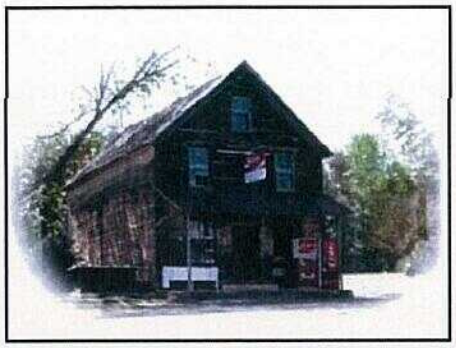
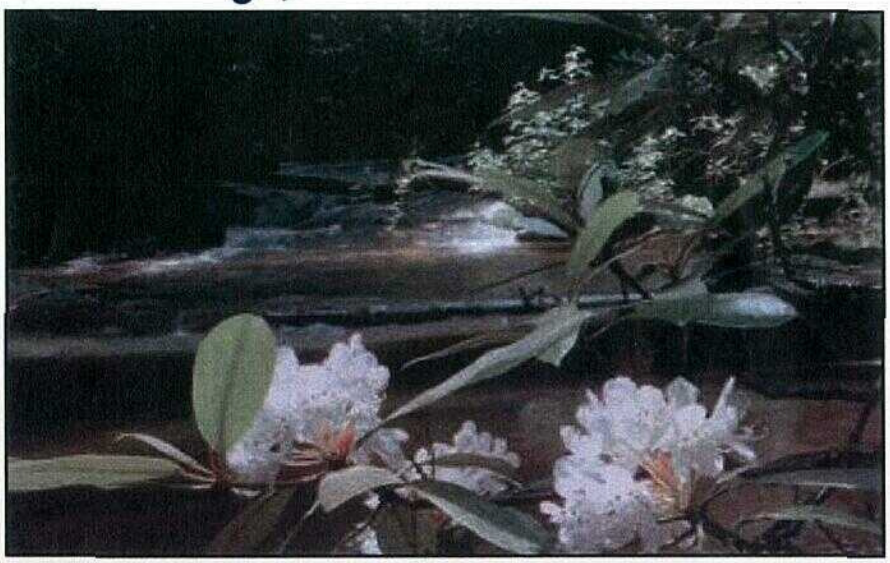
Lumpkin County, Georgia 2006





COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended December 31, 2006

Prepared by: The Lumpkin County Office of Financial Administration

LUMPKIN COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2006
TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	i-vi
Certificate of Achievement for Excellence in Financial Reporting	vii
Organization Chart	viii
Officials of Lumpkin County, Georgia	ix
FINANCIAL SECTION	
Independent Auditors' Report	x-xi
Management's Discussion and Analysis	xii-xxi
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	1
Statement of Activities	2
FUND FINANCIAL STATEMENTS	
Balance Sheet – Governmental Funds	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	4
Combined Statement of Revenues, Expenditures and Changes in Funds Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Statement of Fiduciary Assets and Liabilities -Fiduciary Funds	10
COMPONENT UNITS	
- Combining Statement of Net Assets	11
- Combining Statement of Activities	12
NOTES TO FINANCIAL STATEMENTS	13-39
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Pension Funding Progress	40
Budgetary Comparison Schedule -General Fund	41-42
COMBINING STATEMENTS AND SCHEDULES	
NONMAJOR GOVERNMENTAL FUNDS	
Combining Balance Sheet	43-44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	45-46
Supplemental Budgetary Comparison Schedule	
- Debt Service Fund	47
- Special Revenue Funds	
Drug Rehabilitation	48
Law Library	49
Emergency Telephone System	50
Drug Court	51
Juvenile Services	52
North Georgia Waste Management	53
Special Programs	54
Public Defender	55
Technology Fee	56
Multiple Grants	57
Hotel/Motel Tax	58

		PAGE
FIDUCIARY FUNDS		
Combining Statement of Assets and Liabilities – All Agency Funds		59
Combining Statement of Changes in Assets and Liabilities – All Agency Funds		60
COMPONENT UNIT		
Hospital Authority		
Statement of Net Assets		61
Statement of Activities		62
Statement of Cash Flows		63
SUPPLEMENTARY INFORMATION		
Schedule of Projects Constructed with Special Purpose Local Option Sales Tax		64
STATISTICAL SECTION	TABLE	
FINANCIAL TRENDS		
Net Assets by Component	1	65
Changes in Net Assets	2	66-67
Fund Balances of Governmental Funds	3	68
Changes in Fund Balances of Governmental Funds	4	69
General Governmental Tax Revenues by Source	5	70
REVENUE CAPACITY		
Assessed Value and Estimated Actual Value of Taxable Property	6	71
Property Tax Rate (Direct and Overlapping Governments)	7	72
Principal Property Taxpayers	8	73
Property Tax Levies and Collections	9	74
DEBT CAPACITY		
Ratios of Outstanding Debt by Type	10	75
Other Long-Term Liabilities	10A	76
Ratios of General Bonded Debt Outstanding	11	77
Direct and Overlapping Governmental Activities Debt	12	78
Legal Debt Margin Information	13	79
DEMOGRAPHIC AND ECONOMIC INFORMATION		
Demographic and Economic Statistics	14	80
Principal Employers	15	81
OPERATING INFORMATION		
Full-Time Equivalent County Government Employees by Function	16	82
Operating Indicators by Function	17	83
Capital Asset Statistics by Function	18	84
OTHER REPORTS		
Schedule of Expenditures of Federal Awards		85
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*		86-88
Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133		89-90
Auditor's Schedule of Findings and Questioned Costs		91-108

LUMPKIN COUNTY BOARD OF COMMISSIONERS

"Dr. John" Raber
District 1

Stephen W. Gooch
Chairman

Clarence Stowers
District 3

Deborah A. Hutcheson
District 2

Marvin J. Martin
District 4

April 23, 2007

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, 2006.

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., LLP., 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, 2006, 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

99 Courthouse Hill, Suite A • Dahlonega, Georgia 30533 • Phone: (706) 864-3742 • Fax: (706) 864-4760

fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

General Information on Lumpkin County

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

Resting in the foothills of the Appalachian Mountains, Lumpkin County is 285 square miles in area, approximately one-third of which is located within the Chattahoochee National Forest. The population of the County has grown by more than 73% over the past ten years with the current estimated population to be over 25,000.

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 2006, Lumpkin County received a grant from the Timken Foundation of Canton to construct a pavilion at Yahoola Creek Park. Lumpkin County also received a Community Emergency Response Team (C.E.R.T.) grant and a grant from the Secretary of State's Office to bring polling locations up to American Disabilities Act (ADA) standards. Lumpkin County also received funding from Criminal Justice Coordinating Council (CJCC) to put laptops in patrol cars; a Safe Neighborhood Grant from Wal-Mart and a grant from ACCG for a wellness program for employees. During 2006, the citizens of Lumpkin County also passed a SPLOST referendum which included $35 million dollars worth of projects.

Other accomplishments during the year include:

- Resurfacing approximately 19.93 lane miles of County roads, using a combination of state and local money.
- Completion of a soccer field and a parking lot in Yahoola Creek Park.
- Completion of a lease with North Georgia College and State University for tennis courts in Yahoola Creek Park.
- The County created a Joint Development Authority with Dawson County and White County.
- The County began work on Industrial and Commercial Regulations with the Development Authority.

- The County finalized negotiations with the City of Dahlonega and GEFA to finalize the reservoir loan.
- The County also instituted a fleet card system, stronger internal controls, and an accident review board.
- The County began the initial phases of construction on Fire Station #4 and purchased the Yahoola Work Center for the relocation of Fire Station #3.

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 and a second certificate of deposit for $4,000,000 yields a 5.79% 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, 2005. 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., LLP, 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

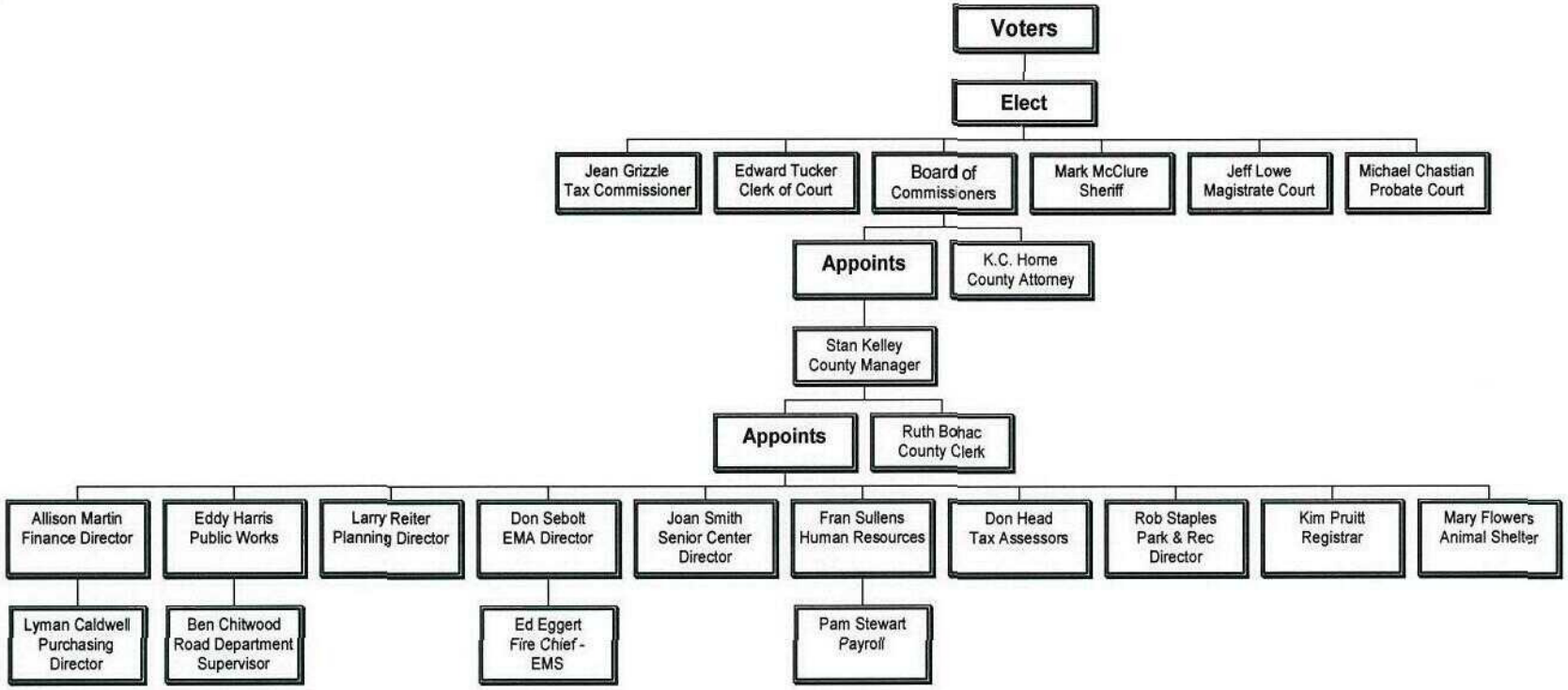
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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**
Larry Reiter	**Planning**
Eddy Harris	**Public Works**
Joan Smith	**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**

bates, carter + co.
Business Advisors | CPAs | Since 1962

INDEPENDENT AUDITORS' REPORT

April 23, 2007

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, 2006, 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, 2006, a component unit of the County, which statements reflect total assets of $173,751 as of June 30, 2006, and total revenues of $862,710, 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, as of December 31, 2006, 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.

525 Candler Street, NE | P.O. Drawer 2396 | Gainesville, GA 30503
p: 770.532.9131 f: 770.536.5223 e: cpa@batescarter.com

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.

In accordance with *Government Auditing Standards,* we have also issued a report dated April 23, 2007, 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, 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.

Baden, Carter & Co., LLP

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, 2006. 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, 2006.

Financial Highlights

- The assets of Lumpkin County exceeded its liabilities at December 31, 2006 by $61 million (*net assets*). Of this amount, $5.3 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2006, the governmental funds of Lumpkin County reported combined ending fund balances of $15.2 million, an increase of $3.4 million in comparison with the prior year. Approximately 36% of this amount, $5.4 million, is *available for spending* at the government's discretion (*unreserved fund balance*). The increase is primarily a result of Special Purpose Local Option Sales Tax (SPLOST) dollars being accumulated for debt service.
- At the end of 2006, unreserved fund balance for the general fund was $4.8 million, or 33% 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 2006, the Debt Service Fund had accumulated $9.3 million toward the goal of retiring the 2001 issue.
- During 2006, Lumpkin County made principal and interest payments totaling $1.53 million on the Public Building Authority Issue, Series 2001. These payments reduced the outstanding principal to $10.82 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 a separate column 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 Assets and Liabilities
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
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	

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, 2006, the County's net assets were $61 million. Table B on the following page provides a summary of the County's Governmental and Business-type net assets for 2006 and 2005.

TABLE B						
LUMPKIN COUNTY, GEORGIA'S NET ASSETS **December 31, 2006 and 2005** ($ in thousands)						
	GOVERNMENTAL ACTIVITIES		**BUSINESS-TYPE ACTIVITIES**		**TOTAL**	
	2006	2005	2006	2005	2006	2005
CURRENT AND OTHER ASSETS	$24,431	$20,478	$7	$172	$24,438	$20,650
CAPITAL ASSETS (net of depreciation)	63,268	61,824	870	849	64,138	62,673
TOTAL ASSETS	87,699	82,302	877	1,021	88,576	83,323
LONG-TERM LIABILITIES	18,357	17,811	427	443	18,768	18,254
OTHER LIABILITIES	8,771	9,234	9	50	8,796	9,284
TOTAL LIABILITIES	27,128	27,045	436	493	27,564	27,538
NET ASSETS:						
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	45,080	42,989	870	849	45,950	43,838
RESTRICTED FOR DEBT SERVICE	9,023	6,705	0	0	9,023	6,705
OTHER RESTRICTIONS	711	616	0	0	711	616
UNRESTRICTED	5,757	4,947	(429)	(321)	5,328	4,626
TOTAL NET ASSETS	$60,571	$55,257	$441	$528	$61,012	$55,785

A significant portion (75.3%) 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 (14.8% of the total), and various other restrictions amounting to 1.2% of the total.

The remaining 8.7% of net assets represent the unrestricted portion available for the County's ongoing obligations to its citizens.

