)	$ 150,395
Prepaid items	21,482
TOTAL CURRENT ASSETS	171,877
Capital Assets	
Land	192,103
Buildings and improvements	470,319
Machinery and equipment	75,000
Vehicles	52,000
Construction in progress	333,104
	1,122,526
Less: accumulated depreciation	(273,239)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	849,287
TOTAL ASSETS	1,021,164
LIABILITIES	
Current Liabilities	
Accounts payable	38,210
Due to other funds	18
Landfill closure and postclosure, current	12,000
TOTAL CURRENT LIABILITIES	50,228
Noncurrent Liabilities	
Landfill closure and postclosure	442,891
TOTAL LIABILITIES	493,119
NET ASSETS	
Invested in capital assets, net of related debt	849,287
Unrestricted	(321,242)
TOTAL NET ASSETS	$ 528,045

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
OPERATING REVENUES	
Charges for services	$ 14,932
OPERATING EXPENSES	
Salaries and benefits	20,261
Supplies	201
Waste management and operating charges	24,977
Other services and charges	44,350
Depreciation expense	31,030
Landfill Closure / Postclosure	9,142
TOTAL OPERATING EXPENSES	129,961
OPERATING INCOME (LOSS)	(115,029)
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental	150,395
Gain (loss) on sale of equipment	27,229
Total Nonoperating Revenues (Expenses)	177,624
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	62,595
Transfers in	436,840
Transfers out	(72,895)
CHANGE IN NET ASSETS	426,540
TOTAL NET ASSETS, Beginning of year	101,505
TOTAL NET ASSETS, End of year	$ 528,045

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, 2005

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS
	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 21,438
Payments to suppliers	(59,746)
Payments to employees	(20,261)
Net cash provided by (used in) operating activities	(58,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	131,464
Transfers out	(72,895)
Net cash provided by (used in) noncapital financing activities	58,569
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(305,376)
Transfer in for capital acquisition	305,376
Net cash provided by (used in) capital and related financing activities	-
INCREASE (DECREASE) IN CASH	-
CASH, Beginning of year	-
CASH, End of year	$ -
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	$ (115,029)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	31,030
(Increase) Decrease in:	
Accounts receivable	6,506
Increase (Decrease) in:	
Accounts payable	23,840
Accrued expenses	(2,235)
Postclosure care liability	(2,199)
Due to other funds	(482)
Net cash provided by (used in) operating activities	$ (58,569)
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES	
Disposal of capital assets (net of accumulated depreciation)	$ 27,229
Acquisition of capital asset through trade	$ 52,000

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2005

		AGENCY FUNDS
ASSETS		
Cash	$	5,370,783
TOTAL ASSETS		5,370,783
LIABILITIES		
Funds held in trust		5,370,783
TOTAL LIABILITIES	$	5,370,783

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, 2005

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
Assets					
Cash	$ 251,333	$ 783,518	$ 174,787	$ 202,500	$ 1,412,138
Investments	-	-	1,064,908	-	1,064,908
Other receivables (net of allowance for uncollectibles)	39,918	1,898	16,800	70,269	128,885
Due from component units	-	-	-	21	21
Restricted assets					
Restricted cash	-	-	-	63,933	63,933
Restricted investments	-	-	-	164,161	164,161
Prepaid items	-	3,762	-	245,254	249,016
Noncurrent assets:					
Deferred charges	-	-	-	55,307	55,307
Restricted investments	-	-	-	364,478	364,478
Land held for resale	-	549,047	-	-	549,047
Building held for resale	-	1,370,000	-	-	1,370,000
Capital assets:					
Land and improvements	-	-	-	44,385	44,385
Construction in progress	-	534,905	-	-	534,905
Machinery and equipment	12,344	-	-	-	12,344
Water system	-	-	-	3,511,964	3,511,964
Less: accumulated depreciation	(9,675)	-	-	-	(9,675)
Capital assets, net of depreciation	2,669	534,905	-	3,556,349	4,093,923
Total Assets	293,920	3,243,130	1,256,495	4,722,272	9,515,817
Liabilities					
Accounts payable	15,930	18,785	-	29,330	64,045
Accrued expenses	-	7,128	-	83,794	90,922
Customer deposits	-	8,000	-	68,246	76,246
Due to component units	-	21	-	-	21
Due to primary government	-	69,869	-	19,698	89,567
Deferred revenue	-	-	-	274,720	274,720
Noncurrent liabilities					
Due within one year					
Compensated absences	24,000	-	-	-	24,000
Notes payable	-	1,464,473	-	-	1,464,473
Revenue bonds payable	-	-	-	85,000	85,000
Due in more than one year					
Deposits	-	400,000	-	-	400,000
Compensated absences payable	13,643	-	-	-	13,643
Revenue bonds payable	-	-	-	3,415,000	3,415,000
Total Liabilities	53,573	1,968,276	-	3,975,788	5,997,637
NET ASSETS					
Invested in capital assets, net of related debt	2,668	534,905	-	127,720	665,293
Restricted for:					
Debt service	-	-	-	101,080	101,080
Revenues - governmental funds	237,679	739,949	1,256,495	517,684	2,751,807
Total Net Assets	$ 240,347	$ 1,274,854	$ 1,256,495	$ 746,484	$ 3,518,180

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, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
COMPONENT UNITS									
Health Department	$ 1,025,129	$ 489,449	$ 522,350	$ -	$ (13,330)	$ -	$ -	$ -	$ (13,330)
Development Authority	546,077	48,277	38,821	33,557	-	(425,422)	-	-	(425,422)
Hospital Authority	109,093	-	-	-	-	-	(109,093)	-	(109,093)
Water and Sewerage Authority	712,287	539,394	-	292,519	-	-	-	119,626	119,626
Total Component Units	$ 2,392,586	1,077,120	$ 561,171	$ 326,076	$ (13,330)	$ (425,422)	$ (109,093)	$ 119,626	$ (428,219)
GENERAL REVENUES									
Unrestricted investment earnings					-	29,128	43,007	14,935	87,070
Total General Revenues					-	29,128	43,007	14,935	87,070
CHANGE IN NET ASSETS					(13,330)	(396,294)	(66,086)	134,561	(341,149)
NET ASSETS, Beginning					253,677	1,671,148	1,322,581	611,923	3,859,329
NET ASSETS, Ending					$ 240,347	$ 1,274,854	$ 1,256,495	$ 746,484	$ 3,518,180

The accompanying notes are an integral part of this statement.

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 commission-manager form of government under which a five member Board of County Commissioners is elected to serve as the legislative body for the county. The commission chairman is elected at-large, while the remaining four commissioners are elected by geographical districts in which they reside. Elections for the district seats are staggered four year terms, so as to provide some continuity on the Board of Commissioners. 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 Board of Commissioners budgets and approves all funding used by the separate Constitutional Officers. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The blended component unit has a December 31 year end.

Blended Component Unit: The Lumpkin County Public Building Authority (Building Authority) which provides financing for County buildings, is governed by a five-member board appointed by the Board of Commissioners 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 2005, the County supplemented the Health Department's budget in the amount of $125,000. The Health Department is presented as a governmental fund type. The Health Department's fiscal year end is June 30.

The Lumpkin County Water and Sewerage Authority (Water Authority) was created for the purpose of acquiring, constructing, equipping, maintaining and operating adequate water supply, treatment and distribution facilities and sewerage collection, treatment and distribution facilities making such facilities

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Development Authority of Lumpkin County (Development Authority) is charged with aiding economic development within the County. It is governed by a nine-member board appointed by the Board of Commissioners 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 2005, the County supplemented the Development Authority's budget in the amount of $38,821. 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 Board of Commissioners of Lumpkin County. The Hospital Authority is dependent upon the government because the government approves the Hospital Authority's budget and the government has the ability to impose its will upon the Hospital Authority. The hospital authority is presented as a proprietary fund type. The hospital authority does not issue separate financial statements. The Hospital Authority's fiscal year end is December 31.

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

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

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

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

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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. Agency funds have no measurement focus. 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

available only when cash is received by the government.

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary fund:

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

Additionally, the government reports the following fund type:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

(D) ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. No interest was capitalized during 2005.

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

7. Fund Equity

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

8. Management estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(A) BUDGETARY INFORMATION

Prior to July 1, the County Manager submits to the Board of Commissioners 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 Board of Commissioners 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 Board of Commissioners at a public meeting.

The budget may be amended during the year only by formal action of the Board of Commissioners 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 Board of Commissioners. The County's budgets are adopted at the department level, which constitutes its legal level of control. However, expenditures may not legally exceed budgeted appropriations at the department level.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

(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	Budget	Actual	Difference
General Fund:			
Commission	$ 150,439	$ 155,502	$ 5,063
Legal	110,362	115,026	4,664
General Administration Fees	26,700	38,991	12,291
Capital Trial	77,814	88,173	10,359
DFACS	20,500	24,885	4,385
Senior Center	176,247	188,292	12,045
Special Revenue Funds:			
Emergency Telephone System	479,093	483,054	3,961
Drug Court	135,850	161,184	25,334
North Georgia Waste Management	-	47,934	47,934
Special Programs	25,000	61,725	36,725
Technology Fee	-	2,877	2,877
Multiple Grants	-	224,705	224,705
Hotel/Motel Tax	60,200	70,938	10,738

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

NOTE 3 - RISKS OF CASH DEPOSITS AND INVESTMENTS

Primary Government

Custodial credit risk - deposits. In case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned. The County's policies permit it to exceed the FDIC insured limit in making deposits in commercial banks and savings and loans institutions if the funds are otherwise adequately secured. As of December 31, 2005, all deposits of the County were adequately insured or collateralized.

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

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

NOTE 3 - RISKS OF CASH DEPOSITS AND INVESTMENTS (CONTINUED)

- Under the pooled method, a depository shall secure deposits of public bodies that 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 the pooled method to secure deposits of public funds.

Discretely Presented Component Units

As of December 31, 2005, the Water and Sewerage Authority had the following investments:

Investment Type	Fair Value	Rating	Rating Agency	Percent of Total Debt Investments	Weighted Average Maturity (Days)
First American Funds - Treasury Obligations Fund	$ 528,639	AAAm	1	100%	6
Total Debt Securities	$ 528,639			100%	

1. Standard & Poors

The goal of the Water and Sewerage Authority in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

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

Credit Risk. State law allows investments in bonds, debentures, notes or other evidences of indebtedness of any solvent corporation subject to certain conditions. The Water and Sewerage Authority has no investment policy that would further limit its investment choices. At December 31, 2005 the ratings of its investments are shown above.