Changes in Revenues and Expenses. Table C on the following page presents the County's 2006 and 2005 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, 2006 and 2005
($ in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2006	2005	2006	2005	2006	2005
REVENUES:						
PROGRAM REVENUES:						
CHARGES FOR SERVICES	$4,204	$4,209	$33	$15	$4,237	$4,224
OPERATING GRANTS & CONTRIBUTIONS	738	1,001	0	0	738	1,001
CAPITAL GRANTS & CONTRIBUTIONS	2,451	1,768	0	150	2,451	1,918
GENERAL REVENUE:						
PROPERTY TAXES	7,251	6,004			7,251	6,004
SALES TAXES	6,105	5,127			6,105	5,127
OTHER TAXES	1,494	1,336			1,494	1,336
UNRESTRICTED INVESTMENT EARNINGS	568	378			568	378
GRANTS & CONTRIBUTIONS NOT RESTRICTED TO A SPECIFIC PROGRAM	331	292			331	292
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	32	0	0	27	32	27
TOTAL REVENUE	23,174	20,115	33	192	23,207	20,307
EXPENSES:						
GENERAL GOVERNMENT	2,589	2,276			2,589	2,276
PUBLIC SAFETY	7,326	6,680			7,326	6,680
JUDICIAL SYSTEM	2,097	2,138			2,097	2,138
PUBLIC WORKS	2,275	2,096			2,275	2,096
HEALTH & WELFARE	452	480			452	480
CULTURE & RECREATION	1,343	1,225			1,343	1,225
HOUSING & DEVELOPMENT	922	481			922	481
INTEREST	883	730			883	730
SOLID WASTE			93	130	93	130
TOTAL EXPENSES	17,887	16,106	93	130	17,980	16,236
INCREASE IN NET ASSETS BEFORE TRANSFERS AND SALE OF ASSETS	5,287	4,009	(60)	62	5,227	4,071
TRANSFERS	27	(364)	(27)	364	0	0
INCREASE (DECREASE) IN NET ASSETS	5,314	3,645	(87)	426	5,227	4,071
NET ASSETS, BEGINNING OF YEAR	55,257	51,612	528	102	55,785	51,714
NET ASSETS, END OF YEAR	$60,571	$55,257	$441	$528	$61,012	$55,785

Governmental Activities: Governmental activities accounted for $5.3 million of the excess in the County's net revenues over expenditures for 2006 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 2006, Lumpkin County Governmental Funds reported a combined fund balance, excluding Component Units, of $15.2 million. This amount was up $3.4 million from 2005. Of the total combined fund balance, approximately 36% 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 64% of the combined total and includes the following: Reserved for Debt Service ($9.3 million); and Reserved for Inventory/ Receivables/Prepaid ($0.5 million).

The General Fund, Debt Service, 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 $5.3 million. This was $1.3 million greater than the previous year, due to capital projects not yet completed. Of the $5.3 million, 91% is unreserved while the remaining 9% 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, 2006 had an outstanding principal balance of $10.82 million. The fund balance of the Debt Service Fund is $9.3 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, 2006 the fund balance of this fund was $257 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, 2006 the fund balance of this fund was ($135) thousand. This deficit will be eliminated in 2007 by a transfer from the General Fund.

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 2006 were $441 thousand, representing a decrease of $87 thousand due largely to the operation of the recycling center and the transfer of an asset.

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 $1.8 million below final budget amounts.

Total resources available for appropriation were $18.9 million, this includes fund balance from previous years of $4.0 million.

Capital Assets and Debt Administration

Capital Assets

At the end of 2006, the County had acquired $64.1 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 $1.5 million. The percentage increase in capital assets was 2.3%.
- 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 $130.3 million in 2006. The County currently has $10.82 million subject to the limitation.

At December 31, 2006, Lumpkin County had the following outstanding long-term debt in governmental activities:

- $10.82 million in agreement for sale payable.
- $31 thousand in capital leases.
- $169 thousand in compensated absences.
- $7.3 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.
- Outstanding debt of business-type activities was $427 thousand in compensated absences.

Economic Factors and Next Year's Budgets and Rates

Economic conditions in the County remained rather flat during 2006, with minimal growth in the business sector. New housing starts were up in the County during 2006, 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 2006 in the southern part of the County. This project has been completed and the County is beginning to see some retail growth in that area of the County.

Due to the relatively flat economy, the 2007 budget plans for an increase of revenues of only about 2.49%. This small growth in revenues has necessitated a tight spending budget for 2007, with two planned increases to the size of the County workforce.

Contacting the County's Financial Management

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

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
December 31, 2006

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 14,039,512	$ -	$ 14,039,512	$ 886,025
Investments	6,285,579	-	6,285,579	1,050,245
Other receivables (net of allowance for uncollectibles)	3,426,364	6,472	3,432,836	178,969
Prepaid items	491,699	-	491,699	9,156
Inventories	42,140	-	42,140	6,147
Due from component units	83,745	-	83,745	-
Restricted assets:				
Restricted cash	-	-	-	81,742
Restricted investments	-	-	-	109,759
Non-current assets:				
Deferred charges	-	-	-	51,640
Restricted investments	-	-	-	354,698
Other assets	769	-	769	-
Net pension obligation	61,203	-	61,203	-
Land held for resale	-	-	-	521,646
Building held for resale	-	-	-	1,370,000
Capital assets:				
Capital assets not being depreciated	34,712,144	192,103	34,904,247	10,292
Capital assets being depreciated	42,666,820	981,191	43,648,011	5,495,635
Less: accumulated depreciation	(14,110,530)	(303,027)	(14,413,557)	(629,069)
Capital assets, net of depreciation	63,268,434	870,267	64,138,701	4,876,858
TOTAL ASSETS	87,699,445	876,739	88,576,184	9,496,885
LIABILITIES				
Accounts payable	419,811	9,260	429,071	57,122
Other accrued liabilites	626,158	-	626,158	98,553
Customer deposits	-	-	-	81,145
Due to primary government	-	-	-	83,745
Unearned revenue	7,724,819	-	7,724,819	-
Noncurrent liabilities:				
Due within one year				
Compensated absences	34,526	-	34,526	33,000
Landfill closure and postclosure	-	15,380	15,380	-
Agreement for sale payable	900,000	-	900,000	-
Contracts payable	43,074	-	43,074	-
Notes payable	-	-	-	1,464,473
Revenue bonds payable	-	-	-	105,000
Capital leases payable	31,544	-	31,544	-
Due in more than one year				
Deposits, noncurrent	-	-	-	400,000
Compensated absences payable	134,676	-	134,676	6,567
Landfill closure and postclosure	-	411,507	411,507	-
Agreement for sale payable	9,920,000	-	9,920,000	-
Contracts payable	7,293,870	-	7,293,870	-
Revenue bonds payable, noncurrent	-	-	-	3,310,000
TOTAL LIABILITIES	27,128,478	436,147	27,564,625	5,639,605
NET ASSETS				
Invested in capital assets, net of related debt	45,079,946	870,267	45,950,213	1,042,810
Restricted for:				
Debt service	9,023,428	-	9,023,428	106,189
County sales tax referendum projects	257,359	-	257,359	-
Other restricted programs	453,529	-	453,529	-
Unrestricted	5,756,705	(429,675)	5,327,030	2,708,281
TOTAL NET ASSETS	$ 60,570,967	$ 440,592	$ 61,011,559	$ 3,857,280

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
						PRIMARY GOVERNMENT		
PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
GOVERNMENTAL ACTIVITIES								
General government	$ 2,589,088	869,023	$ 24,917	37,741	(1,657,407)	$ -	$ (1,657,407)	$ -
Public safety	7,326,178	1,601,272	168,439	189,053	(5,367,414)	-	(5,367,414)	-
Judicial system	2,097,080	763,953	400,694	-	(932,433)	-	(932,433)	-
Public works	2,274,564	8,853	47,934	1,679,104	(538,673)	-	(538,673)	-
Health and welfare	451,581	15,373	93,185	-	(343,023)	-	(343,023)	-
Culture and recreation	1,343,068	366,088	3,005	195,446	(778,529)	-	(778,529)	-
Housing and development	922,702	579,486	-	350,000	6,784	-	6,784	-
Interest	883,053	-	-	-	(883,053)	-	(883,053)	-
Total Governmental Activities	17,887,314	4,204,048	738,174	2,451,344	(10,493,748)	-	(10,493,748)	-
BUSINESS-TYPE ACTIVITIES								
Solid waste	92,908	32,659	-	-	-	(60,249)	(60,249)	-
Total Business-Type Activities	92,908	32,659	-	-	-	(60,249)	(60,249)	-
Total Primary Government	$ 17,980,222	4,236,707	$ 738,174	2,451,344	(10,493,748)	$ (60,249)	$ (10,553,997)	$ -
COMPONENT UNITS								
Health Department	$ 975,913	454,654	$ 407,431	-	-	$ -	$ -	$ (113,828)
Development Authority	1,496,068	110,551	30,000	627,711	-	-	-	(727,806)
Hospital Authority	128,683	-	-	-	-	-	-	(128,683)
Water and Sewerage Authority	1,137,984	1,154,994	-	1,200,959	-	-	-	1,217,969
Total Component Units	$ 3,738,648	1,720,199	$ 437,431	1,828,670	-	$ -	$ -	$ 247,652
GENERAL REVENUES								
Property taxes					$ 7,250,725	$ -	$ 7,250,725	$ -
Sales taxes					6,104,798	-	6,104,798	-
Insurance premium taxes					802,191	-	802,191	-
Real estate and recording taxes					364,868	-	364,868	-
Beer and wine taxes					152,334	-	152,334	-
Other taxes					174,300	-	174,300	-
Subtotal all taxes					14,849,216	-	14,849,216	-
Unrestricted investment earnings					568,628	-	568,628	91,448
Grants and contributions not restricted to a specific program					331,252	-	331,252	-
Gain on sale of capital assets					31,852	-	31,852	-
TRANSFERS					27,204	(27,204)	-	-
Total General Revenues and Transfers					15,808,152	(27,204)	15,780,948	91,448
CHANGE IN NET ASSETS					5,314,404	(87,453)	5,226,951	339,100
NET ASSETS, Beginning					55,256,563	528,045	55,784,608	3,518,180
NET ASSETS, Ending					60,570,967	$ 440,592	$ 61,011,559	$ 3,857,280

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

	GENERAL	DEBT SERVICE	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	$ 10,770,899	$ 2,629,751	$ 301,083	$ -	$ 337,779	$ 14,039,512
Investments	-	6,285,579	-	-	-	6,285,579
Other receivables(net of allowance for uncollectibles)	2,751,311	562,106	-	-	112,947	3,426,364
Inventories	42,140	-	-	-	-	42,140
Due from other funds	141,601	-	-	-	72,771	214,372
Due from component units	83,745	-	-	-	-	83,745
Prepaid items	450,785	-	-	-	40,914	491,699
Other assets	269	-	-	-	500	769
TOTAL ASSETS	$ 14,240,750	$ 9,477,436	$ 301,083	$ -	$ 564,911	$ 24,584,180
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 281,944	$ -	$ -	$ 124,460	$ 11,696	$ 418,100
Other accrued liabilities	329,392	-	-	-	-	329,392
Due to other funds	72,771	-	43,724	-	97,877	214,372
Due to other governments	1,712	-	-	-	-	1,712
Deferred revenue	8,228,278	157,242	-	10,387	1,809	8,397,716
TOTAL LIABILITIES	8,914,097	157,242	43,724	134,847	111,382	9,361,292
Fund Balances						
Reserved:						
Prepaid items and inventories	492,925	-	-	-	-	492,925
Debt Service Fund	-	9,320,194	-	-	-	9,320,194
Unreserved, undesignated:						
General Fund	4,833,728	-	-	-	-	4,833,728
Special Revenue Funds	-	-	-	-	453,529	453,529
Capital Projects Funds	-	-	257,359	(134,847)	-	122,512
TOTAL FUND BALANCES	5,326,653	9,320,194	257,359	(134,847)	453,529	15,222,888
TOTAL LIABILITIES AND FUND BALANCES	$ 14,240,750	$ 9,477,436	$ 301,083	$ -	$ 564,911	$ 24,584,180

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
For the Year Ended December 31, 2006

Total Fund Balances for Governmental Funds (page 3)		**$ 15,222,888**
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.		63,268,434
Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.		
Property Taxes	425,940	
Fines	246,957	
		672,897
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	(296,766)	
Agreement for sale payable	(10,820,000)	
Contracts payable	(7,336,944)	
Capital leases	(31,544)	
Compensated absences	(169,202)	
		(18,654,456)
Net pension obligation		61,203
Rounding		1
Total net assets of governmental activities (page 1)		**$ 60,570,967**

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, 2006

	GENERAL	DEBT SERVICE	SPLOST	CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	$ 11,077,593	$ 3,776,472	$ -	$ -	$ 74,176	$ 14,928,241
Licenses and permits	475,326	-	-	-	-	475,326
Fines and forfeitures	609,201	-	-	-	51,111	660,312
Charges for services	2,626,143	-	-	-	580,222	3,206,365
Interest income	281,689	261,839	10,284	2,131	12,683	568,626
Intergovernmental	724,907	-	-	43,441	789,660	1,558,008
Contributions and donations	39,782	-	-	140,675	48,246	228,703
Other	60,581	-	-	43	269	60,893
TOTAL REVENUES	15,895,222	4,038,311	10,284	186,290	1,556,367	21,686,474
EXPENDITURES						
Current						
General government	2,320,351	-	-	1,478	2,940	2,324,769
Public safety	6,036,511	-	-	8,087	867,374	6,911,972
Judicial system	1,476,217	-	-	27,504	319,477	1,823,198
Public works	1,012,004	-	-	4,588	-	1,016,592
Health and welfare	433,586	-	-	-	1,116	434,702
Culture and recreation	1,227,881	-	-	-	-	1,227,881
Housing and development	481,853	-	-	-	424,109	905,962
Intergovernmental	-	-	-	-	47,934	47,934
Capital outlay	75,256	-	-	1,823,291	59,040	1,957,587
Debt service						
Principal	61,154	840,000	-	-	-	901,154
Interest	115,954	883,578	-	-	-	999,532
TOTAL EXPENDITURES	13,240,767	1,723,578	-	1,864,948	1,721,990	18,551,283
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,654,455	2,314,733	10,284	(1,678,658)	(165,623)	3,135,191
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	-	253,984	-	253,984
Proceeds from sale of capital assets	44,488	-	-	-	-	44,488
Transfers in	150,709	-	-	1,132,023	303,058	1,585,790
Transfers out	(1,505,342)	-	-	(430)	(52,814)	(1,558,586)
TOTAL OTHER FINANCING SOURCES (USES)	(1,310,145)	-	-	1,385,577	250,244	325,676
NET CHANGES IN FUND BALANCES	1,344,310	2,314,733	10,284	(293,081)	84,621	3,460,867
FUND BALANCES, Beginning of year	3,982,343	7,005,461	247,075	158,234	368,908	11,762,021
FUND BALANCE, End of year	$ 5,326,653	$ 9,320,194	$ 257,359	$ (134,847)	$ 453,529	$ 15,222,888

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, 2006

Net change in fund balances (page 5)		**$**	**3,460,867**
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 exceeded depreciation in the current period.			
Capital outlays	1,957,587		
Depreciation expense	(1,559,824)		
			397,763
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.			(414,491)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes	425,940		
Donated assets	1,460,840		
Fines	246,957		
			2,133,737
Revenues reported in the funds that relate to prior years are not reported as revenue in the statement of activities			
Property taxes	(503,818)		
Fines	(442,265)		
			(946,083)
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	(253,984)		
Payments on long-term debt	901,154		
Compensated absences	17,177		
Accrued interest on bonds	3,449		
			667,796
Net pension obligation			14,813
Rounding			2
Change in net assets of governmental activities (page 2)		**$**	**5,314,404**

The accompanying notes are an integral part of this statement.