Concentration of credit risk. The Water and Sewerage Authority places no limit on the amount the Authority may invest in any one issuer.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 3 - RISKS OF CASH DEPOSITS AND INVESTMENTS (CONTINUED)

As of December 31, 2005, the Hospital Authority had the following investments:

Investment Type	Fair value	Rating	Rating Agency	Weighted Average Maturity (Years)
Tennessee Valley Authority Electronotes	$ 289,917	AAA/Aaa	1	10
Federal National Mortgage Association Medium Term Note	481,405	AAA/Stable	1	17
Federal Home Loan Mortgage Corporation Medium Term Note	293,586	AAA/Stable	1	20
Total investments	$ 1,064,908			

1. Standard & Poors

The goal of the Hospital Authority in investing is to obtain a reasonable return on investments with a minimum exposure to potential loss of capital due to market fluctuations.

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

Credit Risk. State law allows investments in bonds, debentures, notes or other evidences of indebtedness of any solvent corporation subject to certain conditions. The Hospital Authority has no investment policy that would further limit its investment choices. At December 31, 2005 the ratings of its investments are shown above.

Concentration of credit risk. The Hospital Authority places no limit on the amount the Authority may invest in any one issuer.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 4 – RECEIVABLES

Primary Government

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

	General Fund	Debt Service	Nonmajor Governmental Funds	Solid Waste
Receivables:				
Property Taxes	$ 1,551,649	$ 45,533	$ -	$ -
Accounts:				
Fines receivable	2,566,492	-	-	-
Other	399,405	-	28,999	-
Intergovernmental	482,240	503,264	67,039	150,395
Total Gross Receivables	4,999,786	548,797	96,038	150,395
Less: Allowance for Uncollectibles	(2,354,449)	-	-	-
Total Net Receivables	$ 2,645,337	$ 548,797	$ 96,038	$ 150,395

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)	$ 503,818	$ -
Current year property taxes (General Fund)	-	6,834,391
Current year property taxes (Debt Service Fund)		45,533
Probation fines (General Fund)	442,265	-
Grant drawdowns prior to meeting all eligibility requirements (General Fund)		26,000
Grant drawdowns prior to meeting all eligibility requirements (Nonmajor Funds)	-	70,000
Total deferred/unearned revenue for governmental funds	$ 946,083	$ 6,975,924

NOTE 4 – RECEIVABLES (CONTINUED)

Property taxes receivable at December 31, 2005, consist of the following:.

DIGEST YEAR	GENERAL FUND	DEBT SERVICE FUND	TOTAL
2005	$ 1,072,103	$ 45,533	$ 1,117,636
2004	143,277	-	143,277
2003	48,300	-	48,300
2002	45,707	-	45,707
2001	44,172	-	44,172
2000	100,866	-	100,866
1999	87,489	-	87,489
1998	65	-	65
1997	9,670	-	9,670
Total	$ 1,551,649	$ 45,533	$ 1,597,182

Discretely Presented Component Units

	Health Department	Hospital Authority	Water Authority	Development Authority
Receivables:				
Accounts	$ 39,918	$ 16,800	$ 78,070	$ 1,898
Intergovernmental	-	-	-	-
Total Gross Receivables	39,918	16,800	78,070	1,898
Less: Allowance for Uncollectibles	-	-	(7,801)	-
Total Net Receivables	$ 39,918	$ 16,800	$ 70,269	$ 1,898

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments And Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 13,241,227	$ 339,164	$ (1,382)	$ 1,548,301	$ 15,127,310
Infrastructure land improvements	13,459,893	744,901		285,470	14,490,264
Construction in progress	9,955,278	611,101	-	(3,297,419)	7,268,960
Total non-depreciable capital assets	36,656,398	1,695,166	(1,382)	(1,463,648)	36,886,534
Depreciable Assets:					
Buildings and improvements	16,176,569	-	(9,500)	622,933	16,790,002
Machinery and equipment	2,744,375	41,083	(100,300)	178,634	2,863,792
Vehicles	2,962,446	378,625	(66,059)	-	3,275,012
Infrastructure	13,402,975	1,202,762	(6,971)	662,081	15,260,847
Total depreciable capital assets	35,286,365	1,622,470	(182,830)	1,463,648	38,189,653
Less Accumulated Depreciation for:					
Buildings and improvements	2,208,672	308,145	(1,183)	-	2,515,634
Machinery and equipment	1,646,254	197,999	(90,271)	-	1,753,982
Vehicles	1,763,851	236,932	(64,286)	-	1,936,497
Infrastructure	6,257,939	787,813	-	-	7,045,752
Total accumulated depreciation	11,876,716	1,530,889	(155,740)	-	13,251,865
Total depreciable capital assets, net	23,409,649	91,581	(27,090)	1,463,648	24,937,788
Governmental activities capital assets, net	$ 60,066,047	$ 1,786,747	$ (28,472)	$ -	$ 61,824,322

Capital Outlay	$ 1,915,258
Donated roads, including underlying land	1,402,378
Total	$ 3,317,636

Non-depreciable capital assets additions	$ 1,695,166
Depreciable capital assets additions	1,622,470
Total	$ 3,317,636

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	27,728	305,376	-	-	333,104
Total non-depreciable capital assets	219,831	305,376	-	-	525,207
Depreciable Assets:					
Buildings and improvements	470,319	-	-	-	470,319
Machinery and equipment	133,000	-	(58,000)	-	75,000
Vehicles	-	52,000	-	-	52,000
Total depreciable capital assets	603,319	52,000	(58,000)	-	597,319
Less Accumulated Depreciation for:					
Land improvements	150,800	12,086	-	-	162,886
Buildings	28,911	4,582	-	-	33,493
Machinery and equipment	95,727	5,002	(33,229)	-	67,500
Vehicles	-	9,360	-	-	9,360
Total accumulated depreciation	275,438	31,030	(33,229)	-	273,239
Total depreciable capital assets, net	327,881	20,970	(24,771)	-	324,080
Business-type activities capital assets, net	$ 547,712	$ 326,346	$ -	$ -	$ 849,287

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

Governmental Activities:	
General Government	$ 129,039
Judicial	10,815
Public Health and Welfare	21,474
Public Safety	389,806
Public Works	858,400
Recreation and Culture	102,083
Housing and Development	19,272
	$ 1,530,889
Business-type Activities:	
Solid Waste	$ 31,030

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The County has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2005 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project cost is noted below:

	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
Governmental activities:					
Reservoir	$ 7,000,000	$ 6,581,766	$ -	$ 418,234	GEFA
County Shop - Road Dept	555,784	517,985	37,799	-	Fund Balance
Fire Station #4	679,000	164,172	-	514,828	Grants & Fund Balance
	$ 8,234,784	$ 7,263,923	$ 37,799	$ 933,062	
Business-type activities:					
Recycling Center	$ 356,665	$ 333,104	$ 23,561	$ -	Net Assets

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 12,344	$ -	$ -	$ 12,344
Less accumulated depreciati	(7,740)	(1,935)	-	(9,675)
Capital assets, net	$ 4,604	$ (1,935)	$ -	$ 2,669

Activity of the Development Authority for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Construction in progress	$ 929,019	$ 166,942	$ (195,000)	$ (366,056)	$ 534,905
Total non-depreciable capital assets	$ 929,019	$ 166,942	$ (195,000)	$ (366,056)	$ 534,905

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The Development Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2005 and the remainder of the authorized project expenditure for which contracts have not been entered into as of year end. The source of financing for the remaining project costs are noted below:

Project	Project Authorization	Expended To Date	Contracts in Progress	Authorized Not Obligated	Source
12" Water Line & 6" Sewer Line	$ 500,000	$ 458,614	-	41,386	Net assets
Home Depot Sewer Line	68,400	21,500	-	46,900	Net assets
Long Branch Pump Station	55,000	54,791	-	209	Net assets
	$ 623,400	$ 534,905	$ -	88,495	

Activity for the Water Authority for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	$ 292	$ -	$ -	$ -	$ 292
Construction in progress	36,175	7,918	-	-	44,093
Total non-depreciable capital assets	36,467	7,918	-	-	44,385
Depreciable assets:					
Machinery and equipment	19,604	16,024	(1,242)	-	34,386
Water system	3,933,482	31,328	-	-	3,964,810
Total depreciable capital assets	3,953,086	47,352	(1,242)	-	3,999,196
Less accumulated depreciation for:					
Machinery and equipment	14,357	6,454	(830)	-	19,981
Water system	341,450	125,801	-	-	467,251
Total accumulated depreciation	355,807	132,255	(830)	-	487,232
Total depreciable capital assets, net	3,597,279	(84,903)	(412)	-	3,511,964
Business-type capital assets, net	$ 3,633,746	$ (76,985)	$ (412)	$ -	$ 3,556,349

NOTE 5 - CAPITAL ASSETS (CONTINUED)

The Water and Sewerage Authority has authorized construction projects. The remaining costs are split between the portion of the contracts that have been entered into for which the work had not been done prior to December 31, 2005 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	$ 474,008	$ 26,957	$ 427,104	$ 19,947	Net assets
Home Depot Sewer Line	229,475	17,136	212,339	-	Net assets
	$ 703,483	$ 44,093	$ 639,443	$ 19,947	

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 171,479	$ -	$ (78,781)	$ 92,698	$ 61,154
Agreement for sale payable	12,455,000	-	(795,000)	11,660,000	840,000
Compensated absences	192,130	253,340	(259,091)	186,379	23,450
Contracts payable	7,067,418	15,543	-	7,082,961	285,997
Governmental activities long-term liabilities	$ 19,886,027	$ 268,883	$ (1,132,872)	$ 19,022,038	$ 1,210,601
Business-Type Activities:					
Landfill closure/postclosure	$ 457,090	$ 9,142	$ (11,341)	$ 454,891	$ 12,000

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	$308,278
Less accumulated depreciation	(79,603)
	$228,675

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Minimum future lease obligations for these leases, as of December 31, 2005, are as follows:

Year Ending December 31,	Governmental Activities
2006	$ 64,079
2007	32,039
Total minimum lease payments	96,118
Less: amount representing interest (3.66% - 4.18%)	(3,420)
Present value of minimum lease payments	$ 92,698

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

Year Ending December 31,	Principal	Interest	Total
2006	840,000	693,944	1,533,944
2007	900,000	638,846	1,538,846
2008	955,000	579,966	1,534,966
2009	1,020,000	517,121	1,537,121
2010	1,090,000	449,880	1,539,880
2011- 2015	5,665,000	1,150,518	6,815,518
2016 - 2018	1,190,000	15,310	1,205,310
Total	$ 11,660,000	$ 4,045,585	$ 15,705,585

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Contracts Payable - In September 1999, Lumpkin County and the City of Dahlonega borrowed $4,475,000 from the Georgia Environmental Facility Authority (GEFA) to develop a reservoir. During 2001, the City and Lumpkin County entered into an agreement to increase the loan amount to $13,730,000. The loan agreement provides that if the reservoir is completed before June 30, 2005, the City and County may convey the title to the property to GEFA in exchange for forgiveness of the debt. When the title is transferred, GEFA intends to enter into an agreement with the North Georgia Mountains Authority (NGMA) to operate the reservoir facilities. The County's share of the obligation as of December 31, 2005, was $7,082,961 or 50% of the total "draw downs" of all GEFA notes related to the reservoir project. The amortization of the original agreement is based upon a 3.00% interest rate.

Year Ending December 31,	Principal	Interest	Total
2006	285,997	209,291	495,288
2007	294,674	200,614	495,288
2008	303,614	191,674	495,288
2009	312,826	182,463	495,289
2010	322,317	172,972	495,289
2011 - 2015	1,764,337	712,107	2,476,444
2016 - 2020	2,048,720	427,724	2,476,444
2021 - 2025	1,750,476	106,859	1,857,335
Total	$ 7,082,961	$ 2,203,704	$ 9,286,665

During 2005, the County and City have been negotiating to assume the debt of the reservoir project. As of the date of the Auditors' report, the County and the City are still in negations over the split of the debt.

Conduit Debt - In December 2001, the Lumpkin County Public Building Authority issued $5,000,000 in aggregate principal amount of Lumpkin County School District Qualified Zone Academy Project, Series 2001 Bonds. The proceeds were used to rehabilitate, repair, renovate, extend and improve Lumpkin County Middle School and Lumpkin County Elementary School. As of December 31, 2005, 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, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 35,101	$ 31,929	$ (29,387)	$ 37,643	$ 24,000

Activity for the Development Authority for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Note payable - Siemens Pro	$ 1,477,428	$ -	$ (12,955)	$ 1,464,473	$ 1,464,473

On February 5, 2005, the Authority began making interest only payments of 2.40% above the 30 day LIBOR rate. The loan was modified again on January 13, 2006 and will mature in full on March 15, 2007.

The annual requirements to amortize all debts of the Development Authority outstanding as of December 31, 2005 are as follows:

Year	Principal	Interest	Total
2006	$ 1,464,473	$ 85,541	$ 1,550,014
Total	$ 1,464,473	$ 85,541	$ 1,550,014

Activity for the Water Authority for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
2000 Series Bonds	$ 3,565,000	$ -	$ (65,000)	$ 3,500,000	$ 85,000

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

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debts of the Water Authority outstanding as of December 31, 2005 are as follows:

	Principal	Interest	Total
2006	85,000	193,348	278,348
2007	105,000	187,509	292,509
2008	130,000	180,282	310,282
2009	155,000	171,624	326,624
2010	185,000	161,329	346,329
2011 - 2015	1,080,000	630,540	1,710,540
2016 - 2020	1,425,000	270,847	1,695,847
2021	335,000	1,577	336,577
Total	$ 3,500,000	$ 1,797,056	$ 5,297,056

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2005, consist of the following:

$ 16,020	Due to the General Fund from the SPLOST Fund for capital purchases.
18	Due to the General Fund from the Solid Waste Fund for accounts payable.
111	Due to the General Fund from nonmajor funds for accounts payable.
6,361	Due to the General Fund from nonmajor funds for Hotel/Motel tax due to the Chamber of Commerce.
2,877	Due to the General Fund from nonmajor funds for technology fee.
25,387	Due to General Fund
97,414	Due to nonmajor funds from the General Fund for fines collected.
2,961	Due to nonmajor funds from the General Fund for cash matches.
35,714	Due to nonmajor funds from the General Fund for deferred revenues.
136,089	Due to nonmajor funds
$ 161,476	Total

NOTE 7 – INTERFUND BALANCES AND ACTIVITY (CONTINUED)

Transfers to/from other funds at December 31, 2005, consist of the following:

$ 1,608,581	From the General Fund to Capital Projects Fund to pay for various building improvements, land acquisitions and vehicle purchases.
210,026	From the General Fund to nonmajor funds to supplement fiscal year 2005 operating budget.
436,840	From the General Fund to Solid Waste Fund to supplement fiscal year 2004 operating budget.
2,255,447	Total transfers from the General Fund
42,098	From Capital Projects Fund to nonmajor funds to transfer grant activities.
45,000	Transfers between nonmajor funds to supplement operating budgets.
1,179	From nonmajor funds to the General Fund for interest earnings.
47,244	From nonmajor funds to the General Fund for grant activities.
93,423	Total transfers from nonmajor funds.
39,239	From Solid Waste Fund to nonmajor funds for grant activities.
33,656	From Solid Waste Fund to Captial Projects Fund for capital outlay.
72,895	Total transfers from Solid Waste Fund.
$ 2,463,863	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, 2005.

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

NOTE 8-RETIREMENT PLANS (CONTINUED)

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

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

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

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 $172,455 was paid in fiscal year 2006. The County's payroll for employees participating in the Plan as of January 1, 2005, (the most recent actuarial valuation date) was $3,525,890 (based on covered earnings of preceding year.)

(B) FUNDING POLICY

Contributions totaling $172,455 ($172,455 employer and $0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2005. 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 Board of Commissioners, to establish, and amend from time-to-time contribution rates for the County and its plan participants.

NOTE 8-RETIREMENT PLANS (CONTINUED)

Participants as of January 1, 2005 (the most recent actuarial valuation date) are shown below:

Retirees and beneficiaries receiving benefits	100
Deferred Vested (former employees)	35
Total number of plan participants	135

The information was determined as part of the actuarial valuation as of January 1, 2005. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2005
Actuarial Cost method	Projected Unit Credit
Amortization method	Level Dollar (Closed)
Remaining amortization period	28 years
(The estimated amortization period for all unfunded liabilities is combined into one amount.)	
Asset valuation method	Market Value

Actuarial assumptions:

Investment rate return*	8.0%
Projected salary increases*	6.0%
*Includes inflation at	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:	2005	2004	2003
Annual required contribution	$ 151,415	$ 136,800	$ 124,894
Interest on net pension obligation	(1,892)	-	-
Amortization of net pension obligation	1,997	-	-
Annual pension cost	151,520	136,800	124,894
Contributions made with interest	(172,455)	(162,255)	(124,894)
Increase (decrease) in net pension obligation	(20,935)	(25,455)	-
Net pension obligation, January 1, 2004	(25,455)	-	-
Net pension obligation, January 1, 2005	$ (46,390)	$ (25,455)	$ -

NOTE 8-RETIREMENT PLANS (CONTINUED)

DEFINED CONTRIBUTION PLAN

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

The County's covered payroll for employees participating in this plan was $3,774,990 and total payroll was $6,394,410. The County contribution for 2005 was $75,500 and employee contributions were $109,012.

OTHER PLANS

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

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

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

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

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

NOTE 9 – RISK MANAGEMENT

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

Other

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

The members of IRMA are assessable if the losses that IRMA must pay exceed the assets of the pool. At December 31, 2005, 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, 2005, there was no need for such an assessment. Therefore, no liability for this has been included in these financial statements.

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

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

NOTE 10 - CONTINGENT LIABILITIES

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

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

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

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

NOTE 11 - LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on a landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for up to thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports an estimated portion of these closure and postclosure care costs as a current operating expenditure in each period based on landfill capacity used as of each balance sheet date. The County received its closure certificate on June 17, 2003. As of December 31, 2005, the County has recorded a liability for the landfill of $454,891 which represents the estimated postclosure cost based on 100% of landfill capacity used to date. All estimated liability for these costs has

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

been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2005. 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, 2005, 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, 2005, the County paid $18,129 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

NOTE 13 – GEORGIA MOUNTAIN REGIONAL DEVELOPMENT CENTER (CONTINUED)

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

NOTE 14 – HOTEL/MOTEL TAX

During the year ended December 31, 2005, the County collected $70,155 of which $28,062 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $69,759. This was 248% 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 2005, the County paid $22,977 to the Authority. Financial statements for the Authority are available from the Authority at 170 Scoggins Drive, Demorest, Georgia 30535.

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

Required
Supplementary Information

RSI

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2005
"Unaudited'

Actuarial Valuation Date (01/01)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll (prior year)	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2003	$0	$644,262	0%	$644,262	$3,188,737	20%
2004	106,545	773,337	13.8%	666,792	3,451,296	20%
2005	258,504	897,607	28.8%	639,103	3,525,890	18%

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 EMPLOYER RETIREMENT CONTRIBUTIONS
Year Ended December 31, 2005
"Unaudited'

Fiscal Year	Annual Required Contributions	Actual Contribution	Percentage Contributed
2003	$124,894	$124,894	100.%
2004	136,800	162,255	118%
2005	151,415	172,455	114%

2003 was the first year that this plan was effective

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2005
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 4,726,589	$ 4,726,589	$ 4,726,589	$ -
RESOURCES (INFLOWS)				
Taxes	9,420,629	9,420,629	9,522,726	102,097
Licenses and permits	342,900	342,900	431,008	88,108
Fines and forfeitures	570,600	570,600	453,934	(116,666)
Charges for services	2,419,438	2,452,438	2,593,913	141,475
Interest income	119,235	119,237	193,902	74,665
Intergovernmental	241,204	241,204	804,031	562,827
Contributions and donations	-	-	36,926	36,926
Other	650	650	4,066	3,416
Proceeds from sale of capital assets	2,000	2,000	4,506	2,506
Transfers in	-	-	48,423	48,423
Total Resources (Inflows)	13,116,656	13,149,658	14,093,435	943,777
AMOUNTS AVAILABLE FOR APPROPRIATION	17,843,245	17,876,247	18,820,024	943,777
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government				
Commission	224,772	150,439	155,502	(5,063)
Elections	81,884	97,464	96,395	1,069
County Manager	197,490	206,810	210,089	3,279
Financial Administration	275,504	335,096	333,822	1,274
Legal	70,000	110,362	115,026	(4,664)
Data Processing/GIS	70,933	65,939	65,095	844
Human Resources	66,363	102,023	102,040	(17)
Tax Commissioner	342,241	351,241	352,332	(1,091)
Tax Assessor	282,409	299,809	302,518	(2,709)
Board of Equalization	5,035	2,135	2,092	43
Risk Management	50,000	29,000	28,530	470
Public/General Buildings	319,146	322,148	319,850	2,298
Administrative Support	250,777	182,620	4,553	178,067
General Administration Fees	24,600	26,700	38,991	(12,291)
Total General Government	2,261,154	2,281,786	2,126,835	154,951
Public Safety				
Sheriff-Criminal Investigation	575,583	582,231	581,147	1,084
Drug Task	97,859	97,859	97,901	(42)
Sheriff-Uniform Patrol	1,661,295	1,660,436	1,601,561	58,875
Detention Center	1,909,146	1,980,827	1,975,274	5,553
Sheriff-Animal Control	59,032	55,784	57,326	(1,542)
Fire Department	423,161	407,161	388,664	18,497
Ambulance	1,027,500	877,500	872,722	4,778
Emergency Management	88,837	89,963	90,977	(1,014)
Coroner	28,237	23,337	23,266	71
Animal Shelter	75,000	97,001	96,665	336
Total Public Safety	5,945,650	5,872,099	5,785,503	86,596

CONTINUED.....