LUMPKIN COUNTY, GEORGIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS
	SOLID WASTE
ASSETS	
Current Assets	
Other receivables(net of allowance for uncollectibles)	$ 6,472
TOTAL CURRENT ASSETS	6,472
Capital Assets	
Capital assets not being depreciated	192,103
Capital assets being depreciated	981,191
Less: accumulated depreciation	(303,027)
TOTAL CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	870,267
TOTAL ASSETS	876,739
LIABILITIES	
Current Liabilities	
Accrued expenses	9,260
Landfill closure and postclosure, current	15,380
TOTAL CURRENT LIABILITIES	24,640
Noncurrent Liabilities	
Landfill closure and postclosure	411,507
TOTAL LIABILITIES	436,147
NET ASSETS	
Invested in capital assets	870,267
Unrestricted	(429,675)
TOTAL NET ASSETS	$ 440,592

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, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS
	SOLID WASTE
OPERATING REVENUES	
Charges for services	$ 32,659
TOTAL OPERATING REVENUES	32,659
OPERATING EXPENSES	
Salaries and benefits	15,673
Supplies	10,814
Waste management and operating charges	17,810
Other services and charges	32,027
Depreciation expense	29,788
Landfill closure / postclosure	(13,204)
TOTAL OPERATING EXPENSES	92,908
OPERATING INCOME (LOSS)	(60,249)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(60,249)
Transfers in	123,191
Transfers out	(150,395)
CHANGE IN NET ASSETS	(87,453)
TOTAL NET ASSETS, Beginning of year	528,045
TOTAL NET ASSETS, End of year	$ 440,592

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, 2006

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS
	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 26,187
Payments to suppliers	(82,937)
Payments to employees	(15,673)
Net cash provided by (used in) operating activities	(72,423)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	123,191
Net cash provided by (used in) noncapital financing activities	123,191
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(50,768)
Intergovernmental	150,395
Transfers out	(150,395)
Net cash provided by (used in) capital and related financing activities	(50,768)
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	$ (60,249)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	29,788
(Increase) Decrease in:	
Accounts receivable	(6,472)
Prepaid expense	21,482
Increase (Decrease) in:	
Accounts payable	(28,950)
Accrued expenses	-
Postclosure care liability	(28,004)
Due to other funds	(18)
Net cash provided by (used in) operating activities	$ (72,423)

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, 2006

		AGENCY FUNDS
ASSETS		
Cash	$	5,287,131
TOTAL ASSETS		5,287,131
LIABILITIES		
Funds held in trust		5,287,131
TOTAL LIABILITIES	$	5,287,131

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, 2006

	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
Assets					
Cash	$ 138,680	$ 578,340	$ 115,402	$ 53,603	$ 886,025
Investments	-	-	1,050,245	-	1,050,245
Other receivables (net of allowance for uncollectibles)	32,936	21,750	16,571	107,712	178,969
Inventories	-	-	-	6,147	6,147
Restricted assets					
Restricted cash	-	-	-	81,742	81,742
Restricted investments	-	-	-	464,457	464,457
Prepaid items	-	4,800	-	4,356	9,156
Noncurrent assets:					
Deferred charges	-	-	-	51,640	51,640
Land held for resale	-	521,646	-	-	521,646
Building held for resale	-	1,370,000	-	-	1,370,000
Capital assets:					
Capital assets not being depreciated	-	-	-	10,292	10,292
Capital assets being depreciated	12,344	-	-	5,483,291	5,495,635
Less: accumulated depreciation	(10,209)	-	-	(618,860)	(629,069)
Capital assets, net of depreciation	2,135	-	-	4,874,723	4,876,858
Total Assets	173,751	2,496,536	1,182,218	5,644,380	9,496,885
Liabilities					
Accounts payable	7,665	11,023	6,212	32,222	57,122
Other accrued liabilites	-	9,790	-	88,763	98,553
Customer deposits	-	-	-	81,145	81,145
Due to primary government	-	47,003	-	36,742	83,745
Noncurrent liabilities					
Due within one year					
Compensated absences	33,000	-	-	-	33,000
Notes payable	-	1,464,473	-	-	1,464,473
Revenue bonds payable	-	-	-	105,000	105,000
Due in more than one year					
Deposits	-	400,000	-	-	400,000
Compensated absences payable	6,567	-	-	-	6,567
Revenue bonds payable	-	-	-	3,310,000	3,310,000
Total Liabilities	47,232	1,932,289	6,212	3,653,872	5,639,605
NET ASSETS					
Invested in capital assets, net of related debt	2,135	-	-	1,511,363	1,513,498
Restricted for:					
Debt service	-	-	-	464,457	464,457
Unrestricted	124,384	564,247	1,176,006	14,688	1,879,325
Total Net Assets	$ 126,519	$ 564,247	$ 1,176,006	$ 1,990,508	$ 3,857,280

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, 2006

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS				
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	HEALTH DEPARTMENT	DEVELOPMENT AUTHORITY	HOSPITAL AUTHORITY	WATER AND SEWERAGE AUTHORITY	TOTAL
COMPONENT UNITS									
Health Department	$ 975,913	$ 454,654	$ 407,431	$ -	$ (113,828)	$ -	$ -	$ -	$ (113,828)
Development Authority	1,496,068	317,201	30,000	421,061	-	(727,806)	-	-	(727,806)
Hospital Authority	128,683	-	-	-	-	-	(128,683)	-	(128,683)
Water and Sewerage Authority	1,137,984	1,154,994	-	1,200,959	-	-	-	1,217,969	1,217,969
Total Component Units	$ 3,738,648	1,926,849	$ 437,431	$ 1,622,020	$ (113,828)	$ (727,806)	$ (128,683)	$ 1,217,969	$ 247,652
GENERAL REVENUES									
Unrestricted investment earnings					-	17,199	48,194	26,055	91,448
Total General Revenues					-	17,199	48,194	26,055	91,448
CHANGE IN NET ASSETS					(113,828)	(710,607)	(80,489)	1,244,024	339,100
NET ASSETS, Beginning					240,347	1,274,854	1,256,495	746,484	3,518,180
NET ASSETS, Ending					$ 126,519	$ 564,247	$ 1,176,006	$ 1,990,508	$ 3,857,280

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) REPORTING ENTITY

The government is a political subdivision of the State of Georgia governed by a 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 2006, 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 and the services thereof in Lumpkin County. The Water Authority is available to public and private consumers and users located dependent upon the government because the government approves the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2006, the County supplemented the Development Authority's budget in the amount of $30,000. 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 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 segments are offset

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 available only when cash is received by the government.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government reports the following major governmental funds:

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

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

The *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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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."

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2006.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

5. Compensated Absences

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

6. Long-term Obligations

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

7. Fund Equity

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

8. Management estimates

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

(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
Special Revenue Funds:			
Special Programs	$ 4,000	$ 112,332	$ 108,332
Multiple Grants - Judicial System	84,596	92,625	8,029

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

(C) FUND DEFICIT

The Capital Projects Fund had a deficit fund balance at December 31, 2006 of $134,847. This results from the completion of the reservoir project. It will be eliminated by the General Fund in 2007.

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, 2006, 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.
- 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. These are investments are all cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposit of banks insured by FDIC; the State of Georgia Local Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The Authority has no investment policy that would further limit its investment choices. Investments are carried at fair value. Unrealized gains are recognized as income.

Discretely Presented Component Units

As of December 31, 2006, the Water and Sewerage Authority had the following investments:

Investment Type	Fair Value	Rating	Rating Agency	Weighted Average Maturity (Days)
First American Funds - Treasury Obligations Fund	$ 464,457	AAAm	1	1

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.

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

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 statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposit of banks insured by FDIC; the State of Georgia Local Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The Authority has no investment policy that would further limit its investment choices. Investments are carried at fair value. Unrealized gains are recognized as income.

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 - 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 Water and Sewerage Authority'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, 2006, all deposits of the Authority were adequately insured or collateralized.

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.

As of December 31, 2006, the Hospital Authority had the following investments:

Investment Type	Fair value	Rating	Rating Agency	Weighted Average Maturity (Years)
Tennessee Valley Authority Electronotes	$ 287,136	AAA/Stable	1	9
Federal National Mortgage Association Medium Term Note	478,280	AAA/Stable	1	17
Federal Home Loan Mortgage Corporation Medium Term Note	284,829	AAA/Stable	1	19
Total investments	$ 1,050,245			

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.

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

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 statutes authorize the government to invest in obligations of the U.S. Treasury and of its agencies and instrumentalities; bonds or certificates of indebtedness of this state and of its agencies and instrumentalities; certificates of deposit of banks insured by FDIC; the State of Georgia Local Investment Pool; repurchase agreements; bonds, debentures, notes or other evidence of indebtedness of any solvent corporation subject to certain conditions. The Authority has no investment policy that would further limit its investment choices. Investments are carried at fair value. Unrealized gains are recognized as income.

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

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 Hospital Authority'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, 2006, all deposits of the Authority were adequately insured or collateralized.

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	$ 1,737,528	$ 33,636	$ -	$ -
Accounts:				
Fines receivable	1,718,795	-	-	-
Other	513,475	-	36,332	-
Intergovernmental	549,904	528,470	76,615	6,472
Total Gross Receivables	4,519,702	562,106	112,947	6,472
Less: Allowance for Uncollectibles	(1,768,391)	-	-	-
Total Net Receivables	$ 2,751,311	$ 562,106	$ 112,947	$ 6,472

NOTE 4 – RECEIVABLES (CONTINUED)

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

	UNAVAILABLE	UNEARNED
Delinquent property taxes receivable (General Fund)	$ 425,940	$ -
Current year property taxes (General Fund)	-	7,532,797
Current year property taxes (Debt Service Fund)		157,242
Probation fines (General Fund)	246,957	-
Grant drawdowns prior to meeting all eligibility requirements (General Fund)	-	22,584
Grant drawdowns prior to meeting all eligibility requirements (Capital Projects Fund)	-	10,387
Grant drawdowns prior to meeting all eligibility requirements (Nonmajor Funds)	-	1,809
Total deferred/unearned revenue for governmental funds	$ 672,897	$ 7,724,819

Property taxes receivable at December 31, 2006, consist of the following:

DIGEST YEAR	GENERAL FUND	DEBT SERVICE FUND	TOTAL
2006	$ 1,131,913	$ 26,873	$ 1,158,786
2005	196,106	6,763	202,869
2004	74,542	-	74,542
2003	40,560	-	40,560
2002	43,139	-	43,139
2001	42,102	-	42,102
2000	105,752	-	105,752
1999	93,675	-	93,675
1998	69	-	69
1997	9,670	-	9,670
Total	$ 1,737,528	$ 33,636	$ 1,771,164

Discretely Presented Component Units

	Health Department	Development Authority	Hospital Authority	Water Authority
Receivables:				
Total Gross Receivables	$ 32,936	$ 21,750	$ 16,571	$ 134,640
Less: Allowance for Uncollectibles	-	-	-	(26,928)
Total Net Receivables	$ 32,936	$ 21,750	$ 16,571	$ 107,712

NOTE 5 - CAPITAL ASSETS

Primary Government

Capital asset activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments And Transfers	Ending Balance
Governmental Activities:					
Non-Depreciable Assets:					
Land and improvements	$ 15,127,310	$ 300,365	$ (77,579)	$ 3,945,405	$ 19,295,501
Infrastructure land improvements	14,490,264	320,194	(67,972)	-	14,742,486
Construction in progress	7,268,960	1,009,482	(5,404)	(7,598,881)	674,157
Total non-depreciable capital assets	36,886,534	1,630,041	(150,955)	(3,653,476)	34,712,144
Depreciable Assets:					
Buildings and improvements	16,790,002	100,969	(60,035)	3,608,625	20,439,561
Machinery and equipment	2,863,792	182,277	(264,565)	44,851	2,826,355
Vehicles	3,275,012	89,221	(310,327)	-	3,053,906
Infrastructure	15,260,847	1,415,919	(329,768)	-	16,346,998
Total depreciable capital assets	38,189,653	1,788,386	(964,695)	3,653,476	42,666,820
Less Accumulated Depreciation for:					
Buildings and improvements	2,515,634	323,613	(39,397)	-	2,799,850
Machinery and equipment	1,753,982	207,296	(235,278)	-	1,726,000
Vehicles	1,936,497	198,098	(259,942)	-	1,874,653
Infrastructure	7,045,752	830,817	(166,542)	-	7,710,027
Total accumulated depreciation	13,251,865	1,559,824	(701,159)	-	14,110,530
Total depreciable capital assets, net	24,937,788	228,562	(263,536)	3,653,476	28,556,290
Governmental activities capital assets, net	$ 61,824,322	$ 1,858,603	$ (414,491)	$ -	$ 63,268,434

Capital Outlay	$ 1,957,587
Donated assets and roads, including underlying land	1,460,840
Total	$ 3,418,427

Non-depreciable capital assets additions	$ 1,630,041
Depreciable capital assets additions	1,788,386
Total	$ 3,418,427

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	333,104	50,768	-	(383,872)	-
Total non-depreciable capital assets	525,207	50,768	-	(383,872)	192,103
Depreciable Assets:					
Buildings and improvements	470,319	-	-	363,272	833,591
Machinery and equipment	75,000	-	-	20,600	95,600
Vehicles	52,000	-	-	-	52,000
Total depreciable capital assets	597,319	-	-	383,872	981,191
Less Accumulated Depreciation for:					
Land improvements	162,886	12,085	-	-	174,971
Buildings	33,493	7,648	-	-	41,141
Machinery and equipment	67,500	695	-	-	68,195
Vehicles	9,360	9,360	-	-	18,720
Total accumulated depreciation	273,239	29,788	-	-	303,027
Total depreciable capital assets, net	324,080	(29,788)	-	383,872	678,164
Business-type activities capital assets, net	$ 849,287	$ 20,980	$ -	$ -	$ 870,267

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

Governmental Activities:	
General Government	$ 140,662
Judicial	9,775
Public Health and Welfare	22,394
Public Safety	349,450
Public Works	904,242
Recreation and Culture	115,702
Housing and Development	17,599
	$ 1,559,824
Business-type Activities:	
Solid Waste	$ 29,788

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, 2006 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:					
Yahoola Park	$ 500,000	$ 356,508	$ -	$ 143,492	Fund Balance
Yahoola Park Pavilion	347,000	312	347,000	-	Grants & Fund Balance
Fire Station #4	616,361	317,337	616,361	-	Grants & Fund Balance
Other	145,144	-	145,144	-	Fund Balance
	$ 1,608,505	$ 674,157	$ 1,108,505	$ 143,492	

Discretely Presented Component Units

Activity for the Health Department for the year ended June 30, 2006, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Depreciable Assets:				
Machinery and equipment	$ 12,344	$ -	$ -	$ 12,344
Less accumulated depreciation	(9,675)	(534)	-	(10,209)
Capital assets, net	$ 2,669	$ (534)	$ -	$ 2,135

Activity of the Development Authority for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Construction in progress	$ 534,905	$ 643,196	$ (1,178,101)	$ -	$ -
Total non-depreciable capital assets	$ 534,905	$ 643,196	$ (1,178,101)	$ -	$ -

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Activity for the Water Authority for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type activities:					
Non-depreciable assets:					
Land	$ 292	$ 10,000	$ -	$ -	$ 10,292
Construction in progress	44,093	784,790	-	(828,883)	-
Total non-depreciable capital assets	44,385	794,790	-	(828,883)	10,292
Depreciable assets:					
Machinery and equipment	34,386		(16,711)	-	17,675
Water system	3,964,810	672,740	(817)	828,883	5,465,616
Total depreciable capital assets	3,999,196	672,740	(17,528)	828,883	5,483,291
Less accumulated depreciation for:					
Machinery and equipment	19,981	3,776	(16,486)	-	7,271
Water system	467,251	144,775	(437)	-	611,589
Total accumulated depreciation	487,232	148,551	(16,923)	-	618,860
Total depreciable capital assets, net	3,511,964	524,189	(605)	828,883	4,864,431
Business-type capital assets, net	$ 3,556,349	$ 1,318,979	$ (605)	$ -	$ 4,874,723

NOTE 6 – LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended December 31, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Capital leases	$ 92,698	$ -	$ (61,154)	$ 31,544	$ 31,544	$ -
Agreement for sale payable	11,660,000	-	(840,000)	10,820,000	900,000	9,920,000
Contracts payable	7,082,961	253,983	-	7,336,944	43,074	7,293,870
Compensated absences	186,379	301,053	(318,230)	169,202	34,526	134,676
Governmental activities long-term liabilities	$ 19,022,038	$ 555,036	$ (1,219,384)	$ 18,357,690	$ 1,009,144	$ 17,348,546
Business-Type Activities:						
Landfill closure/postclosure	$ 454,891	$ 12,737	$ (40,741)	$ 426,887	$ 15,830	$ 411,057

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:

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	GOVERNMENTAL ACTIVITIES
Equipment and vehicles	$ 287,778
Less accumulated depreciation	(78,420)
	$ 209,358

Minimum future lease obligations for these leases, as of December 31, 2006, are as follows:

Year Ending December 31,	Governmental Activities
2006	$ 32,039
Total minimum lease payments	32,039
Less: amount representing interest (3.66% - 4.18%)	(495)
Present value of minimum lease payments	$ 31,544

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
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	1,160,000	378,061	1,538,061
2012 - 2016	5,085,000	772,456	5,857,456
2017	610,000	15,311	625,311
Total	$ 10,820,000	$ 3,351,641	$ 14,171,641

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 $14,000,000. During 2006 the reservoir was completed and the loan finalized. The County's share of the obligation as of December 31, 2006, was $7,336,941 or 52% 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
2007	$ 43,074	$ 219,694	$ 262,768
2008	106,459	217,360	323,819
2009	109,697	214,122	323,819
2010	113,034	210,786	323,820
2011	116,472	207,348	323,820
2012 - 2016	637,702	981,393	1,619,095
2017 - 2021	740,766	878,331	1,619,097
2022 - 2026	860,484	758,610	1,619,094
2027 - 2031	999,554	619,540	1,619,094
2032 - 2036	1,161,100	457,997	1,619,097
2037 - 2041	1,348,754	270,343	1,619,097
2042 - 2045	1,099,848	61,606	1,161,454
Total	$ 7,336,944	$ 5,097,130	$ 12,434,074

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, 2006, 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, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Governmental Activities:						
Compensated absences	$ 37,643	$ 35,512	$ (33,588)	$ 39,567	$ 33,000	$ 6,567

Activity for the Development Authority for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Business-Type Activities:						
Note payable - Siemens Property	$ 1,464,473	$ -	$ -	$ 1,464,473	$ 1,464,473	$ -

On February 5, 2006, the Authority began making interest only payments of 2.40% above the 30 day LIBOR rate. The loan was modified again on March 12, 2007 and will mature in full on September 15, 2007.

The annual requirements to amortize all debts of the Development Authority outstanding as of December 31, 2006 are as follows:

Year	Principal	Interest	Total
2007	$ 1,464,473	$ 28,374	$ 1,492,847
Total	$ 1,464,473	$ 28,374	$ 1,492,847

Activity for the Water Authority for the year ended December 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due After One Year
Business-Type Activities:						
2000 Series Bonds	$ 3,500,000	$ -	$ (85,000)	$ 3,415,000	$ 105,000	$ 3,310,000

NOTE 6 – LONG-TERM DEBT (CONTINUED)

These revenue bonds, originally $3,610,000, were issued to acquire the water system from the primary government and to construct additions to the system. The bonds bear interest of 5.65%.The annual requirements to amortize all debts of the Water Authority outstanding as of December 31, 2006 are as follows:

	Principal	Interest	Total
2007	$ 105,000	$ 189,981	$ 294,981
2008	130,000	183,343	$ 313,343
2009	155,000	175,281	$ 330,281
2010	185,000	165,676	$ 350,676
2011	195,000	154,951	$ 349,951
2012 - 2016	1,140,000	593,250	$ 1,733,250
2017 - 2021	1,505,000	221,621	$ 1,726,621
Total	$ 3,415,000	$ 1,684,103	$ 5,099,103

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2006, consist of the following:

$ 43,724	Due to the General Fund from the SPLOST Fund for capital purchases
16,750	Due to the General Fund from nonmajor funds for accounts payable
6,791	Due to the General Fund from nonmajor funds for Hotel/Motel tax due to the Chamber of Commerce
74,336	Due to the General Fund from nonmajor funds for expenses paid
141,601	Due to General Fund
72,771	Due to nonmajor funds from the General Fund for cash matches
$ 214,372	Total

Transfers to/from other funds at December 31, 2006, consist of the following:

$ 1,132,023	From the General Fund to Capital Projects Fund for capital purchases
185,212	From the General Fund to nonmajor funds to supplement fiscal year 2006 operating budget
122,761	From the General Fund to the Solid Waste Fund to supplement fiscal year 2006 operating budget
64,230	From the General Fund to nonmajor funds for grant matches
1,116	From the General Fund to nomajor funds for professional fees paid
1,505,342	Total transfers from the General Fund
430	From Capital Projects Fund to the Solid Waste Fund for reclassed asset
150,395	From Solid Waste to the General Fund for capital grant reimbursement
314	From nonmajor funds to the General Fund for interest earnings
52,500	Transfers between nonmajor funds to supplement operating budgets
52,814	Total transfers from nonmajor funds
$ 1,708,981	Total

NOTE 8 - RETIREMENT PLANS

DEFINED BENEFIT PENSION PLAN
(A) PLAN DESCRIPTION

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

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

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

Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation. Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death before retirement. These benefit provisions were established by an adoption agreement executed by the Lumpkin County 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 recommended contribution amount of $179,614 was paid in fiscal year 2006. The County's payroll for employees participating in the Plan as of January 1, 2006, (the most recent actuarial valuation date) was $3,680,943 (based on covered earnings of preceding year.)

(B) FUNDING POLICY

Contributions totaling $179,614 ($179,614 employer and $0 employee) were made in accordance with actuarially determined annual pension cost determined by an actuarial valuation performed as of January 1, 2006. 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.

NOTE 8-RETIREMENT PLANS (CONTINUED)

(C) ANNUAL PENSION COST

The cost of administering the plan is funded with earnings from investments. Administrative expenses are based on total covered payroll of plan members and are added to annual funding requirement.

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.

The information was determined as part of the actuarial valuation as of January 1, 2006. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2006
Actuarial Cost method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Remaining amortization period	27 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:	2006	2005	2004
Annual required contribution	$ 162,794	$ 151,415	$ 136,800
Interest on net pension obligation	(1,756)	(1,892)	-
Amortization of net pension obligation	3,763	1,997	-
Annual pension cost	164,801	151,520	136,800
Contributions made with interest	(179,614)	(172,455)	(162,255)
Increase (decrease) in net pension obligation	(14,813)	(20,935)	(25,455)
Net pension obligation, beginning of year	(46,390)	(25,455)	-
Net pension obligation, end of year	$ (61,203)	$ (46,390)	$ (25,455)

NOTE 8-RETIREMENT PLANS (CONTINUED)

(D) HISTORIAL TREND INFORMATION

Historical trend information, designed to provide information about a public employee retirement system's progress is made in accumulating sufficient assets to pay benefits when due, is presented below:

Plan Year Beginning January 1,	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2006	$ 162,991	$ 179,614	110.2%	$ (61,203)
2005	$ 151,520	$ 172,445	113.8%	$ (46,390)
2004	$ 136,800	$ 162,255	118.6%	$ (25,455)

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 $4,128,969 and total payroll was $6,828,469. The County contribution for 2006 was $82,579 and employee contributions were $201,318.

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.

NOTE 8-RETIREMENT PLANS (CONTINUED)

(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, 2006, 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, 2006, 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

NOTE 9 – RISK MANAGEMENT (CONTINUED)

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, 2006, the County has recorded a liability for the landfill of $426,887 which represents the estimated postclosure cost based on 100% of landfill capacity used to date. All estimated liability for these costs has been recognized since the landfill is no longer used. These amounts are based on what it would cost to perform all postclosure care in 2006. The estimated costs are subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations. The revised liability for the closure, postclosure and remediation costs has been estimated by outside engineers contracted with the county.

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, 2006, 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, 2006, the County paid $18,460 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RDC. Separate financial statements may be obtained from:

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

NOTE 14 – HOTEL/MOTEL TAX

During the year ended December 31, 2006, the County collected $74,176 of which $29,886 was required to be spent to promote tourism, conventions, and trade shows. The County actually spent $74,109. 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 2006, the County paid $15,978 to the Authority. Financial statements for the Authority are available from the Authority at 170 Scoggins Drive, Demorest, Georgia 30535.

This page intentionally left blank.

LUMPKIN COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION FUNDING PROGRESS
Year Ended December 31, 2006
"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	920,361	28.8%	639,103	3,525,890	18%
2006	398,437	961,458	38.4%	563,021	3,680,943	15%

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
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2006
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 3,982,343	$ 3,982,343	$ 3,982,343	$ -
RESOURCES (INFLOWS)				
Taxes	11,025,730	11,025,730	11,077,593	51,863
Licenses and permits	356,500	389,500	475,326	85,826
Fines and forfeitures	523,100	505,100	609,201	104,101
Charges for services	2,395,003	2,430,003	2,626,143	196,140
Interest income	219,735	219,740	281,689	61,949
Intergovernmental	283,006	199,407	724,907	525,500
Contributions and donations	-	-	39,782	39,782
Other	2,650	60,511	60,581	70
Proceeds from sale of capital assets	-	41,372	44,488	3,116
Transfers in	-	-	150,709	150,709
Total Resources (Inflows)	14,805,724	14,871,363	16,090,419	1,219,056
AMOUNTS AVAILABLE FOR APPROPRIATION	18,788,067	18,853,706	20,072,762	1,219,056
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government				
Commission	149,201	124,201	123,150	1,051
Elections	168,398	143,398	140,665	2,733
County Manager	259,377	245,377	243,002	2,375
Financial Administration	355,592	362,593	360,054	2,539
Legal	90,000	107,011	107,010	1
Data Processing/GIS	62,258	62,258	61,841	417
Human Resources	115,851	120,058	120,059	(1)
Tax Commissioner	358,146	358,146	355,144	3,002
Tax Assessor	345,730	345,994	345,347	647
Board of Equalization	4,085	4,085	3,133	952
Risk Management	50,000	28,000	27,504	496
Public/General Buildings	343,611	333,611	331,556	2,055
Administrative Support	610,125	207,786	204,905	2,881
General Administration Fees	23,000	23,000	10,011	12,989
Total General Government	2,935,374	2,465,518	2,433,381	32,137
Public safety				
Sheriff's Office Administration	867,411	874,108	874,108	-
Sheriff-Criminal Investigation	419,136	388,136	384,091	4,045
Drug Task	102,881	102,881	88,692	14,189
Sheriff-Uniform Patrol	1,217,777	1,196,853	1,196,854	(1)
Detention Center	1,415,787	1,372,966	1,344,232	28,734
Sheriff-CT Services Warrants	289,907	300,073	300,073	-
Sheriff-Animal Control	61,657	73,408	73,410	(2)
Fire Department	455,518	1,615,007	1,606,661	8,346
Ambulance	1,025,156	-	-	-
Emergency Management	93,842	93,842	91,844	1,998
Coroner	29,656	24,056	20,346	3,710
Animal Shelter	111,309	119,979	120,278	(299)
Total Public Safety	6,090,037	6,161,309	6,100,589	60,720

CONTINUED.....

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2006
(Required Supplementary Information)

	BUDGETED AMOUNTS ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
CONTINUED.....				
Judicial system				
Enotah Circuit	312,107	312,107	205,915	106,192
Superior Court	241,103	302,353	302,351	2
Capital Trial	150,000	7,000	6,886	114
Clerk Superior Court	498,059	498,059	497,123	936
District Attorney	10,020	10,020	9,491	529
Victim Assistance	62,456	17,671	17,670	1
Magistrate Court	218,482	235,350	231,349	4,001
Probate Court	205,132	205,432	205,432	-
Total Judicial System	1,697,359	1,587,992	1,476,217	111,775
Public works				
Admin-Public Works	72,787	84,673	84,673	-
Capital outlay - Roads and Bridges	1,045,352	1,048,934	1,002,587	46,347
Total Public Works	1,118,139	1,133,607	1,087,260	46,347
Health and welfare				
Rainbow House	20,000	21,137	21,139	(2)
Family Connection	5,000	5,000	5,000	-
Health Department	125,000	125,000	123,850	1,150
DFACS	25,925	22,800	20,640	2,160
Senior Center	167,827	189,487	189,487	-
Transportation	75,069	75,070	73,470	1,600
Total Health and Welfare	418,821	438,494	433,586	4,908
Culture and recreation				
Park & Recreation	465,699	509,384	509,386	(2)
Community Center	170,736	214,090	214,089	1
After School	114,247	94,247	91,390	2,857
Library	413,016	413,016	413,016	-
Total Culture and Recreation	1,163,698	1,230,737	1,227,881	2,856
Housing and Development				
County Extension Service	53,323	48,323	47,896	427
Planning	325,407	335,524	334,626	898
Development Authority	30,000	30,000	30,000	-
Airport	69,835	86,835	69,331	17,504
Total Housing and Development	478,565	500,682	481,853	18,829
Transfers out	899,967	2,989,151	1,505,342	1,483,809
TOTAL CHARGES TO APPROPRIATIONS	14,801,960	16,507,490	14,746,109	1,761,381
CHANGE IN FUND BALANCE	3,764	(1,636,127)	1,344,310	2,980,437
FUND BALANCES, End of year	$ 3,986,107	$ 2,346,216	$ 5,326,653	$ 2,980,437

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

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.

CAPITAL PROJECTS FUNDS

Community Development Block Grant – to account for funds received from the Department of Community Affairs for CDBG grants. These funds were passed through the county to the appropriation corporation because it was an Employee Incentive Program grant.