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2005
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CONTINUED.....				
Judicial System				
Enotah Circuit	322,373	258,373	257,981	392
Superior Court	239,367	270,553	261,967	8,586
Capital Trial	150,000	77,814	88,173	(10,359)
Clerk Superior Court	485,769	491,769	492,315	(546)
District Attorney	7,970	16,470	16,494	(24)
Victim Assistance	60,520	61,820	17,823	43,997
Magistrate Court	220,052	215,052	216,841	(1,789)
Probate Court	206,600	201,600	201,346	254
Total Judicial System	1,692,651	1,593,451	1,552,940	40,511
Public Works				
Admin-Public Works	70,829	82,029	84,772	(2,743)
Roads and Bridges	988,301	1,216,985	1,059,541	157,444
Total Public Works	1,059,130	1,299,014	1,144,313	154,701
Health and Welfare				
Rainbow House	51,169	51,169	50,269	900
Mental Health	8,640	-	-	-
Health Department	125,000	125,000	125,000	-
DFACS	27,500	20,500	24,885	(4,385)
Senior Center	155,247	176,247	188,292	(12,045)
Transportation	79,224	79,224	69,645	9,579
Total Health and Welfare	446,780	452,140	458,091	(5,951)
Culture and Recreation				
Administration-Community Affairs and Leisure Services	65,135	4,542	4,195	347
Park & Recreation	407,135	402,185	395,586	6,599
Community Center	186,277	195,327	195,038	289
After School	108,010	81,410	81,109	301
Library	446,874	446,874	446,874	-
Total Culture and Recreation	1,213,431	1,130,338	1,122,802	7,536
Housing and Development				
County Extension Service	46,523	44,523	41,223	3,300
Planning	257,675	262,575	261,145	1,430
Environmental Enforcement & Education	-	1,370	471	899
Development Authority	38,821	38,821	38,821	-
Airport	30,835	51,035	50,090	945
Total Housing and Development	373,854	398,324	391,750	6,574
Transfers out	718,646	2,724,146	2,255,447	468,699
TOTAL CHARGES TO APPROPRIATIONS	13,711,296	15,751,298	14,837,681	913,617
CHANGE IN FUND BALANCE	(594,640)	(2,601,640)	(744,246)	1,857,394
FUND BALANCES, End of year	$ 4,131,949	$ 2,124,949	$ 3,982,343	$ 1,857,394

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

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.

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

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

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

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

Technology Fee Fund - to account for funds collected from fines to be used by Magistrate and Probate courts for technology related expenditures as established by HB414.

Multiple Grants Fund - to account for funds received and the related expenditures of all grants, except those related to Solid Waste activities, awarded to Lumpkin County.

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

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2005

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT	JUVENILE SERVICES	NORTH GEORGIA WASTE MANAGEMENT	SPECIAL PROGRAMS
ASSETS							
Cash	$ 5,767	$ 135,293	$ -	$ 17,406	$ -	$ 181	$ 18,237
Other receivables(net of allowance for uncollectibles)	-	-	28,999	-	-	-	-
Due from other funds	87,975	-	35,714	-	6,586	-	-
Other assets	-	-	-	500	-	-	-
TOTAL ASSETS	$ 93,742	$ 135,293	$ 64,713	$ 17,906	$ 6,586	$ 181	$ 18,237
LIABILITIES							
Accounts payable	$ -	$ 1,547	$ 7,051	$ 4,936	$ -	$ -	$ -
Due to other funds	-	-	-	5	-	-	-
Deferred revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	1,547	7,051	4,941	-	-	-
FUND EQUITY							
Fund balance:							
Unreserved, undesignated	93,742	133,746	57,662	12,965	6,586	181	18,237
TOTAL FUND EQUITY	93,742	133,746	57,662	12,965	6,586	181	18,237
TOTAL LIABILITIES AND FUND EQUITY	$ 93,742	$ 135,293	$ 64,713	$ 17,906	$ 6,586	$ 181	$ 18,237

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2005

	PUBLIC DEFENDER	TECHNOLOGY FEE FUND	MULTIPLE GRANTS FUND	HOTEL/MOTEL TAX	TOTAL
ASSETS					
Cash	$ 43,042	$ -	$ -	$ 6,361	$ 226,287
Other receivables(net of allowance for uncollectibles)	-	-	67,039	-	96,038
Due from other funds	-	2,853	2,961	-	136,089
Other assets	-	-	-	-	500
TOTAL ASSETS	$ 43,042	$ 2,853	$ 70,000	$ 6,361	$ 458,914
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ -	$ 13,534
Due to other funds	106	-	-	6,361	6,472
Deferred revenue	-	-	70,000	-	70,000
TOTAL LIABILITIES	106	-	70,000	6,361	90,006
FUND EQUITY					
Fund balance:					
Unreserved, undesignated	42,936	2,853	-	-	368,908
TOTAL FUND EQUITY	42,936	2,853	-	-	368,908
TOTAL LIABILITIES AND FUND EQUITY	$ 43,042	$ 2,853	$ 70,000	$ 6,361	$ 458,914

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2005

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY 911	DRUG COURT	JUVENILE SERVICES	NORTH GEORGIA WASTE MANAGEMENT	SPECIAL PROGRAMS
REVENUE							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	26,156	19,515	-	-	-	-	-
Charges for services	-	-	413,470	60,646	-	-	72,846
Interest income	-	2,631	-	654	-	-	5
Intergovernmental	-	-	-	53,281	-	-	-
Contributions and donations	-	-	-	-	-	47,934	-
Other	-	-	350	125	-	181	-
TOTAL REVENUE	26,156	22,146	413,820	114,706	-	48,115	72,851
EXPENDITURES							
General Government	-	-	-	-	-	-	-
Public Safety	8,188	-	483,054	-	-	-	31,725
Judicial System	-	9,142	-	161,184	150	-	-
Public Works	-	-	-	-	-	-	-
Housing and Development	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	47,934	-
Capital Outlay	-	-	-	-	-	-	30,000
TOTAL EXPENDITURES	8,188	9,142	483,054	161,184	150	47,934	61,725
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,968	13,004	(69,234)	(46,478)	(150)	181	11,126
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	135,427	45,000	-	-	-
Transfers out	(45,000)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,000)	-	135,427	45,000	-	-	-
NET CHANGE IN FUND BALANCES	(27,032)	13,004	66,193	(1,478)	(150)	181	11,126
FUND BALANCES, Beginning of year	120,774	120,742	(8,531)	14,443	6,736	-	7,111
FUND BALANCES, End of year	$ 93,742	$ 133,746	$ 57,662	$ 12,965	$ 6,586	$ 181	$ 18,237

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2005

	PUBLIC DEFENDER	TECHNOLOGY FEE FUND	MULTIPLE GRANTS FUND	HOTEL/MOTEL TAX	TOTAL
REVENUE					
Taxes	$ -	$ -	$ -	$ 70,114	$ 70,114
Fines and forfeitures	-	-	-	-	45,671
Charges for services	-	5,730	-	-	552,692
Interest income	1,442	-	-	370	5,102
Intergovernmental	-	-	143,368	-	196,649
Contributions and donations	-	-	-	-	47,934
Other	-	-	-	-	656
TOTAL REVENUE	1,442	5,730	143,368	70,484	918,818
EXPENDITURES					
General Government	-	-	-	-	-
Public Safety	-	-	49,104	-	572,071
Judicial System	42,637	2,877	54,588	-	270,578
Public Works	-	-	-	-	-
Housing and Development	-	-	-	69,759	69,759
Intergovernmental	-	-	31,513	-	79,447
Capital Outlay	-	-	42,256	-	72,256
TOTAL EXPENDITURES	42,637	2,877	177,461	69,759	1,064,111
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(41,195)	2,853	(34,093)	725	(145,293)
OTHER FINANCING SOURCES (USES)					
Transfers in	74,599	-	81,337	-	336,363
Transfers out	-	-	(47,244)	(1,179)	(93,423)
TOTAL OTHER FINANCING SOURCES (USES)	74,599	-	34,093	(1,179)	242,940
NET CHANGE IN FUND BALANCES	33,404	2,853	-	(454)	97,647
FUND BALANCES, Beginning of year	9,532	-	-	454	271,261
FUND BALANCES, End of year	$ 42,936	$ 2,853	$ -	$ -	$ 368,908

LUMPKIN COUNTY, GEORGIA
DEBT SERVICE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ 5,451,597	$ 5,451,597
RESOURCES (INFLOWS)				
Taxes	1,540,623	1,540,623	2,923,192	1,382,569
Interest income	-	-	171,295	171,295
Total Resources (Inflows)	1,540,623	1,540,623	3,094,487	1,553,864
AMOUNTS AVAILABLE FOR APPROPRIATION	1,540,623	1,540,623	8,546,084	7,005,461
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt Service				
Principal	795,000	795,000	795,000	-
Interest	745,623	745,623	745,623	-
TOTAL CHARGES TO APPROPRIATIONS	1,540,623	1,540,623	1,540,623	-
CHANGE IN FUND BALANCE	-	-	1,553,864	1,553,864
FUND BALANCES, End of year	$ -	$ -	$ 7,005,461	$ 7,005,461

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in 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, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 120,774	$ 120,774	$ 120,774	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	26,000	26,000	26,156	156
Other	28,000	28,000	-	(28,000)
Total Resources (Inflows)	54,000	54,000	26,156	(27,844)
AMOUNTS AVAILABLE FOR APPROPRIATION	174,774	174,774	146,930	(27,844)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	9,000	9,000	8,188	812
Transfers out	45,000	45,000	45,000	-
TOTAL CHARGES TO APPROPRIATIONS	54,000	54,000	53,188	812
CHANGE IN FUND BALANCE	-	-	(27,032)	(27,032)
FUND BALANCES, End of year	$ 120,774	$ 120,774	$ 93,742	$ (27,032)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in 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, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 120,742	$ 120,742	$ 120,742	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	25,000	25,000	19,515	(5,485)
Interest income	-	-	2,631	2,631
Other	15,000	15,000	-	(15,000)
Total Resources (Inflows)	40,000	40,000	22,146	(17,854)
AMOUNTS AVAILABLE FOR APPROPRIATION	160,742	160,742	142,888	(17,854)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	40,000	40,000	9,142	30,858
TOTAL CHARGES TO APPROPRIATIONS	40,000	40,000	9,142	30,858
CHANGE IN FUND BALANCE	-	-	13,004	13,004
FUND BALANCES, End of year	$ 120,742	$ 120,742	$ 133,746	$ 13,004