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2006

	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY TELEPHONE SYSTEM	DRUG COURT	JUVENILE SERVICES	NORTH GEORGIA WASTE MANAGEMENT	SPECIAL PROGRAMS
ASSETS							
Cash	$ 1,296	$ 155,833	$ -	$ 59,917	$ -	$ 181	$ 56,538
Other receivables(net of allowance for uncollectibles)	-	470	29,414	-	-	-	6,918
Due from other funds	60,502	435	-	-	8,033	-	-
Prepaid items	-	-	17,095	-	-	-	-
Other assets	-	-	-	500	-	-	-
TOTAL ASSETS	$ 61,798	$ 156,738	$ 46,509	$ 60,417	$ 8,033	$ 181	$ 63,456
LIABILITIES							
Accounts payable	$ -	$ 628	$ -	$ 885	$ -	$ -	$ 9,979
Due to other funds	-	-	-	5	-	-	-
Deferred revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	628	-	890	-	-	9,979
FUND EQUITY							
Fund balance:							
Unreserved, undesignated	61,798	156,110	46,509	59,527	8,033	181	53,477
TOTAL FUND EQUITY	61,798	156,110	46,509	59,527	8,033	181	53,477
TOTAL LIABILITIES AND FUND EQUITY	$ 61,798	$ 156,738	$ 46,509	$ 60,417	$ 8,033	$ 181	$ 63,456

LUMPKIN COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2006

	PUBLIC DEFENDER	TECHNOLOGY FEE FUND	MULTIPLE GRANTS FUND	HOTEL/MOTEL TAX	TOTAL
ASSETS					
Cash	$ 52,202	$ 4,643	$ -	$ 7,169	$ 337,779
Other receivables(net of allowance for uncollectibles)	-	-	76,145	-	112,947
Due from other funds	-	3,801	-	-	72,771
Prepaid items	23,819	-	-	-	40,914
Other assets	-	-	-	-	500
TOTAL ASSETS	$ 76,021	$ 8,444	$ 76,145	$ 7,169	$ 564,911
LIABILITIES					
Accounts payable	$ 204	$ -	$ -	$ -	$ 11,696
Due to other funds	16,745	-	74,336	6,791	97,877
Deferred revenue	-	-	1,809	-	1,809
TOTAL LIABILITIES	16,949	-	76,145	6,791	111,382
FUND EQUITY					
Fund balance:					
Unreserved, undesignated	59,072	8,444	-	378	453,529
TOTAL FUND EQUITY	59,072	8,444	-	378	453,529
TOTAL LIABILITIES AND FUND EQUITY	$ 76,021	$ 8,444	$ 76,145	$ 7,169	$ 564,911

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

		SPECIAL REVENUE FUNDS					
	DRUG REHABILITATION	LAW LIBRARY	EMERGENCY TELEPHONE SYSTEM	DRUG COURT	JUVENILE SERVICES	NORTH GEORGIA WASTE MANAGEMENT	SPECIAL PROGRAMS
REVENUE							
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	27,992	23,119	-	-	-	-	-
Charges for services	-	-	358,890	55,175	1,447	-	146,893
Interest income	-	6,092	-	1,671	-	-	679
Intergovernmental	-	-	-	64,001	-	-	-
Contributions and donations	-	-	-	-	-	47,934	-
Other	-	-	219	50	-	-	-
TOTAL REVENUE	27,992	29,211	359,109	120,897	1,447	47,934	147,572
EXPENDITURES							
General government	-	-	-	-	-	-	-
Public safety	7,436	-	462,010	-	-	-	102,363
Judicial system	-	6,847	-	126,835	-	-	-
Housing and development	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	47,934	-
Capital outlay	-	-	-	-	-	-	9,969
TOTAL EXPENDITURES	7,436	6,847	462,010	126,835	-	47,934	112,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	20,556	22,364	(102,901)	(5,938)	1,447	-	35,240
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	91,748	52,500	-	-	-
Transfers out	(52,500)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(52,500)	-	91,748	52,500	-	-	-
NET CHANGE IN FUND BALANCES	(31,944)	22,364	(11,153)	46,562	1,447	-	35,240
FUND BALANCES, Beginning of year	93,742	133,746	57,662	12,965	6,586	181	18,237
FUND BALANCES, End of year	$ 61,798	$ 156,110	$ 46,509	$ 59,527	$ 8,033	$ 181	$ 53,477

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	PUBLIC DEFENDER	TECHNOLOGY FEE FUND	MULTIPLE GRANTS FUND	HOTEL/MOTEL TAX	TOTAL SPECIAL REVENUE FUNDS	COMMUNITY DEVELOPMENT BLOCK GRANT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUE							
Taxes	$ -	$ -	$ -	$ 74,176	$ 74,176	$ -	$ 74,176
Fines and forfeitures	-	-	-	-	51,111	-	51,111
Charges for services	-	17,817	-	-	580,222	-	580,222
Interest income	3,616	-	-	625	12,683	-	12,683
Intergovernmental	-	-	375,659	-	439,660	350,000	789,660
Contributions and donations	-	-	312	-	48,246	-	48,246
Other	-	-	-	-	269	-	269
TOTAL REVENUE	3,616	17,817	375,971	74,801	1,206,367	350,000	1,556,367
EXPENDITURES							
General government	-	-	2,940	-	2,940	-	2,940
Public safety	-	-	295,565	-	867,374	-	867,374
Judicial system	80,944	12,226	92,625	-	319,477	-	319,477
Housing and development	-	-	-	74,109	74,109	350,000	424,109
Health and welfare	-	-	-	-	-	1,116	1,116
Intergovernmental	-	-	-	-	47,934	-	47,934
Capital outlay	-	-	49,071	-	59,040	-	59,040
TOTAL EXPENDITURES	80,944	12,226	440,201	74,109	1,370,874	351,116	1,721,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(77,328)	5,591	(64,230)	692	(164,507)	(1,116)	(165,623)
OTHER FINANCING SOURCES (USES)							
Transfers in	93,464	-	64,230	-	301,942	1,116	303,058
Transfers out	-	-	-	(314)	(52,814)	-	(52,814)
TOTAL OTHER FINANCING SOURCES (USES)	93,464	-	64,230	(314)	249,128	1,116	250,244
NET CHANGE IN FUND BALANCES	16,136	5,591	-	378	84,621	-	84,621
FUND BALANCES, Beginning of year	42,936	2,853	-	-	368,908	-	368,908
FUND BALANCES, End of year	$ 59,072	$ 8,444	$ -	$ 378	$ 453,529	$ -	$ 453,529

LUMPKIN COUNTY, GEORGIA
DEBT SERVICE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 7,005,461	$ 7,005,461	$ 7,005,461	$ -
RESOURCES (INFLOWS)				
Taxes	3,290,000	3,290,000	3,776,472	486,472
Interest income	-	-	261,839	261,839
Total Resources (Inflows)	3,290,000	3,290,000	4,038,311	748,311
AMOUNTS AVAILABLE FOR APPROPRIATION	10,295,461	10,295,461	11,043,772	748,311
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Debt Service				
Principal	840,000	840,000	840,000	-
Interest	983,944	983,944	883,578	100,366
TOTAL CHARGES TO APPROPRIATIONS	1,823,944	1,823,944	1,723,578	100,366
CHANGE IN FUND BALANCE	1,466,056	1,466,056	2,314,733	848,677
FUND BALANCES, End of year	$ 8,471,517	$ 8,471,517	$ 9,320,194	$ 848,677

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, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 93,742	$ 93,742	$ 93,742	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	20,000	20,000	27,992	7,992
Other	41,340	41,340	-	(41,340)
Total Resources (Inflows)	61,340	61,340	27,992	(33,348)
AMOUNTS AVAILABLE FOR APPROPRIATION	155,082	155,082	121,734	(33,348)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public safety	8,840	8,840	7,436	1,404
Transfers out	52,500	52,500	52,500	-
TOTAL CHARGES TO APPROPRIATIONS	61,340	61,340	59,936	1,404
CHANGE IN FUND BALANCE	-	-	(31,944)	(31,944)
FUND BALANCES, End of year	$ 93,742	$ 93,742	$ 61,798	$ (31,944)

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, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 133,746	$ 133,746	$ 133,746	$ -
RESOURCES (INFLOWS)				
Fines and forfeitures	25,000	25,000	23,119	(1,881)
Interest income	-	-	6,092	6,092
Other	15,000	15,000	-	(15,000)
Total Resources (Inflows)	40,000	40,000	29,211	(10,789)
AMOUNTS AVAILABLE FOR APPROPRIATION	173,746	173,746	162,957	(10,789)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial system	40,000	40,000	6,847	33,153
TOTAL CHARGES TO APPROPRIATIONS	40,000	40,000	6,847	33,153
CHANGE IN FUND BALANCE	-	-	22,364	22,364
FUND BALANCES, End of year	$ 133,746	$ 133,746	$ 156,110	$ 22,364

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, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 57,662	$ 57,662	$ 57,662	$ -
RESOURCES (INFLOWS)				
Charges for services	250,000	250,001	358,890	108,889
Other	250	250	219	(31)
Transfers in	215,088	218,588	91,748	(126,840)
Total Resources (Inflows)	465,338	468,839	450,857	(17,982)
AMOUNTS AVAILABLE FOR APPROPRIATION	523,000	526,501	508,519	(17,982)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public safety	465,338	468,839	462,010	6,829
TOTAL CHARGES TO APPROPRIATIONS	465,338	468,839	462,010	6,829
CHANGE IN FUND BALANCE	-	-	(11,153)	(11,153)
FUND BALANCES, End of year	$ 57,662	$ 57,662	$ 46,509	$ (11,153)

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 COURT SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 12,965	$ 12,965	$ 12,965	$ -
RESOURCES (INFLOWS)				
Charges for services	40,000	40,000	55,175	15,175
Interest income	250	250	1,671	1,421
Intergovernmental	52,500	52,500	64,001	11,501
Other	-	-	50	50
Transfers in	52,500	52,500	52,500	-
Total Resources (Inflows)	145,250	145,250	173,397	28,147
AMOUNTS AVAILABLE FOR APPROPRIATION	158,215	158,215	186,362	28,147
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial system	145,250	145,250	126,835	18,415
TOTAL CHARGES TO APPROPRIATIONS	145,250	145,250	126,835	18,415
CHANGE IN FUND BALANCE	-	-	46,562	46,562
FUND BALANCES, End of year	$ 12,965	$ 12,965	$ 59,527	$ 46,562

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
JUVENILE SERVICES SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARSION SCHEDULE
For the Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 6,586	$ 6,586	$ 6,586	$ -
RESOURCES (INFLOWS)				
Charges for services	-	-	1,447	1,447
Total Resources (Inflows)	-	-	1,447	1,447
AMOUNTS AVAILABLE FOR APPROPRIATION	6,586	6,586	8,033	1,447
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial system	8,500	8,500	-	8,500
TOTAL CHARGES TO APPROPRIATIONS	8,500	8,500	-	8,500
CHANGE IN FUND BALANCE	(8,500)	(8,500)	1,447	9,947
FUND BALANCES, End of year	$ (1,914)	$ (1,914)	$ 8,033	$ 9,947

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, 2006

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

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
SPECIAL PROGRAMS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 18,237	$ 18,237	$ 18,237	$ -
RESOURCES (INFLOWS)				
Charges for services	4,000	4,000	146,893	142,893
Interest income	-	-	679	679
Total Resources (Inflows)	4,000	4,000	147,572	143,572
AMOUNTS AVAILABLE FOR APPROPRIATION	22,237	22,237	165,809	143,572
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Public safety	4,000	4,000	112,332	(108,332)
TOTAL CHARGES TO APPROPRIATIONS	4,000	4,000	112,332	(108,332)
CHANGE IN FUND BALANCE	-	-	35,240	35,240
FUND BALANCES, End of year	$ 18,237	$ 18,237	$ 53,477	$ 35,240

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.
2. See page 20 for budget violations.

LUMPKIN COUNTY, GEORGIA
PUBLIC DEFENDER SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 42,936	$ 42,936	$ 42,936	$ -
RESOURCES (INFLOWS)				
Interest income	100	100	3,616	3,516
Transfers in	101,000	101,000	93,464	(7,536)
Total Resources (Inflows)	101,100	101,100	97,080	(4,020)
AMOUNTS AVAILABLE FOR APPROPRIATION	144,036	144,036	140,016	(4,020)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial system	101,100	101,100	80,944	20,156
TOTAL CHARGES TO APPROPRIATIONS	101,100	101,100	80,944	20,156
CHANGE IN FUND BALANCE	-	-	16,136	16,136
FUND BALANCES, End of year	$ 42,936	$ 42,936	$ 59,072	$ 16,136

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, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ 2,853	$ 2,853	$ 2,853	$ -
RESOURCES (INFLOWS)				
Charges for services	-	12,226	17,817	5,591
Total Resources (Inflows)	-	12,226	17,817	5,591
AMOUNTS AVAILABLE FOR APPROPRIATION	2,853	15,079	20,670	5,591
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Judicial system	500	12,726	12,226	500
TOTAL CHARGES TO APPROPRIATIONS	500	12,726	12,226	500
CHANGE IN FUND BALANCE	(500)	(500)	5,591	6,091
FUND BALANCES, End of year	$ 2,353	$ 2,353	$ 8,444	$ 6,091

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

LUMPKIN COUNTY, GEORGIA
MULTIPLE GRANTS SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Intergovernmental	394,555	394,555	375,659	(18,896)
Contributions and donations	152,624	152,624	312	(152,312)
Transfers in	103,617	103,617	64,230	(39,387)
Total Resources (Inflows)	650,796	650,796	440,201	(210,595)
AMOUNTS AVAILABLE FOR APPROPRIATION	650,796	650,796	440,201	(210,595)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	3,500	3,500	2,940	560
Public safety	312,327	312,327	295,565	16,762
Public works	50,000	50,000	-	50,000
Judicial system	84,596	84,596	92,625	(8,029)
Culture and recreation	127	127	-	127
Capital outlay	200,246	200,246	49,071	151,175
TOTAL CHARGES TO APPROPRIATIONS	650,796	650,796	440,201	210,595
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 20 for budget violations.

LUMPKIN COUNTY, GEORGIA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SUPPLEMENTAL BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2006

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
FUND BALANCES, Beginning of year	$ -	$ -	$ -	$ -
RESOURCES (INFLOWS)				
Taxes	60,000	74,224	74,176	(48)
Interest income	200	200	625	425
Total Resources (Inflows)	60,200	74,424	74,801	377
AMOUNTS AVAILABLE FOR APPROPRIATION	60,200	74,424	74,801	377
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Housing and development	60,000	74,224	74,109	115
Transfers out	200	200	314	114
TOTAL CHARGES TO APPROPRIATIONS	60,200	74,424	74,423	1
CHANGE IN FUND BALANCE	-	-	378	378
FUND BALANCES, End of year	$ -	$ -	$ 378	$ 378

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

1. The budgetary basis of accounting used in this schedule is the same as GAAP.

FIDUCIARY FUNDS

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

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

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

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

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

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

LUMPKIN COUNTY, GEORGIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2006

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash	$ 4,830,091	$ 10,651	$ 433,343	$ 6,910	$ 6,136	$ 5,287,131
TOTAL ASSETS	4,830,091	10,651	433,343	6,910	6,136	5,287,131
LIABILITIES						
Funds held in trust	4,830,091	10,651	433,343	6,910	6,136	5,287,131
TOTAL LIABILITIES	$ 4,830,091	$ 10,651	$ 433,343	$ 6,910	$ 6,136	$ 5,287,131

LUMPKIN COUNTY, GEORGIA
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
Year Ended December 31, 2006

	TAX COMMISSIONER	SHERIFF	CLERK OF COURT	PROBATE COURT	MAGISTRATE COURT	TOTAL
ASSETS						
Cash						
Balance, January 1, 2006	$ 5,102,942	$ 7,798	$ 249,637	$ 10,222	$ 184	$ 5,370,783
Additions	23,747,110	141,008	2,130,260	371,560	57,425	26,447,363
Deductions	(24,019,961)	(138,155)	(1,946,554)	(374,872)	(51,473)	(26,531,015)
Cash Balance, December 31, 2006	4,830,091	10,651	433,343	6,910	6,136	5,287,131
TOTAL ASSETS, December 31, 2006	$ 4,830,091	$ 10,651	$ 433,343	$ 6,910	$ 6,136	$ 5,287,131
LIABILITIES						
Due to Lumpkin County						
Balance, January 1, 2006	$ -	$ -	$ -	$ -	$ -	$ -
Additions	8,828,492	783,527	1,017,874	285,830	31,754	10,947,477
Deductions	(8,828,492)	(783,527)	(1,017,874)	(285,830)	(31,754)	(10,947,477)
Balance, December 31, 2006	-	-	-	-	-	-
Amounts held in trust						
	5,102,942	7,798	249,637	10,222	184	5,370,783
	14,918,618	(642,519)	1,112,386	85,730	25,671	15,499,886
Deductions	(15,191,469)	645,372	(928,680)	(89,042)	(19,719)	(15,583,538)
Balance, December 31, 2006	4,830,091	10,651	433,343	6,910	6,136	5,287,131
TOTAL LIABILITIES						
Balance, January 1, 2006	5,102,942	7,798	249,637	10,222	184	5,370,783
Additions	23,747,110	141,008	2,130,260	371,560	57,425	26,447,363
Deductions	(24,019,961)	(138,155)	(1,946,554)	(374,872)	(51,473)	(26,531,015)
TOTAL LIABILITIES, December 31, 2006	$ 4,830,091	$ 10,651	$ 433,343	$ 6,910	$ 6,136	$ 5,287,131

COMPONENT UNIT

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable.

Hospital Authority – to account for the investments held and used to pay for indigent medical expenses incurred by the local hospital. All activities necessary to provide payment for hospital services to indigent patients are accounted for in the component unit,, including, but not limited to operations, investing and financing.

LUMPKIN COUNTY HOSPITAL AUTHORITY
(A COMPONENT UNIT OF LUMPKIN COUNTY, GEORGIA)
STATEMENT OF NET ASSETS
December 31, 2006

ASSETS		
Current Assets		
Cash	$	115,402
Investments		1,050,245
Other receivables(net of allowance for uncollectibles)		16,571
TOTAL ASSETS		1,182,218
LIABILITIES		
Current Liabilities		
Accounts payable		6,212
TOTAL LIABILITIES		6,212
NET ASSETS		
Unrestricted		1,176,006
TOTAL NET ASSETS	$	1,176,006

LUMPKIN COUNTY HOSPITAL AUTHORITY
(A COMPONENT UNIT OF LUMPKIN COUNTY, GEORGIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS
For The Year Ended December 31, 2006

OPERATING EXPENSES		
Indigent medical care	$	128,683
OPERATING INCOME (LOSS)		(128,683)
NONOPERATING REVENUES (EXPENSES)		
Investment income		48,194
CHANGE IN NET ASSETS		(80,489)
TOTAL NET ASSETS, Beginning of year		1,256,495
TOTAL NET ASSETS, End of year	$	1,176,006

LUMPKIN COUNTY HOSPITAL AUTHORITY
(A COMPONENT UNIT OF LUMPKIN COUNTY, GEORGIA)
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers	$	(122,471)
Net cash provided by (used in) operating activities		(122,471)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Investment income		63,086
Net cash provided by (used in) noncapital financing activities		63,086
INCREASE (DECREASE) IN CASH		(59,385)
CASH, Beginning of year		174,787
CASH, End of year	$	115,402
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$	(128,683)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Increase (Decrease) in:		
Accounts payable		6,212
Net cash provided by (used in) operating activities	$	(122,471)
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Unrealized loss on investments	$	14,663

LUMPKIN COUNTY, GEORGIA
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX
Year Ended December 31, 2006

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	$ 5,421,494	$ -
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	$ 11,154,612	$ -
SPLOST #5 - Commenced April 1, 2003				
Debt Service-Public Building Authority	$ 15,750,000	$ 15,750,000	$ 4,307,512	$ 1,723,578

STATISTICAL SECTION

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

Contents **Table**

Financial Trends

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

Net Assets by Component	1
Changes in Net Assets	2
Fund Balances of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4
General Governmental Tax Revenues by Source	5

Revenue Capacity

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

Assessed Value and Estimated Actual Value of Taxable Property	6
Property Tax Rates (Direct and Overlapping Governments)	7
Principal Property Taxpayers	8
Property Tax Levies and Collections	9

Debt Capacity

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

Ratios of Outstanding Debt by Type	10
Other Long-Term Liabilities	10A
Ratios of General Bonded Debt Outstanding	11
Direct and Overlapping Governmental Activities Debt	12
Legal Debt Margin Information	13

Demographic and Economic Information

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

Demographic and Economic Statistics	14
Principal Employers	15

Operating Information

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

Full-Time Equivalent County Government Employees by Function	16
Operating Indicators by Function	17
Capital Asset Statistics by Function	18

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LUMPKIN COUNTY, GEORGIA
NET ASSETS BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
GOVERNMENTAL ACTIVITIES				
Invested in capital assets, net of related debt	$ 39,257	$ 40,372	$ 42,989	$ 45,080
Restricted:				
Debt service	3,528	5,452	6,705	9,023
County sales tax referendum projects	-	-	247	257
Other programs	-	280	369	454
Unrestricted:	7,697	5,508	4,947	5,757
Total governmental activities net assets	$ 50,482	$ 51,612	$ 55,257	$ 60,571
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets, net of related debt	$ 544	$ 548	$ 849	$ 870
Unrestricted	(464)	(446)	(321)	(430)
Total business-type activities net assets	$ 80	$ 102	$ 528	$ 440
PRIMARY GOVERNMENT				
Invested in capital assets, net of related debt	$ 39,801	$ 40,920	$ 43,838	$ 45,950
Restricted	3,528	5,732	7,321	9,734
Unrestricted	7,233	5,062	4,626	5,327
Total primary government net assets	$ 50,562	$ 51,714	$ 55,785	$ 61,011

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

Table 1

LUMPKIN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
EXPENSES				
Governmental activities:				
General government	$ 1,921	$ 2,297	$ 2,276	$ 2,589
Public safety	5,764	6,268	6,680	7,326
Judicial system	1,679	1,789	2,139	2,097
Public works	1,741	2,125	2,096	2,275
Health and welfare	401	463	480	451
Recreation and culture	1,106	1,243	1,225	1,343
Housing and development	550	521	481	923
Interest on long-term debt	803	791	730	883
Total governmental activities expenses	13,965	15,497	16,107	17,887
Business-type activities:				
Solid Waste	514	511	130	93
Total business-type activities expenses	514	511	130	93
Total primary government expenses	$ 14,479	$ 16,008	$ 16,237	$ 17,980
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	$ 660	$ 514	$ 691	$ 869
Public safety	1,238	1,611	2,165	1,601
Judicial system	930	(670)	536	764
Public works	22	9	5	9
Health and welfare	11	12	14	15
Recreation and culture	254	306	278	366
Housing and development	299	395	521	580
Interest on long-term debt	-	-	-	-
Total charges for services	3,414	2,177	4,210	4,204
Operating grants and contributions	506	438	1,001	738
Capital grants and contributions	400	1,337	1,768	2,451
Total governmental activities program revenues	4,320	3,952	6,979	7,393
Business-type activities:				
Charges for services:				
Solid Waste	423	290	15	33
Total charges for services	423	290	15	33
Operating grants and contributions	127	50	-	-
Capital grants and contributions	-	77	150	-
Total business-type activities program revenues	550	417	165	33
Total primary government program revenues	$ 4,870	$ 4,369	$ 7,144	$ 7,426

LUMPKIN COUNTY, GEORGIA
CHANGES IN NET ASSETS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year			
	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	$ (9,645)	$ (11,545)	$ (9,128)	$ (10,494)
Business-type activities	36	(94)	35	(60)
Total primary government net expense	$ (9,609)	$ (11,639)	$ (9,093)	$ (10,554)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS				
Governmental activities:				
Taxes				
Property Taxes	$ 5,726	$ 5,859	$ 6,005	$ 7,251
Sales Taxes	4,578	5,060	5,127	6,105
Insurance premium tax	662	717	765	802
Other taxes	545	574	570	691
Total taxes	11,511	12,210	12,467	14,849
Unrestricted investment earnings	250	241	378	569
Unrestricted grants and contributions	272	284	292	331
Gain (loss) on sale of capital assets	(89)	42	-	32
Transfers	52	(102)	(364)	27
Total governmental activities	11,996	12,675	12,773	15,808
Business-type activities:				
Unrestricted investment earnings	-	-	-	-
Unrestricted grants and contributions	-	-	27	-
Gain on sale of capital assets	-	14	-	-
Transfers	(52)	102	364	(27)
Total business-type activities	(52)	116	391	(27)
Total primary government	$ 11,944	$ 12,791	$ 13,164	$ 15,781
CHANGE IN NET ASSETS				
Governmental activities	$ 2,351	$ 1,130	$ 3,645	$ 5,314
Business-type activities	(16)	22	426	(87)
Total primary government	$ 2,335	$ 1,152	$ 4,071	$ 5,227

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

LUMPKIN COUNTY, GEORGIA
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year						
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
General fund							
Reserved							
Prepaid items and inventories	$ -	$ 113	$ 249	$ 303	$ 296	$ 433	$ 493
Total reserved	-	113	249	303	296	433	493
Unreserved	(4,433)	3,433	4,403	4,407	4,431	3,549	4,834
Total general fund	$ (4,433)	$ 3,546	$ 4,652	$ 4,710	$ 4,727	$ 3,982	$ 5,327
All other governmental funds							
Reserved:							
Prepaid items and inventories	$ 6	$ 7	$ 7	$ -	$ -	$ -	$ -
Debt service	-	2,753	-	3,528	5,451	7,006	9,320
Total reserved	6	2,760	7	3,528	5,451	7,006	9,320
Unreserved, reported in:							
Special revenue funds	28	250	239	232	271	369	454
Capital projects funds	749	2,067	3,692	774	397	405	122
Total unreserved	777	2,317	3,931	1,006	668	774	576
Total all other governmental funds	$ 783	$ 5,077	$ 3,938	$ 4,534	$ 6,119	$ 7,780	$ 9,896
Total reserved	$ 6	$ 2,873	$ 256	$ 3,831	$ 5,747	$ 7,439	$ 9,813
Total unreserved	$ (3,656)	$ 5,750	$ 8,334	$ 5,413	$ 5,099	$ 4,323	$ 5,410
Total all funds	$ (3,650)	$ 8,623	$ 8,590	$ 9,244	$ 10,846	$ 11,762	$ 15,223

Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year							
	1999	2000	2001	2002	2003	2004	2005	2006
REVENUES								
Taxes (see table 5)	$ 8,009	$ 10,038	$ 10,664	$ 11,288	$ 11,526	$ 12,108	$ 12,516	$ 14,928
Licenses and permits	191	185	192	219	252	320	431	475
Fines and forfeitures	714	646	747	701	649	710	500	660
Charges for services	2,216	1,316	1,765	1,816	2,482	2,860	3,147	3,206
Interest income	115	198	427	362	250	241	378	569
Intergovernmental	905	3,152	989	1,728	988	1,450	1,295	1,558
Contributions and donations	-	19	15	66	26	46	100	229
Miscellaneous	-	6	65	38	48	3	9	61
Total revenues	12,150	15,560	14,864	16,218	16,221	17,738	18,376	21,686
EXPENDITURES								
General government	2,137	1,900	1,640	1,822	1,797	1,894	2,162	2,325
Public safety	3,887	4,002	4,283	5,048	5,399	5,918	6,285	6,912
Judicial system	866	1,103	1,127	1,342	1,668	1,779	1,864	1,823
Public works	1,154	3,877	779	902	889	1,268	1,148	1,017
Health and welfare	189	420	373	363	382	441	459	435
Recreation and culture	1,085	2,847	1,102	991	1,032	1,158	1,123	1,228
Housing and development	-	415	453	581	528	499	462	906
Intergovernmental	-	-	-	-	-	-	79	48
Capital Outlay	7,903	6,453	7,326	4,097	2,517	2,177	1,915	1,957
Principal on long-term debt	45	832	3,253	2,247	939	382	863	901
Interest on long-term debt	201	394	588	896	821	797	752	999
Bond issuance costs	-	-	173	-	-	-	-	-
Total expenditures	17,467	22,243	21,097	18,289	15,972	16,313	17,112	18,551
Excess of revenues over (under) expenditures	(5,317)	(6,683)	(6,233)	(2,071)	249	1,425	1,264	3,135
OTHER FINANCING SOURCES (USES)								
Transfers in	981	1,546	1,524	356	5,008	1,567	1,985	1,586
Transfers out	(1,570)	(1,170)	(1,749)	(393)	(4,956)	(1,669)	(2,349)	(1,559)
Issuance from debt	-	-	-	-	-	238	16	254
Proceeds from borrowing	3,952	1,282	18,703	2,009	325	-	-	-
Proceeds from sale of capital assets	167	216	28	65	29	41	-	45
Total other financing sources (uses)	3,530	1,874	18,506	2,037	406	177	(348)	326
Net change in fund balances	$ (1,787)	$ (4,809)	$ 12,273	$ (34)	$ 655	$ 1,602	$ 916	$ 3,461
Debt service as a percentage of noncapital expenditures	2.57%	7.76%	29.15%	22.15%	13.08%	8.34%	10.63%	11.45%

Information for 1997-1999 is not available.
In adopting the DCA Uniform Chart of Accounts in 2003, some activities were reclassed to different functions than had been reported in the financial statements. Those functions have been reclassified above so that comparisons can be made between years.