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in 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, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 8,531	$ 8,531	$ (8,531)	$ (17,062)
RESOURCES (INFLOWS)				
Charges for services	287,000	287,000	413,470	126,470
Other	-	-	350	350
Transfers in	192,093	192,093	135,427	(56,666)
Total Resources (Inflows)	479,093	479,093	549,247	70,154
AMOUNTS AVAILABLE FOR APPROPRIATION	487,624	487,624	540,716	53,092
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	479,093	479,093	483,054	(3,961)
TOTAL CHARGES TO APPROPRIATIONS	479,093	479,093	483,054	(3,961)
CHANGE IN FUND BALANCE	-	-	66,193	66,193
FUND BALANCES, End of year	$ 8,531	$ 8,531	$ 57,662	$ 49,131

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
DRUG COURT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 14,443	$ 14,443	$ 14,443	$ -
RESOURCES (INFLOWS)				
Charges for services	35,600	35,600	60,646	25,046
Interest income	250	250	654	404
Intergovernmental	55,000	55,000	53,281	(1,719)
Other	-	-	125	125
Transfers in	45,000	45,000	45,000	-
Total Resources (Inflows)	135,850	135,850	159,706	23,856
AMOUNTS AVAILABLE FOR APPROPRIATION	150,293	150,293	174,149	23,856
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	135,850	135,850	161,184	(25,334)
TOTAL CHARGES TO APPROPRIATIONS	135,850	135,850	161,184	(25,334)
CHANGE IN FUND BALANCE	-	-	(1,478)	(1,478)
FUND BALANCES, End of year	$ 14,443	$ 14,443	$ 12,965	$ (1,478)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
JUVENILE SERVICES SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARSION SCHEDULE
For the Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 6,736	$ 6,736	$ 6,736	$ -
RESOURCES (INFLOWS)				
Charges for services	300	300	-	(300)
Total Resources (Inflows)	300	300	-	(300)
AMOUNTS AVAILABLE FOR APPROPRIATION	7,036	7,036	6,736	(300)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	6,300	6,300	150	6,150
TOTAL CHARGES TO APPROPRIATIONS	6,300	6,300	150	6,150
CHANGE IN FUND BALANCE	(6,000)	(6,000)	(150)	5,850
FUND BALANCES, End of year	$ 736	$ 736	$ 6,586	$ 5,850

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

LUMPKIN COUNTY, GEORGIA
NORTH GEORGIA WASTE MANAGEMENT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Contributions and donations	-	-	47,934	47,934
Other	-	-	181	181
Total Resources (Inflows)	-	-	48,115	48,115
AMOUNTS AVAILABLE FOR APPROPRIATION	-	-	48,115	48,115
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Intergovernmental	-	-	47,934	(47,934)
TOTAL CHARGES TO APPROPRIATIONS	-	-	47,934	(47,934)
CHANGE IN FUND BALANCE	-	-	181	(181)
FUND BALANCES, End of year	$ -	$ -	$ 181	$ (181)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
SPECIAL PROGRAMS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 7,111	$ 7,111	$ 7,111	$ -
RESOURCES (INFLOWS)				
Charges for services	25,000	25,000	72,846	47,846
Interest income	-	-	5	5
Total Resources (Inflows)	25,000	25,000	72,851	47,851
AMOUNTS AVAILABLE FOR APPROPRIATION	32,111	32,111	79,962	47,851
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	25,000	25,000	61,725	(36,725)
TOTAL CHARGES TO APPROPRIATIONS	25,000	25,000	61,725	(36,725)
CHANGE IN FUND BALANCE	-	-	11,126	11,126
FUND BALANCES, End of year	$ 7,111	$ 7,111	$ 18,237	$ 11,126

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 9,532	$ 9,532	$ 9,532	$ -
RESOURCES (INFLOWS)				
Interest income	-	1	1,442	1,441
Transfers in	90,655	99,466	74,599	(24,867)
Total Resources (Inflows)	90,655	99,467	76,041	(23,426)
AMOUNTS AVAILABLE FOR APPROPRIATION	100,187	108,999	85,573	(23,426)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	90,655	80,807	42,637	38,170
TOTAL CHARGES TO APPROPRIATIONS	90,655	80,807	42,637	38,170
CHANGE IN FUND BALANCE	-	18,660	33,404	14,744
FUND BALANCES, End of year	$ 9,532	$ 28,192	$ 42,936	$ 14,744

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

LUMPKIN COUNTY, GEORGIA
TECHNOLOGY FEE SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Charges for services	-	-	5,730	5,730
Total Resources (Inflows)	-	-	5,730	5,730
AMOUNTS AVAILABLE FOR APPROPRIATION	-	-	5,730	5,730
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial System	-	-	2,877	(2,877)
TOTAL CHARGES TO APPROPRIATIONS	-	-	2,877	(2,877)
CHANGE IN FUND BALANCE	-	-	2,853	(2,853)
FUND BALANCES, End of year	$ -	$ -	$ 2,853	$ (2,853)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
MULTIPLE GRANTS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	-	-	143,368	143,368
Transfers in	-	-	81,337	81,337
Total Resources (Inflows)	-	-	224,705	224,705
AMOUNTS AVAILABLE FOR APPROPRIATION	-	-	224,705	224,705
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public Safety	-	-	49,104	(49,104)
Judicial System	-	-	54,588	(54,588)
Intergovernmental	-	-	31,513	(31,513)
Capital Outlay	-	-	42,256	(42,256)
Transfers out	-	-	47,244	(47,244)
TOTAL CHARGES TO APPROPRIATIONS	-	-	224,705	(224,705)
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCES, End of year	$ -	$ -	$ -	$ -

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

LUMPKIN COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2005

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 454	$ 454	$ 454	$ -
RESOURCES (INFLOWS)				
Taxes	60,000	60,000	70,114	10,114
Interest income	200	200	370	170
Total Resources (Inflows)	60,200	60,200	70,484	10,284
AMOUNTS AVAILABLE FOR APPROPRIATION	60,654	60,654	70,938	10,284
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Housing and Development	60,000	60,000	69,759	(9,759)
Transfers out	200	200	1,179	(979)
TOTAL CHARGES TO APPROPRIATIONS	60,200	60,200	70,938	(10,738)
CHANGE IN FUND BALANCE	-	-	(454)	(454)
FUND BALANCES, End of year	$ 454	$ 454	$ -	$ (454)

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 21 for budget violations.

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 STATEMENTS OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS
December 31, 2005

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 5,102,942	$ 7,798	$ 249,637	$ 10,222	$ 184	$ 5,370,783
TOTAL ASSETS	5,102,942	7,798	249,637	10,222	184	5,370,783
LIABILITIES						
Funds held in trust	5,102,942	7,798	249,637	10,222	184	5,370,783
TOTAL LIABILITIES	5,102,942	7,798	249,637	10,222	184	5,370,783
NET ASSETS	$ -	$ -	$ -	$ -	$ -	$ -

LUMPKIN COUNTY, GEORGIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2005

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash						
Balance, January 1, 2005	$ 4,362,322	$ 4,649	$ 133,623	$ 5,209	$ 705	$ 4,506,508
Additions	22,508,274	165,318	1,950,683	316,056	80,123	25,020,454
Deductions	(21,767,654)	(162,169)	(1,834,669)	(311,043)	(80,644)	(24,156,179)
Cash Balance, December 31, 2005	5,102,942	7,798	249,637	10,222	184	5,370,783
TOTAL ASSETS, December 31, 2005	$ 5,102,942	$ 7,798	$ 249,637	$ 10,222	$ 184	$ 5,370,783
LIABILITIES						
Due to Lumpkin County						
Balance, January 1, 2005	$ -	$ -	$ -	$ -	$ -	$ -
Additions	8,213,587	14,176	923,423	233,352	12,346	9,396,884
Deductions	(8,213,587)	(14,176)	(923,423)	(233,352)	(12,346)	(9,396,884)
Balance, December 31, 2005	-	-	-	-	-	-
Amounts held in trust						
Balance, January 1, 2005	4,362,322	4,649	133,623	5,209	705	4,506,508
Additions	14,294,687	151,142	1,027,260	82,704	67,777	15,623,570
Deductions	(13,554,067)	(147,993)	(911,246)	(77,691)	(68,298)	(14,759,295)
Balance, December 31, 2005	5,102,942	7,798	249,637	10,222	184	5,370,783
TOTAL LIABILITIES						
Balance January 1, 2005	4,362,322	4,649	133,623	5,209	705	4,506,508
Additions	22,508,274	165,318	1,950,683	316,056	80,123	25,020,454
Deductions	(21,767,654)	(162,169)	(1,834,669)	(311,043)	(80,644)	(24,156,179)
TOTAL LIABILITIES, December 31, 2005	$ 5,102,942	$ 7,798	$ 249,637	$ 10,222	$ 184	$ 5,370,783

Supplementary Information

LUMPKIN COUNTY, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2005

PROJECT	ORIGINAL ESTIMATED COSTS	CURRENT ESTIMATED COSTS	EXPENDITURES PRIOR YEARS	EXPENDITURES CURRENT YEAR
SPLOST #4 - Commenced January 1, 1999				
Roads, streets and bridges	$ 5,000,000	$ 5,405,474	$ 5,405,474	$ 16,020
Construct and equip three fire stations and a detention center	5,000,000	8,383,859	5,733,118	-
	$ 10,000,000	$ 13,789,333	$ 11,138,592	$ 16,020
SPLOST #5 - Commenced April 1, 2003				
Debt Service-Public Building Authority	$ 15,750,000	$ 15,750,000	$ 2,766,889	$ 1,540,623

Statistical Section

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
2004	2,296,871	6,267,766	1,789,521	2,125,352	462,638	1,242,770	520,862	790,656	510,684	16,007,120
2005	$ 2,275,968	$ 6,680,106	$ 2,138,531	$ 2,096,317	$ 479,565	$ 1,224,885	$ 480,781	$ 730,375	$ 129,961	$ 16,236,489

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

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
2004	2,466,829	487,858	1,413,790	12,209,602	284,197	241,019	55,234	17,158,529
2005	$ 4,223,804	$ 1,001,087	$ 1,918,603	$ 12,466,879	$ 291,838	$ 378,194	$ 27,229	$ 20,307,634

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*
1996	$ 4,727,966	$ 76,877	$ 295,135	$ 370,652	$ 236,153	$ 467,587	$ 647,726	$ 695,827	$ 7,517,923
1997	6,294,047	147,792	485,383	1,032,418	286,078	658,711	174,410	-	9,078,839
1998	6,151,735	184,739	580,920	1,082,485	265,175	695,202	167,297	27,919	9,155,472
1999	6,301,858	191,350	606,777	1,219,056	159,684	813,462	601,036	-	9,893,223
2000	7,311,552	201,619	551,549	967,058	98,915	833,323	24,268	709,995	10,698,279
2001	8,508,834	208,961	673,916	915,526	246,830	700,534	81,413	129,659	11,465,673
2002	8,744,582	253,170	712,400	1,306,943	225,639	783,528	118,570	83,963	12,228,795
2003	8,908,483	245,434	599,127	2,037,624	174,340	905,167	9,573	138,205	13,017,953
2004	9,138,389	319,893	646,286	2,474,209	122,661	920,413	3,047	-	13,624,898
2005	$ 9,522,726	$ 431,008	$ 453,934	$ 2,593,913	$ 193,902	$ 804,031	$ 40,992	$ 48,423	$ 14,088,929

General Fund Tax Revenues by Source
Last Three Fiscal Years

Fiscal Year	*Property Tax*	*Interest, Cost, Penalties on Delinquent*	*Intangible Recording*	*Alcoholic Beverage*	*Real Estate Transfer*	*Sales Tax*	*Other Taxes*	*Insurance Premium Tax*	*Total*
2003	$ 5,491,006	$ 189,579	$ 252,703	$ 86,805	$ 103,479	$1,960,473	$ 161,958	$ 662,480	$ 8,908,483
2004	5,580,418	177,016	262,559	94,892	63,198	2,149,649	93,841	716,816	9,138,389
2005	$ 5,811,087	$ 241,780	$ 246,593	$ 113,434	$ 76,542	$2,204,165	$ 63,653	$ 765,472	$ 9,522,726

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*
1996	$ 1,411,917	$ 1,448,351	$ 848,345	$ 1,568,905	$ 689,624	$ 491,677	$ -	$ -	$ -	$ 635,637	$ 7,094,456
1997	1,408,566	1,278,755	716,633	838,557	858,691	675,265	-	548,585	93,331	1,271,438	7,689,821
1998	1,583,955	1,439,572	786,145	3,010,629	982,328	763,896	-	1,978,196	109,119	1,488,887	12,142,727
1999	2,137,137	2,814,061	861,300	1,154,193	157,820	930,630	-	694,296	88,086	1,727,919	10,565,442
2000	1,900,131	3,154,455	1,096,953	2,532,940	380,735	2,671,491	348,711	2,686,868	356,175	1,283,668	16,412,127
2001	1,813,244	2,993,685	1,120,937	778,970	338,188	951,005	356,115	346,976	265,996	1,783,250	10,748,366
2002	1,816,706	4,730,906	1,309,934	891,610	350,448	991,205	580,803	107,783	144,482	421,406	11,345,283
2003	1,774,496	5,019,179	1,476,100	792,406	368,916	1,023,611	523,372	67,602	87,250	1,898,968	13,031,900
2004	1,874,934	5,233,385	1,549,349	1,240,042	440,725	1,124,944	439,351	69,559	21,013	1,631,424	13,624,726
2005	$ 2,126,835	$ 5,700,625	$ 1,552,940	$ 1,144,313	$ 458,091	$ 1,122,802	$ 391,750	$ 29,480	$ 55,398	$ 2,255,447	$ 14,837,681

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*
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%
2004	12/20/04	5,292,971	4,818,797	91.0%	636,417	5,455,214	103.1%	691,851	13.1%
2005	12/20/05	$ 6,548,672	$ 5,475,266	83.6%	$ 726,046	$ 6,201,312	94.7%	$ 1,220,958	18.6%

(1) The amount in the Total Tax Levy column represents the levy on real & personal property for County Maintenance and Operations and for reservoir payments 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 2005, 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*
1996	$ 303,478	$ 758,695	$ 36,361	$ 65,637	$ 164,093	$ 3,998	$ 328,757	$ 922,788	40.0%
1997	326,654	816,635	39,032	78,341	195,853	6,522	359,441	1,012,488	40.0%
1998	343,235	858,088	40,694	80,369	200,923	6,421	376,488	1,059,010	40.0%
1999	366,169	915,423	41,308	97,159	242,898	12,222	409,797	1,158,320	40.0%
2000	394,193	985,483	35,185	107,606	269,015	9,005	457,609	1,254,498	40.0%
2001	422,340	1,055,850	44,120	118,438	296,095	11,418	485,240	1,351,945	40.0%
2002	767,522	1,918,805	108,112	125,365	313,413	9,986	774,790	2,232,218	40.0%
2003	799,342	1,998,354	119,884	120,695	301,738	4,129	796,023	2,300,092	40.0%
2004	832,475	2,081,187	125,058	115,818	289,545	4,976	818,260	2,370,732	40.0%
2005	$ 893,277	$ 2,233,192	$ 130,277	$ 120,059	$ 300,148	$ 5,080	$ 877,979	$ 2,533,340	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	*1996*	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*
County - Incorporated	12.020	11.520	11.020	11.020	12.740	13.150	8.360	8.275	8.275	9.068
County - Unincorporated	10.700	10.200	9.890	9.750	11.590	11.995	7.483	7.308	7.277	8.052
County - Unincorporated (Reservoir)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.411
School Operations	14.670	14.670	15.670	16.000	16.000	16.750	13.250	13.250	14.250	14.190
City of Dahlonega	4.000	4.000	4.000	4.000	3.986	3.883	2.931	2.900	2.867	3.620
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	30.940	30.440	30.940	31.270	32.976	34.033	24.791	24.675	25.642	27.128
Total Unincorporated	25.620	25.120	25.810	26.000	27.840	28.995	20.983	20.808	21.777	22.903

LUMPKIN COUNTY, GEORGIA
Principal Taxpayers
Tax Year 2005

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	$ 26,568,070	1.19%	$ 87,036	1.3%
Standard Telephone	Utility	21,679,473	0.97%	75,564	1.2%
Inland Container Corp.	Industrial	22,181,035	0.99%	75,087	1.1%
Wal-Mart Store #2513	Commercial	9,415,730	0.42%	34,153	0.5%
Amicalola EMC	Utility	9,958,680	0.45%	33,713	0.5%
Sherman Green	Individual	9,307,363	0.42%	33,431	0.5%
Georgia Power Company	Utility	8,553,010	0.38%	29,922	0.5%
R Ranch in the Mountain	Resort	8,100,658	0.36%	27,422	0.4%
Cottrell Family Partnership, LP	Commercial	9,845,168	0.44%	13,027	0.2%
Trust Company of Georgia	Commercial	8,385,175	0.38%	5,868	0.1%
All Other Taxpayers	General	2,099,197,305	94.00%	6,133,449	93.7%
Total		**$ 2,233,191,665**	100.00%	**$ 6,548,672**	100.00%

(1) The tax levy is only amount levied for just the County maintenance and operations and reservoir payments, 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, 2005

Jurisdiction	*Bonded Debt Outstanding*
Direct General Obligation Debt	$ 11,660,000
Overlapping General Obligation Debt	
Lumpkin County School District	19,007,986
Total	$ 30,667,986

LUMPKIN COUNTY, GEORGIA

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

Tax Year	Population (1)	Assessed Value (2)*	Gross Bonded Debt* (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	17,771	328,757	$ -	-	$ -
1997	18,731	359,441	-	-	-
1998	19,709	376,488	-	-	-
1999	20,547	409,797	-	-	-
2000	21,016	457,609	-	-	-
2001	21,172	485,240	15,750	3.44%	744
2002	21,855	774,790	13,635	2.81%	624
2003	23,412	796,023	12,770	1.65%	545
2004	23,185	818,260	12,455	1.56%	537
2005	24,324	$ 893,277	$ 11,660	1.42%	$ 479

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

LUMPKIN COUNTY, GEORGIA

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1996	$ -	$ -	$ -	$ 7,094	-
1997	-	-	-	7,690	-
1998	-	-	-	12,143	-
1999	-	-	-	10,565	-
2000	-	-	-	16,412	-
2001	-	403	403	10,748	3.75%
2002	2,115	883	2,998	11,345	26.43%
2003	865	808	1,673	13,032	12.84%
2004	315	779	1,094	13,625	8.03%
2005	$ 795	$ 746	$ 1,541	$ 14,838	10.39%

LUMPKIN COUNTY, GEORGIA
Computation of Legal Debt Margin
December 31, 2005

Assessed Valuation		
Assessed Value	$	893,276,666
Legal Debt Margin:		
Debt Limitation - 10 Percent of Total Assessed Value		89,327,667
Total Debt Applicable to limitation		11,660,000
Legal Debt Margin	$	77,667,667
Percent of Debt Limit Used		13.05%

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*
1996	17,771	18,093	n/a	2,861	3.2%
1997	18,731	19,237	n/a	2,974	3.1%
1998	19,709	20,418	n/a	3,049	3.2%
1999	20,547	20,733	n/a	3,191	2.2%
2000	21,016	21,935	32.5	3,163	1.8%
2001	21,976	22,188	n/a	3,232	2.3%
2002	22,665	22,356	n/a	3,413	2.9%
2003	23,412	n/a	n/a	3,497	2.5%
2004	23,185	n/a	n/a	3,520	3.5%
2005	24,324	n/a	n/a	3675	4.5%

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) Real Property Value**	*(2) Number of Permits*	*(2) Estimated Construction Costs**	*(3) Bank Deposits**
1996	758,695	627	27,189	163,000
1997	816,635	690	37,007	204,000
1998	858,088	746	43,507	221,867
1999	915,423	759	64,577	247,894
2000	985,483	709	80,043	248,123
2001	1,055,850	601	38,157	292,775
2002	1,918,805	648	40,009	266,822
2003	1,998,354	625	47,720	252,015
2004	2,081,187	512	42,458	245,120
2005	2,233,192	634	59,364	254,448

* Amounts expressed in thousands.
(1) Estimated actual value of real property from table 6, 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	5 Member Board
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)	420.00
Government Services and Facilities:	
Recreation and Culture	
Community Centers	1
Senior Centers	1
Libraries	1
Fire Services	
Number of Stations	5
Number of Full Time Employees	2
Number of Part-Time Employees	15
Number of Volunteers	45
Number of Vehicles	18
Emergency Services	
Number of Full Time Employees	23
Number of Part-Time Employees	8
Number of Vehicles	4
Public Safety	
Number of Employees	76
Number of Vehicles	48
Court System	
Superior Court Judges	2
Magistrate Court Judges	2
Juvenile Court Judges	1
Probate Court Judges	1
Water and Sewerage Authority	
Employees	2
Development Authority	
Employees	1
Health Department	
Number of Full Time Employees	13
Number of Part-Time Employees	2
Number of Buildings	1
Hospitals	
Number of Employees	230
Number of Patient Beds	49