LUMPKIN COUNTY, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

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

Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(modified accrual basis of accounting)

		Real Property				Personal Property				Less Exemptions:					
Fiscal Year	Tax Year	Residential Property	Agricultural Property (1)	Commercial & Industrial	Public Utilities	Inventory & Equipment	Motor Vehicles	Mobile Homes	Other (2)	Real Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (3)	Estimated Actual Taxable Value (4)	Assessed Value as a Percentage of Actual Value
1998	1997	$ 115,127,018	$ 161,582,610	$ 35,029,100	$ 14,914,774	$ 34,708,302	$ 39,384,445	$ 3,842,506	$ 405,993	$ 39,031,583	$ 6,522,310	$ 359,440,855	10.480	$ 898,602,138	40.00%
1999	1998	127,066,318	162,650,245	39,564,657	13,954,274	38,612,093	35,907,690	5,318,232	531,326	40,694,141	6,421,395	376,489,299	10.135	941,223,248	40.00%
2000	1999	144,967,533	161,939,968	44,445,004	14,816,265	46,884,766	35,907,690	13,751,616	614,440	41,308,155	12,222,396	409,796,731	10.023	1,024,491,828	40.00%
2001	2000	163,998,318	168,281,848	47,145,111	14,767,237	47,626,618	44,647,326	14,925,415	406,962	35,184,915	9,005,373	457,608,547	11.836	1,144,021,368	40.00%
2002	2001	184,407,416	171,451,684	52,311,066	14,169,659	49,131,529	52,472,220	16,165,149	668,864	44,120,090	11,418,272	485,239,225	12.256	1,213,098,063	40.00%
2003	2002	322,215,146	340,720,539	86,423,689	18,162,514	49,198,398	58,968,290	16,669,213	528,600	108,111,559	9,985,715	774,789,115	7.652	1,936,972,788	40.00%
2004	2003	350,210,951	340,521,525	90,440,227	18,168,976	41,873,900	60,684,780	17,771,901	364,564	119,884,220	4,129,275	796,023,329	7.497	1,990,058,323	40.00%
2005	2004	380,502,691	341,344,010	91,404,475	19,223,476	41,696,433	58,705,170	15,148,984	267,607	125,057,626	4,975,697	818,259,523	7.478	2,045,648,808	40.00%
2006	2005	421,998,678	341,215,830	110,055,207	20,006,951	43,822,195	60,957,260	14,576,647	703,204	130,276,501	5,080,217	877,979,254	8.590	2,194,948,135	40.00%
2007	2006	$ 474,080,110	$ 337,166,386	$ 120,224,834	$ 21,026,349	$ 44,433,206	$ 59,890,060	$ 11,341,763	$ 268,079	$ 135,628,116	$ 4,824,375	$ 927,978,296	8.749	$ 2,319,945,740	40.00%

Source: State Department of Revenue
(1) Includes conservation use property and preferential use property.
(2) Includes timber and heavy equipment.
(3) Since the tax rate differs between the incorporated and unincorporated portions of the County, this is a weighted average rate based on the net taxable digest in each portion.
(4) Property that is exempt from taxation has not been included. That is typically property owned by governments and not-for-profit organizations like churches.
(5) There was a property revaluation in 2002 that substantially increased real property values.
(6) As of 2001, agricultural personal property was exempt from taxation.

LUMPKIN COUNTY, GEORGIA

Property Tax Rate - Mills
Last Ten Fiscal Years

Tax Year	*1997*	*1998*	*1999*	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*
County Direct Rates										
County - Incorporated	11.520	11.020	11.020	12.740	13.150	8.360	8.275	8.275	9.068	9.385
County - Unincorporated	10.200	9.890	9.750	11.590	11.995	7.483	7.308	7.277	8.052	8.346
County - Unincorporated (Reservoir)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.411	0.226
Overlapping Rates										
School Operations	14.670	15.670	16.000	16.000	16.750	13.250	13.250	14.250	14.190	14.190
City of Dahlonega	4.000	4.000	4.000	3.986	3.883	2.931	2.900	2.867	3.620	4.370
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	30.440	30.940	31.270	32.976	34.033	24.791	24.675	25.642	27.128	28.195
Total Unincorporated	25.120	25.810	26.000	27.840	28.995	20.983	20.808	21.777	22.903	23.012

Source: State Department of Revenue

Overlapping rates are those of local and county governments that apply to property owners within the County. Not all overlapping rates apply to all County property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

LUMPKIN COUNTY, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
Based on Billing for County Maintenance & Operatings Taxes
December 31 ,2006

	2006			1997		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Torrington Company	$ 10,183,332	1	1.10%	$ -		0.00%
Owens Valley Farm, LLP	8,106,871	2	0.87%	-		0.00%
Inland Container Corporation	8,646,968	3	0.93%	-		0.00%
Standard Telephone Company	7,804,054	4	0.84%	-		0.00%
Georgia Power Company	4,418,024	5	0.48%	-		0.00%
Jacony Lindbergh Properties	3,766,292	6	0.41%	-		0.00%
Amicalola EMC	4,068,346	7	0.44%	-		0.00%
Green, Sherman	3,143,401	8	0.34%	-		0.00%
R Ranch in the Mountain	3,196,504	9	0.34%	-		0.00%
Green, Sherman & Roberta	2,825,162	10	0.30%	-		0.00%
Totals	$ 56,158,954		6.05%	$ -		0.00%

Source: Lumpkin County Tax Commissioner
Information for 1997 is not available.

LUMPKIN COUNTY, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Tax Year	Tax Due Date	Taxes Levied for the Tax Year (Original Levy)	Adjustments	Interest, Costs, & Penalties	Total Adjusted Levy	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date		Uncollected Balance
							Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2000	1999	03/31/00	$ 3,991	$ 35	$ 108	$ 4,134	$ 817	20.47%	$ 3,265	$ 4,082	98.74%	$ 52
2001	2000	03/31/01	5,192	(126)	155	5,221	899	17.32%	4,259	5,158	98.79%	63
2002	2001	12/31/01	5,583	(101)	131	5,613	4,390	78.63%	1,197	5,587	99.54%	26
2003	2002	02/20/03	5,918	(64)	194	6,048	1,696	28.66%	4,323	6,019	99.52%	29
2004	2003	12/20/03	5,669	(63)	205	5,811	4,718	83.22%	1,063	5,781	99.48%	30
2005	2004	12/20/04	5,829	(31)	351	6,149	4,976	85.37%	1,113	6,089	99.02%	60
2006	2005	12/20/05	7,105	(19)	184	7,270	5,988	84.28%	1,102	7,090	97.52%	180
2007	2006	12/20/06	$ 7,745	$ 13	$ 4	$ 7,762	$ 6,615	85.41%	$ -	$ 6,615	85.22%	$ 1,147

Note: Information for 1997 and 1998 is not available.
Taxes levied during the calendar year 2006 are recorded as revenues in the financial statements in 2007 since they are levied to finance that year's expenditures.
Taxes levied include real and personal property, motor vehicle, mobile home, timber, and heavy equipment taxes levied for County maintenance and operations and for reservoir payments in the incorporated and unincorporated areas of the County.

LUMPKIN COUNTY, GEORGIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands)

	Governmental Activities					Business-Type Activities			
Fiscal Year	Agreement For Sale Payable	Notes Payable	Contracts Payable	Capital Leases	Total	There is none to be reported	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2000	$ -	$ 3,132	$ 1,675	$ 144	$ 4,951	$ -	$ 4,951	1.07%	$ 236
2001	15,750	-	4,535	116	20,401	-	20,401	4.18%	928
2002	13,635	-	6,523	293	20,451	-	20,451	4.04%	902
2003	12,770	-	6,829	238	19,837	-	19,837	3.89%	847
2004	12,455	-	7,067	172	19,694	-	19,694	3.65%	849
2005	11,660	-	7,083	93	18,836	-	18,836	3.11%	774
2006	$ 10,820	$ -	$ 7,337	$ 32	$ 18,189	$ -	$ 18,189	2.68%	$ 714

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data.
Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
OTHER LONG-TERM LIABILITIES
Last Ten Fiscal Years
(amounts expressed in thousands)

	Governmental Activities	Business-Type Activities			
Fiscal Year	Compensated Absences	Landfill closure/ postclosure	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2000	$ 102	$ 811	$ 913	0.20%	$ 43
2001	109	831	940	0.19%	43
2002	189	486	675	0.13%	30
2003	187	473	660	0.13%	28
2004	192	457	649	0.12%	28
2005	186	455	641	0.11%	26
2006	$ 169	$ 427	$ 596	0.09%	$ 23

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See the Schedule of Demographic and Economic Statistics on Table 15 for personal income and population data. Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Obligation Bonds (3)	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2000	$ -	$ -	-	0.00%	$ -
2001	15,750	2,753	12,997	1.07%	591
2002	13,635	-	13,635	0.70%	602
2003	12,770	3,528	9,242	0.46%	395
2004	12,455	5,451	7,004	0.34%	302
2005	11,660	7,006	4,654	0.21%	191
2006	$ 10,820	$ 9,320	$ 1,500	0.06%	$ 59

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
(1) See Table 6 for property value data.
(2) See Table 15 for population data.
(3) The Agreement for Sale payable is included here.
Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of December 31, 2006
(amounts expressed in thousands)

Governmental Unit	*Debt Outstanding*	*Percentage Applicable to Government*	*Amount Applicable to Government*
Lumpkin County direct debt (see Table 10)	$ 18,189	100.00%	$ 18,189
Overlapping General Obligation Debt:			
City of Dahlonega	13,228,991	100.00%	13,228,991
Lumpkin County School District	14,114,386	100.00%	14,114,386
Total, overlapping General Obligation Debt	27,343,377		27,343,377
Total direct and overlapping debt	$ 27,361,566		$ 27,361,566

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by county.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the county. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

LUMPKIN COUNTY, GEORGIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year						
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Assessed value of property	$ 138,810	$ 483,336	$ 483,336	$ 1,347,230	$ 1,307,845	$ 1,304,003	$ 1,303,597
Debt limit (10% of total assessed value)	13,881	48,334	48,334	134,723	130,785	130,400	130,360
Amount of Debt applicable to limit:							
General obligation bonds	-	15,750	13,635	12,770	12,455	11,660	10,820
Less: Resources restricted to paying principal	-	-	-	-	-	-	-
Total net debt applicable to limit	-	15,750	13,635	12,770	12,455	11,660	10,820
Legal debt margin	$ 13,881	$ 32,584	$ 34,699	$ 121,953	$ 118,330	$ 118,740	$ 119,540
Total net debt applicable to the limit as a percentage of debt limit	0.00%	32.59%	28.21%	9.48%	9.52%	8.94%	8.30%

Information for 1997-1999 is not available.

LUMPKIN COUNTY, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	Median Age	School Enrollment [3]	Unemployment Rate [4]
1997	18,731	$360,328	$ 19,237	N/A	2,974	3.10%
1998	19,709	402,418	20,418	N/A	3,049	3.20%
1999	20,547	426,001	20,733	N/A	3,191	2.20%
2000	21,016	460,986	21,935	32.5	3,163	1.80%
2001	21,976	487,603	22,188	N/A	3,232	2.30%
2002	22,665	506,699	22,356	N/A	3,413	2.90%
2003	23,412	510,499	21,805	N/A	3,497	2.50%
2004	23,185	540,164	23,298	N/A	3,520	3.50%
2005	24,324	606,370	24,929	N/A	3,675	4.50%
2006	25,462	$679,170	$ 26,674	N/A	3,721	4.10%

1990 Population: 14,573
Population percentage gain 1990-2000: 44.2%

Data sources:
[1] US Bureau of the Census
[2] Federal Bureau of Economic Analysis
Amounts expressed in thousands
[3] School District
[4] State Department of Labor

LUMPKIN COUNTY, GEORGIA
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	2006			1997		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
North Georgia College & State University	697	1	11.06%	-		0.00%
Lumpkin County Board of Education	615	2	9.76%	-		0.00%
Mohawk Industries	350	3	5.56%	-		0.00%
Lumpkin County Government	286	4	4.54%	-		0.00%
Wal-Mart	265	5	4.21%	-		0.00%
Timken US Corporation	251	6	3.98%	-		0.00%
Chestatee Regional Hospital	223	7	3.54%	-		0.00%
RefrigiWear, Inc.	110	8	1.75%	-		0.00%
The Home Depot	92	9	1.46%	-		0.00%
Hidden Lake Academy	83	10	1.32%	-		0.00%
All other employers	3,328		52.83%	-		0.00%
Total	6,300		100.00%	-		0.00%

Source: State Department of Commerce
Information for 1997 is not available.

LUMPKIN COUNTY, GEORGIA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	Full-time Equivalent Employees as of December 31		
	2004	2005	2006
Function			
General government	49	55	60
Public safety	90	95	
Sheriff			
Officers	-	-	65
Civilians	-	-	8
Emergency	-	-	2
Fire			
Firefighters and officers	-	-	2
Civilians	-	-	19
Court system	20	19	18
Public works	22	18	15
Recreation and culture	13	13	19
Housing and development	1	1	1
Solid Waste	-	-	-
Water and Sewerage Authority	2	2	3
Development Authority	1	1	1
Health Department	15	13	14
Hospital Authority	207	230	250
Water & Sewer	-	-	-
Total	420	447	477

Source: Government Budget Office

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.
Information for years 1997-2003 is not available.

LUMPKIN COUNTY, GEORGIA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year						
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Function							
Sheriff							
Traffic violations	2,961	2,603	2,991	2,175	2,245	2,169	2,111
Fire							
Number of calls answered	989	1,073	1,153	1,488	1,645	1,893	3,141
Inspections	24	35	41	67	96	215	369
Highways and streets							
Street resurfacing (miles)	94	15	33	13	36	5	23
Sanitation							
Refuse collected (tons/day)**	-	-	-	-	22	26	34
Recyclables collected (tons/day)***	-	-	-	-	-	0	1
Water							
New connections****	-	-	-	-	-	67	97
Water mains breaks**	-	-	-	-	17	36	20
Average daily consumption (thousands of gallons)	-	-	-	-	-	67,461	115,490

Information for 1997-1999 is not available.