Other Reports

LUMPKIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

FEDERAL GRANTOR/ PASS-THRU GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT/ CONTRACT NUMBER	PROGRAM OR AWARD AMOUNT	EXPENDITURES
U.S. DEPARTMENT OF TRANSPORTATION				
Passed-through the Georgia Department of Natural Resources				
Recreational Trails Program	20.219	NRT-03(17)	$ 99,000	$ 33,661
State and Community Highway Safety	20.500	MTG00-0123-00-052	36,162	32,003
Total U.S. Department of Transportation			135,162	65,664
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Department of Human Resources				
Special Programs for the Aging				
Title III, Part B	93.044	427-93-45228	10,764	10,764
Title III, Part C1, C2	93.045	427-93-45228	24,818	24,818
		Aging Cluster	35,583	35,582
Social Services Block Grant	93.667	427-93-45228	7,105	7,105
Total U.S. Department of Health and Human Services			42,688	42,687
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Program	16.607	FY 2005	20,254	3,025
Passed -through the Criminal Justice Coordinating Council				
Victim's Assistance (C04-8-032)	16.575	2004-VA-GX-0004	35,781	26,892
Victim's Assistance (C04-8-183)	16.575	2004-VA-GX-0004	59,779	11,851
			95,560	38,743
Violence Against Women Act Grant (W04-8-014)	16.588	2004-WF-AX-0022	33,540	28,719
Violence Against Women Act Grant (W03-8-057)	16.588	2004-WF-AX-0022	8,385	8,385
			41,925	37,104
Passed -through the Council of Juvenile Court Judges:				
Purchase of Service - Juvenile Offenders Program	16.523	03B-ST-0001	9,000	5,829
Purchase of Service - Juvenile Offenders Program	16.523	03B-ST-0003	9,000	1,830
			18,000	7,659
Total U.S. Department of Justice			175,739	86,531
DEPARTMENT OF HOMELAND SECURITY				
Passed-through the Georgia Emergency Mangement Agency				
Emergency Management Performance Grant	97.042	FFY2004	3,125	3,125
Hazard Mitigation Grant Program	97.039	HMGP-02187	11,493	11,493
Passed-through the Federal Emergency Management Agency				
Disaster Assistance Projects	97.088	FEMA-1554-DR-GA	200,711	200,711
Total Department of Homeland Security			215,329	215,329
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed-through the Georgia Department of Community Affairs				
Community Development Block Grant	14.219	02q-z-093-1-2751	350,000	162,442
Total U.S. Department of Housing and Urban Development			350,000	162,442
TOTAL FEDERAL EXPENDITURES			$ 918,917	$ 572,653

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

June 22, 2006

Board of Commissioners
Lumpkin County, Georgia
Dahlonega, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of LUMPKIN COUNTY, GEORGIA as of and for the year ended December 31, 2005, which collectively comprise the LUMPKIN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated June 22, 2006. We did not audit the financial statements of THE LUMPKIN COUNTY HEALTH DEPARTMENT, which statements reflect total assets of $293,920 as of June 30, 2005 and total revenues of $1,009,358 for the year then ended. Those financial statements were audited by another auditor whose report has been furnished to us and our opinion on the basic financial statements, insofar as it relates to the amounts included for THE LUMPKIN COUNTY HEALTH DEPARTMENT component unit, is based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LUMPKIN COUNTY, GEORGIA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable

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conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect LUMPKIN COUNTY, GEORGIA's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-03 through 05-22.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LUMPKIN COUNTY, GEORGIA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 05-01 through 05-02.

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

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

June 22, 2006

Board of Commissioners
Lumpkin County, Georgia
Dahlonega, Georgia

Compliance

We have audited the compliance of LUMPKIN COUNTY, GEORGIA with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. LUMPKIN COUNTY, GEORGIA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LUMPKIN COUNTY, GEORGIA's management. Our responsibility is to express an opinion on LUMPKIN COUNTY, GEORGIA's compliance based on our audit.

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

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In our opinion, LUMPKIN COUNTY, GEORGIA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of LUMPKIN COUNTY, GEORGIA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered LUMPKIN COUNTY, GEORGIA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Bates, Carter & Co., P.C.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements - Unqualified opinion
2. Compliance (financial statements) – Two material instances of noncompliance
3. Internal Control (financial statements) – Twenty reportable conditions, no material weakness
4. Compliance (major programs) - Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) - Unqualified opinion
6. Audit findings required to be reported under A133 Section 510(a)
    - i) Reportable conditions in internal controls over major programs – None reported
    - ii) Material noncompliance related to major programs – None reported
    - iii) Known questioned costs greater than $10,000 for major programs – None reported
    - iv) Known questioned costs greater than $10,000 for a program not audited as major – None reported
    - v) Circumstances if report on compliance is other than unqualified - N/A
    - vi) Known fraud - N/A
    - vii) Misrepresentation in schedule of prior audit findings - None reported
7. Major programs for the year: CFDA 14.219 Community Development Block Grant (passed-through the Georgia Department of Community Affairs), CFDA 97.088 Disaster Assistance Projects (passed-through Federal Emergency Management Agency).
8. Dollar threshold used to distinguish between Type A and Type B programs - $300,000.
9. Does the auditee qualify as a low risk auditee under A133 Section 530 - no.

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LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

COMPLIANCE

FINANCE DEPARTMENT

05-01 ***Statement of Condition:*** Actual expenditures exceeded budgeted appropriations for the following departments:

Department	Budget	Actual	Difference
General Fund:			
Commission	$ 150,439	$ 155,502	$ 5,063
Legal	110,362	115,026	4,664
General Administration Fees	26,700	38,991	12,291
Capital Trial	77,814	88,173	10,359
DFACS	20,500	24,885	4,385
Senior Center	176,247	188,292	12,045
Special Revenue Funds:			
Emergency Telephone System	479,093	483,054	3,961
Drug Court	135,850	161,184	25,334
North Georgia Waste Management	-	47,934	47,934
Special Programs	25,000	61,725	36,725
Technology Fee	-	2,877	2,877
Multiple Grants	-	224,705	224,705
Hotel/Motel Tax	60,200	70,938	10,738

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

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

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

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

Response: The Finance Office will prepare budget amendments at year end to cover the unbudgeted costs.

05-02

Statement of Condition: The County did not adopt budgets for the Multiple Grants, North Georgia Waste Management, and Technology Fee special revenue funds for the year ended December 31, 2005.

Criteria: Georgia Code Section 36-81-3 states each local government shall adopt and operate under an annual balanced budget for governmental funds.

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

Cause of Condition: The County created these new special revenue funds during the year under audit, but never established an original budget for them.

Recommendation: We recommend that the Finance department ensure that all governmental funds have properly balanced budgets.

Response: This problem has been corrected in 2006. Going forward, the finance office will ensure that all funds have properly balanced budgets.

REPORTABLE CONDITIONS

PROBATE COURT

05-03

Statement of Condition: The Probate Court does not make weekly deposits.

Criteria: Funds should be deposited in the bank at least weekly.

Effect of Condition: The risk of theft increases proportionately with the amount of cash on hand.

Cause of Condition: The Probate Chief Clerk tries to keep enough money on hand to make change as necessary because many people pay with large cash bills. In addition, much of the month's revenue is received during court.

Recommendation: We recommend that the Clerk prepare weekly deposits.

Response: The Probate Court clerk now makes deposits weekly.

05-04

Statement of Condition: All Probate Court staff use the Probate Court's front desk computer under the same login and the computer is left logged in while unattended.

Criteria: To keep County electronic records secure, staff should log in under his or her own user name and password when using any County computer and log out before leaving computer unattended. In addition, employees should not share their passwords.

Effect of Condition: If everyone uses the computer under the same login, there is no way to track who really made changes to electronic files. In addition, any individual who comes into the office can readily see information on the screen and may have unauthorized access to County files.

Cause of Condition: Cause unknown.

Recommendation: We recommend that staff log in under his or her own user name and password every time they use a County computer and log out before leaving the computer unattended.

Response: The software program currently used by the court does not have the ability to allow users to log on and off. In addition, all records that can be seen by the public from our computer in the waiting area are open records.

EMERGENCY MEDICAL SERVICES

05-05

Statement of Condition: The E-911 personnel are not attaching the cardiac monitor tapes to the Patient Care Report.

Criteria: County policy requires that the paramedic staple a cardiac monitor tape to the Patient Care Report whenever a cardiac monitor is used on a patient.

Effect of Condition: The Emergency Medical Services has no documentation to substantiate that a patient received Advanced Life Support services. As a result, the County may not be paid for this procedure.

Cause of Condition: Cause unknown.

Recommendation: We recommend that Emergency Medical Services personnel follow County policy and staple the cardiac monitor tape to the Patient Care Report whenever a cardiac monitor is employed.

Response: In the future, all applicable Patient Care Reports without a cardiac monitor tape will be returned to the shift supervisor to ensure County policy is followed. In addition, personnel cannot leave the shift until the Patient Care Report is complete with all necessary attachments, including cardiac monitor tapes, if applicable. Failure to follow these policies will result in disciplinary action on the Emergency Medical Services staff involved.

FINANCE DEPARTMENT

05-06

Statement of Condition: The Finance Department does not add the total receipts received from each department and agree that amount to the funds received from that department for the same period.

Criteria: To ensure proper internal controls, the Finance Department should add all receipts received from each department and agree that total amount to the funds received from that department for the same period.

Effect of Condition: The Finance Department will not know if the funds given to Finance do not equal the amount receipted.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Finance Department add the total receipts received from each department and agree that amount to the funds received from that department for the same period.

Response: A policy was implemented in 2006 within the finance office to add all receipts and agree the balance to funds received and the income report turned in with the deposit.

MAGISTRATE COURT

05-07

Statement of Condition: The Magistrate Court software program does not prevent an individual from altering receipts after the receipt is printed.

Criteria: In order to insure proper internal controls, no one should be allowed to alter a receipt after the receipt is printed. The only change that a system should allow is to void the transaction and issue another receipt.

Effect of Condition: The system does not have adequate controls to prevent the misappropriation of funds. Furthermore, the system limits the auditor's ability to give assurance on the Magistrate Court's revenues.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the software system be replaced as soon as possible with a software program that prevents unauthorized changes to its configuration, overrides to receipts, calculations of disbursements, and report generation. Until the time an adequate program can be installed, the Court should issue pre-numbered three carbon-copy hand-written receipts, and give one copy of the receipt to the payee, staple one copy to the Acknowledgement of Receipt form and file it in the case file, and leave the third copy in the Receipt book for the individual who prepares the bank deposits.

Response: The County purchased a new software program in 2006 that prevents unauthorized changes to its configuration, overrides to receipts, calculations of disbursements, and report generation. Until this new system was available, the Court issued pre-numbered three carbon-copy handwritten receipts and filed a copy with the Acknowledgement of Receipt form in the case file, leaving the third copy in the Receipt book.

05-08 ***Statement of Condition:*** The Magistrate Court staff routinely share passwords.

Criteria: In order to insure proper internal controls, no one should share passwords and no one should use the computer under a different login than his own.

Effect of Condition: Most system track changes by user name. If passwords are shared, a person can gain unauthorized access. In addition, auditors cannot trace who actually made the changes.

Cause of Condition: Not all personnel are trained on the current computer system, so other personnel who are more comfortable with computers perform their duties.

Recommendation: We recommend that, as soon as the new software program is installed, everyone obtains new passwords and keeps their passwords secure. Everyone should be trained on the new system to prevent the need of password sharing.

Response: After installing the new software, all users received new passwords and no longer share passwords or use a computer under another staff person's user name. Staff understands that the system tracks all changes by user name.

05-09 ***Statement of Condition:*** The Magistrate Court does not make weekly deposits.

Criteria: Funds should be deposited in the bank at least weekly.

Effect of Condition: The risk of theft increases proportionately with the amount of cash on hand.

Cause of Condition: Cause unknown.

Recommendation: We recommend that Judge Edmundson prepare weekly deposits, agreeing that period's handwritten receipts to the funds in the safe while preparing the deposit.

Response: The Magistrate Court makes weekly deposits when it has funds to deposit.

05-10 ***Statement of condition:*** We noted that the same person receipting most of the money, especially restitution and fines for bad check cases, is the same person preparing the month end reports.

Criteria: In order to insure proper internal controls, these duties should be separated. One individual should follow-up on bad check case files and process the end-of-month reports, and a different individual should receipt the funds.

Effect of Condition: The lack of segregation of duties allowed misappropriation of funds in the current year and places too much of a workload on one individual. This is one reason why the Magistrate Court has not been able to process the bad check cases on a timely basis.

Cause of Condition: The Magistrate Court experienced a change in personnel, and the clerks are still being learning their new duties.

Recommendation: We recommend that Court separate these duties as soon as it is feasible.

Response: The new clerk is receipting most of the cash, but is still learning other functions. Therefore, the individual who prepares the month-end reports sometimes helps her receipt funds. An independent, third individual prepares the deposits and reviews the month-end reports.

PLANNING DEPARTMENT

05-11

Statement of Condition: The Planning Department is not submitting funds to the Finance Department in a timely manner.

Criteria: Funds received should be submitted to the Finance Department by the end of the next business day.

Effect of Condition: The risk of theft increases proportionately with the amount of cash on hand.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Planning Department staff prepare the daily income report and take the funds to the Finance Department by the end of the next business day.

Response: The Planning Department's policy is to submit funds within a day of receipt. We will ensure this policy is followed in the future.

SHERIFF

05-12

Statement of Condition: There is a lack of segregation of duties at the Detention Center. The accounting manager receipts cash, prepares the deposit, issues checks, signs checks, and reconciles the bank statement.

Criteria: To ensure proper controls over cash, there should be a separation of the check issuance procedures, deposit responsibilities, and bank statement reconciliation.

Effect of Condition: There is an increased risk of misappropriation of assets when there is a lack of segregation of duties and it places too much of a workload on one individual.

Cause of Condition: Cause of condition unknown.

Recommendation: We recommend that the individual who prepares and records checks in the accounting records not be given check-signing authority. We also recommend that someone other than the person preparing the bank reconciliation review and sign it.

Response: As of July 17, 2006, Captain Garcia is signing all checks. Vickie Belville, Inmate Service Clerk, will balance accounts, write checks, order supplies for inmate use, and make deposits.

05-13 ***Statement of Condition:*** We noted during our audit that the Detention Center staff does not use prenumbered receipt books when collecting money.

Criteria: To ensure proper internal controls over cash, prenumbered receipts should be issued to the payer when receiving cash from any source and a carbon copy of the receipt should be retained in the receipt book.

Effect of Condition: Nothing prevents an individual from misappropriating cash and adjusting the amount recorded in the log book.

Cause of Condition: Cause of condition unknown.

Recommendation: We recommend that the Detention Center staff issue prenumbered receipts when any cash is received. At the end of each day, staff should balance the amount receipted per the receipt book to the funds on hand. The individual balancing the funds should not be the same individual issuing the receipts.

Response: As of July 12, 2006, a pre-numbered receipt book was initiated for all monies received for Inmate Funds.

05-14 ***Statement of Condition:*** We noted during our audit that the Petty Cash account is a non-interest bearing account.

Criteria: Interest should be earned on all eligible money held by the Sheriff's Office.

Effect of Condition: As of 12/31/2005, an account with a balance of $16,301 is not drawing interest.

Cause of Condition: Cause of condition unknown.

Recommendation: We recommend having the bank convert this account to an interest bearing account.

Response: Funds from this account have been transferred to a new account which is an interest bearing account.

05-15 ***Statement of Condition:*** The County has not received an accounting of receipts or disbursements from Evercom phone commissions since July 1, 2005. We noted during our audit that a transport van and two cars were purchased by requesting Evercom to pay the invoice from a bonus payment.

Criteria: State law requires that operating expenditures not exceed legally adopted budgets. The expenditures made for the operations of the Sheriff's Office and Detention Center from sources such as phone commissions are subject to this law.

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

Cause of Condition: The Sheriff's Office expended money that had 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. In addition, if expenditures at the Sheriff's Office exceed budgeted amounts, an amendment to the budget should be submitted to the County as well.

Response: Evercom commissions are generated by the use of inmate phones; this commission is deposited into the Jail Fund Account and is utilized for purchasing items for inmates (i.e. laundry soap, games, clothes, etc.) A report has been sent to the county detailing money collected and paid out.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2005

COMPONENT UNITS

WATER AND SEWERAGE AUTHORITY

05-16

Statement of Condition: The Authority codes expenses related to construction projects to regular expense accounts with the Authority's operating expenses.

Criteria: Goods and services related to construction projects should be coded to separate construction in progress accounts.

Effect of Condition: The Authority's expenses were overstated and its investments in construction in progress were understated. In addition, it takes more work during the audit to analyze these expenses and reclassify them to the correct accounts.

Cause of Condition: This is caused by a lack of understanding of governmental accounting.

Recommendation: We recommend coding all costs incurred in construction of the Authority's projects to a construction in progress account. To facilitate tracking the amount expended to date for each project, the Authority should create an account for each project in construction.

Response: We are now creating accounts for each project in construction.

05-17

Statement of Condition: The Authority did not allocate costs of labor and materials to install meters and water taps to a separate account.

Criteria: Total cost incurred in installing meters and water taps should be capitalized as part of the capital assets of the Authority.

Effect of Condition: The Authority's expenses for the year were overstated and its investments in new meters and water taps were understated. The understated cost in new water taps causes an overstatement for tap fees shown as operating income.

Cause of Condition: This is caused by a lack of understanding of governmental accounting.

Recommendation: We recommend that the Authority allocate the cost of labor and materials related to the installation of water meters and taps to a separate account so that it can capture the total cost of these infrastructure additions. Those costs can be added to the capital asset depreciation schedule in total at the end of each year.

Response: We have created a separate expense line item entitled "Capital Contributions – Tap Fees" for this purpose.

05-18

Statement of Condition: The Authority recorded payments into sinking fund account to an expense account.

Criteria: To report principal and interest payments correctly, a recurring entry for accrued interest should be credited to an accrued interest payable account. Then, cash payments for interest should be debited to the same account. Principal payments should be debited directly to the balance sheet note payable account.

Effect of Condition: The Authority's expenses and liabilities were overstated.

Cause of Condition: This is caused by a lack of understanding of governmental accounting.

Recommendation: We recommend that the Authority create a recurring entry in the accounting system to automatically record accrued interest each month as a credit to the accrued interest payable account and a debit to the interest expense account. In addition, the Authority should post payments for principal and interest as debits to the respective liability accounts.

Response: We corrected this error in January 2006. In the future, we will debit all sinking fund payments to the note payable account.

05-19

Statement of Condition: As of December 31, 2005, the Authority's interfund balance for the amount due to the County did not agree with the County's interfund balance for the amount due from the Authority.

Criteria: To ensure that the County's and the Authority's statements correctly reflect transactions between the two entities, the interfund balances should be balanced monthly.

Effect of Condition: The Authority's expenses were overstated because an entry was posted twice.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Authority reconcile its interfund balance with the County's records monthly.

Response: We converted our data to the County system during the year ended December 31, 2005. We had some accounting issues after the software conversion. We have since corrected these issues, and are now monitoring this account monthly.

05-20 ***Statement of Condition:*** As of December 31, 2005, the Authority's accounts receivable subsidiary ledger did not agree with the general ledger accounts receivable balance.

Criteria: The accounts receivable subsidiary ledger should be reconciled with the general ledger monthly.

Effect of Condition: The Authority's accounts receivable and revenue were misstated.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Authority reconcile its accounts receivable subsidiary ledger with the general ledger accounts receivable balance monthly.

Response: We converted our data to the County system during the year ended December 31, 2005. We had some accounting issues after the software conversion. We have since corrected these issues, and are now reconciling these balances monthly.

05-21 ***Statement of Condition:*** As of December 31, 2005, the Authority's customer deposits subsidiary ledger did not agree with the general ledger customers' deposits balance.

Criteria: The customers' deposit subsidiary ledger should be reconciled with the general ledger monthly.

Effect of Condition: The Authority's liability for customers' deposits was misstated.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Authority reconcile its customers' deposits subsidiary ledger with the general ledger monthly.

	Response:	The discrepancies are now corrected.
05-22	***Statement of Condition:***	The Authority is not turning water utilities off in a timely manner for customers with delinquent accounts.
	Criteria:	To mitigate possible loss resulting from bad debts, the Authority should stop servicing customers with a delinquent account.
	Effect of Condition:	The Authority's risk of loss on delinquent accounts increases each month service is continued.
	Cause of Condition:	Cause unknown.
	Recommendation:	We recommend that the Authority institute a delinquent account policy if it does not already have one and review delinquent accounts monthly to determine any customers have not complied with the payment requirements set forth in the Authority's policy. If customers do not comply with the policy, we recommend the Authority promptly discontinue service.
	Response:	We implemented a 60-day disconnection policy in February 2005. The implementation of this policy required time due to staffing and workload complications. We have payment plans for those customers under hardship.

III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

There were no findings or questioned cost relating to Federal awards reported for the year ended December 31, 2005.