** Information prior to 2004 is not available
****Information prior to 2005 is not available

LUMPKIN COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

	Fiscal Year						
Function	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
General government							
Buildings (1)	6	7	9	11	11	11	13
Vehicles	2	2	3	3	3	4	5
Small Equipment	13	15	17	19	21	21	20
Public safety							
Buildings (2)	4	5	5	5	5	5	5
Vehicles							
Fire/Pumper Trucks	8	8	10	10	12	13	13
Other Fire Dept. Vehicles	2	3	3	3	3	4	5
Ambulance/Rescue	5	5	5	6	6	6	4
Sheriffs Vehicles	10	12	13	20	25	32	35
JCCI Vehicles							
Other Public Safty Vehicles	1	1	1	1	2	2	3
Equipment	27	28	31	32	38	40	41
Other Public Safety Assets							
Court system							
Small Equipment	13	13	13	15	15	15	6
Public works							
Buildings	2	2	2	2	2	2	3
Vehicles							
Road Department	24	24	24	24	24	24	20
Building Inspector	3	3	3	5	5	5	6
Other	-	1	1	1	1	2	2
Small Equipment	-	-	-	-	-	-	1
Heavy Equipment	24	26	26	28	29	30	35
Roads							
Miles paved during year							
Miles Resurfaced during year					17	8	10
Total Miles Paved Roads							
Total Miles Unpaved Roads							
Health and welfare							
Undeveloped Land							
Buildings	1	1	2	2	2	2	2
Recreation and culture							
Buildings (4)	5	5	5	5	5	5	5
Vehicles	2	2	2	4	4	4	5
Equipment	6	6	7	7	8	10	10

Area in Square Miles: 285

Sources: Various county departments
Information is not available prior to 2000

(1) Major buildings include Administration Building
(2) Major buildings include Jail (housed an estimated 5,000 inmate days in 2006)
(3) Major Buildings include historic courthouse and new courthouse
(4) Major buildings include strucures at County Recreation Complex

LUMPKIN COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2006

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	$ 13,672
Recreational Trails Program	20.219	NRT-02(11)	100,000	35,087
			199,000	48,759
State and Community Highway Safety	20.500	MTG00-0123-00-052	41,979	33,320
Total U.S. Department of Transportation			240,979	82,079
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	427-93-06060328-99	14,678	14,678
Title III, Part C1, C2	93.045	427-93-06060328-99	22,889	22,889
Nutrition Services Incentive Program	93.053	427-93-06060328-99	5,544	5,544
		Aging Cluster	43,111	43,111
Social Services Block Grant	93.667	427-93-06060328-99	10,354	10,354
Total U.S. Department of Health and Human Services			53,465	53,465
U.S. DEPARTMENT OF JUSTICE				
Bulletproof Vest Program	16.607	FY 2005	20,254	2,848
Passed -through the Criminal Justice Coordinating Council				
Victim's Assistance (C05-8-084)	16.575	2005-VA-GX-0050	35,924	16,559
Victim's Assistance (C06-8-082)	16.575	2005-VA-GX-0050	35,924	-
Victim's Assistance (C04-8-183)	16.575	2006-VA-GX-0052	59,779	47,928
Victim's Assistance (C06-8-043)	16.575	2006-VA-GX-0052	59,779	17,960
			191,406	82,447
Violence Against Women Act Grant (W05-8-031)	16.588	2005-WF-AX-0005	33,540	32,829
Passed -through the Council of Juvenile Court Judges:				
Purchase of Service - Juvenile Offenders Program	16.523	03B-ST-0001	9,000	6,974
Purchase of Service - Juvenile Offenders Program	16.523	03B-ST-0003	9,000	3,293
			18,000	10,267
Total U.S. Department of Justice			263,200	128,391
DEPARTMENT OF HOMELAND SECURITY				
Passed-through the Georgia Emergency Mangement Agency				
Emergency Management Performance Grant	97.042	FY2006	10,603	10,603
State Domestic Preparedness Equipment Support Program	97.004	FY2006	155,832	155,832
Community Emergency Response Teams	97.053	FY2004	9,160	6,559
Passed-through the Federal Emergency Management Agency				
Disaster Assistance Projects	97.088	FEMA-1554-DR-GA	200,711	12,904
Total Department of Homeland Security			376,306	185,898
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	187,558
Total U.S. Department of Housing and Urban Development			350,000	187,558
TOTAL FEDERAL EXPENDITURES			$ 1,283,950	$ 637,391

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.

bates, carter + co.
Business Advisors | CPAs | Since 1962

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*

April 23, 2007

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, 2006, which collectively comprise the LUMPKIN COUNTY, GEORGIA's basic financial statements and have issued our report thereon dated April 23, 2007. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the LUMPKIN COUNTY HEALTH DEPARTMENT, as described in our report on LUMPKIN COUNTY, GEORGIA's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

525 Candler Street, NE | P.O. Drawer 2396 | Gainesville, GA 30503
p: 770.532.9131 f: 770.536.5223 e: cpa@batescarter.com

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.

internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Findings 06-01 through 06-23. However, of these significant deficiencies described above, we consider items 06-01 to 06-03 to be material weaknesses.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

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 instances 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 06-24 through 06-27.

LUMPKIN COUNTY, GEORGIA's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LUMPKIN COUNTY, GEORGIA's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, Board of Commissioners, others within the entity, 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., LLP

bates, carter + co.
Business Advisors | CPAs | Since 1962

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

April 23, 2007

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, 2006. 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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.

525 Candler Street, NE | P.O. Drawer 2396 | Gainesville, GA 30503
p: 770.532.9131 f: 770.536.5223 e: cpa@batescarter.com

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.

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, 2006.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the entity, 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., LLP

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

I SUMMARY OF AUDITORS' RESULTS:

1. Report issued on Financial Statements - Unqualified opinion
2. Internal Control (financial statements) – Twenty-three significant deficiencies, including three material weakness
3. Compliance (financial statements) – Four instances of noncompliance
4. Compliance (major programs) - Unqualified opinion, no instances of noncompliance.
5. Internal control (major programs) – No material weaknesses noted.
6. Audit findings required to be reported under A133 Section 510(a)
   - i) Significant deficiencies 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 97.004 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.

525 Candler Street, NE | P.O. Drawer 2396 | Gainesville, GA 30503
p: 770.532.9131 f: 770.536.5223 e: cpa@batescarter.com

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.

LUMPKIN COUNTY, GEORGIA
AUDITORS' SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

II AUDIT FINDINGS - GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

Finding Number

INTERNAL CONTROL

MATERIAL WEAKNESSES

FINANCE DEPARTMENT

06-01 ***Statement of Condition:*** Some grant activity including receivables, deferred amounts and matches were not properly recorded in the appropriate funds.

Criteria: All revenue for grants including accounts receivable should be recorded in the appropriate funds. Any amounts received and not spent should be recorded as deferred revenue in the appropriate fund.

Effect of Condition: Several audit adjustments were necessary to accurately reflect grant revenue, grant receivables, and deferred revenue for grants.

Cause of Condition: Cause unknown

Recommendation: We recommend verifying that the revenue recorded is for the entire year and for the total amount of eligible expenditures. Any amounts received and not spent should be recorded as deferred revenue until the amounts are expended. County matches should be properly recorded so they are easily identifiable with the grant revenue.

Response: We have made corrections to ensure that revenue is recorded as deferred until the amounts are expended. This is the second year using the grant fund and employees were still learning the system.

06-02 ***Statement of Condition:*** It appears that a month end review of general ledger account balances and activity is not performed as part of the month end closeout due to the number of adjustments recorded during the audit.

Criteria: An essential part of the month end closeout process involves reviewing, substantiating, and / or analyzing each general ledger account. The procedure helps to ensure that transactions are recorded properly, recorded in the correct period and permits meaningful budget to actual expenditure and revenue account analysis.

Effect of Condition: The month end financial reports are not complete and accurate for one of management's intended uses of analyzing variances in budget and actual revenues and expenditures.

Cause of Condition: The finance department possibly could use assistance with the approach to reviewing accounts on a monthly basis.

Recommendation: We recommend that each account in the general ledger be reviewed, substantiated or analytically supported in an "audit" approach. For balance sheet accounts, each account should be substantiated by a workpaper to support the month end balance. For revenue and expenditure accounts, a review of the general ledger account for incorrect postings should be done monthly.

Response: The general ledger account balances are reviewed monthly. There are some accounts that are adjusted at year end. Because of the small amount of staff, the finance office prints monthly reports and distributes to department heads and elected officials and if respective departments have corrections, those are made based on a review by the finance director. The finance director will begin the process of looking at each account monthly and making entries with the understanding that it will reduce the amount of time available for other duties.

06-03 ***Statement of Condition:*** The transfer and interfund payable accounts were used incorrectly when making entries across funds.

Criteria: The interfund and transfer accounts should remain balanced at all times. Transfer accounts should only be used when one fund is transferring a transaction to another fund. Interfund payable and receivable accounts should be used when one fund will need to repay another fund for the transaction.

Effect of Condition: Several audit adjustments had to be proposed to correctly reflect the interfund payables and transfers.

Cause of Condition: The finance department must post all transactions manually because the software doesn't properly balance transactions across funds.

Recommendation: We recommend that the finance department obtain proper training regarding the use of these transactions.

Response: The finance office has received proper training on these transactions and has made a correction to procedures.

OTHER SIGNIFICANT DEFICIENCIES

FINANCE DEPARTMENT

06-04 ***Statement of Condition:*** Adjustments were posted to the capital asset system through deletions and changing of amounts. These adjustments are not properly tracked in the system.

Criteria: All adjustments to the asset system should be made so that the system will properly track the changes.

Effect of Condition: Additional work had to be done to verify the beginning balances of the capital assets.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the disposal and partial disposal feature be used when removing assets from the asset system. Additionally most of the changes were made as a result of maintaining the CIP in the asset system. We recommend not using the system to maintain the CIP but using a more appropriate method.

Response: In past years, the finance staff had posted CIP in the fixed asset system. This results in multiple changes to the balances as the audit is completed. CIP will only be kept in an excel spreadsheet instead of keeping in a spreadsheet and the fixed asset system. Staff has been instructed to use the disposal and partial disposal feature of the system.

06-05 ***Statement of Condition:*** Capital assets are not being properly updated and maintained with the insurance listings and physical inventories.

Criteria: When an asset is disposed of by the county, the asset listing should be updated.

Effect of Condition: Many disposals were made in the current year that should have been made in prior years when the assets were actually disposed.

Cause of Condition: Cause unknown.

Recommendation: We recommend that a physical inventory be performed and compared to the asset listing with adjustments made every year. Additionally any changes to the insurance records should also be made to the asset listing.

Response: The finance office is conducting a physical inventory count. I cannot speak to previous years when a sale was conducted and assets not removed from the system, however, in future years the fixed asset listing will be compared to the insurance renewal documents and surplus lists approved by the Board of Commissioners.

06-06 ***Statement of Condition:*** The inventory listings provided by the EMS for inventory on the ambulances included items that are not inventory but actually assets below the capitalization threshold.

Criteria: Inventory should consist of items purchased to be used in a later period. These items are considered to be consumable.

Effect of Condition: The inventory asset was overstated by $32,781.

Cause of Condition: The EMS employees listed all items on the ambulances to be sure that all items are properly maintained and identified.

Recommendation: We recommend having two inventory listings. One for consumable goods and one for items below the capitalization threshold.

Response: The inventory for the ambulance was done in the same manner as 2005. A different staff auditor requested the change that resulted in the adjustment to the account. The county will only count consumable goods for the inventory in future years.

06-07 ***Statement of Condition:*** Part of the GIS system was bought on a 5 year payment term with the vendor. This contract payable was not recorded in the accounting records.

Criteria: All payables including contract payables should be recorded in the accounting records.

Effect of Condition: The liabilities and capital assets were understated by $104,000.

Cause of Condition: The finance department wasn't aware that this contract payable should have been recorded in the general ledger.

Recommendation: We recommend reviewing all contracts entered into by the board of commissioners for any financial implications.

Response: The finance department will review all contracts as they are approved and post any to the general ledger that are multi-year.

PLANNING DEPARTMENT

06-08 ***Statement of Condition:*** The Planning Department miscalculated the square footage or did not recheck total square footage calculated by applicant.

Criteria: All calculations should be accurate in order to charge proper amounts for building permits.

Effect of Condition: Square footage is calculated by adding heated or unheated space. On one occasion out of a sample of twenty-five, the two were not added properly resulting in an undercharge of $31.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Planning Department staff use some electronic method to recalculate all numerical transactions.

Response: A calculator will be used to verify every applicant's calculations. All calculations will be checked twice to ensure accuracy of square footage and amount charged.

SENIOR CENTER

06-09 ***Statement of Condition:*** The Senior Center has a savings account that the Finance Department was not made aware of. Additionally, it is not coded as public funds.

Criteria: To ensure proper reporting, the Finance Department should be made aware of all accounts opened and closed. In addition, to ensure collateralization of the funds they must be coded properly.

Effect of Condition: The assets may be understated. As well there may be inadequate monitoring of the activity in the accounts.

Cause of Condition: The account is for a small amount of money and the Senior Center was not aware of the necessity of sharing this information.

Recommendation: We recommend that the Finance Department be made aware of all bank accounts. In addition, we recommend that all bank accounts opened and closed be discussed and approved in the Lumpkin County Board of Commissioners meetings.

Response: This account has been included in the general ledger and will be monitored by the finance department.

MAGISTRATE COURT

06-10 ***Statement of Condition:*** Receipts issued for money received by the Magistrate Court did not agree to the deposits made into the bank account.

Criteria: A receipt should be issued for all money, including cash and checks, received in the Magistrate Court. Weekly deposits should reconcile the amounts held with the receipts issued since the last deposit.

Effect of Condition: There was $230 that was deposited with no receipt issued. Therefore the Magistrate Court is unsure of how to properly payout the funds.

Cause of Condition: Cause unknown.

Recommendation: A receipt should be issued for all money, including cash and checks, received in the Magistrate Court. Then the receipts issued for that day should be totaled and agreed to the cash and checks held. Any discrepancies should be researched and handled immediately. Deposits should be made every week that agree the money held to the amounts receipted for the week.

Response: The Magistrate's Court will issue receipts for all monies received.

06-11 ***Statement of Condition:*** The Magistrate Court staff received $1,718 in cash for restitution and paid the cash directly to the complainant.

Criteria: In order to insure proper internal controls, all cash and checks received by the Magistrate Court should be deposited into the Magistrate Court account and checks written to pay restitution.

Effect of Condition: There is no paper trail that the restitution owed was paid and then properly given to the complainant.

Cause of Condition: Cause unknown

Recommendation: We recommend receipting and depositing all funds into the bank account.

Response: We will make sure we deposit the cash directly into our bank account and then write a check to the complainant.

06-12 ***Statement of Condition:*** **This was a finding in prior year.** 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 the Judge prepare weekly deposits, agreeing that period's handwritten receipts to the funds in the safe while preparing the deposit.

Response: We will deposit money as soon as is received.

06-13 ***Statement of condition:*** The Magistrate Court is maintaining most of the financial records manually or using a simple spreadsheet including the receipt log.

Criteria: The Magistrate Court should be using an accounting software designed for court systems. This software should have controls over receipting processes and other accounting functions. The software should properly track cases and partial payments received so that disbursements are handled in compliance with state laws. Using a manual system provides room for many errors including problems with internal controls.

Effect of Condition: Numerous accounting errors were made during the year. This includes items mentioned in other findings such as not properly handling partial payments from probationers and receipting errors.

Cause of Condition: The Magistrate Court purchased new software during 2006 but stated that they didn't receive proper training for the new software. The Judge was looking into getting another new software.

Recommendation: We recommend that the court begin using appropriate software as soon as possible. Upon installing the software, we recommend that the Magistrate Court get the help of the finance department to establish good controls with the new software.

Response: We will make sure we receive the training we need.

06-14 ***Statement of condition:*** The Magistrate Court purchased software and didn't receive the training per the purchase agreement. After several attempts to receive the training per the agreement, the Magistrate Court abandoned the software and began looking for a new product.

Criteria: Whenever a purchase is made by any office in the county and the vendor doesn't provided the goods or services as stated in the contract, the county should pursue a refund for the purchase of the goods or services.

Effect of Condition: The Magistrate Court spent over $6,000 on a product deemed unusable.

Cause of Condition: The Clerk of Court signed this agreement and didn't have the authority to enter into this type of agreement. Because the Clerk of Court signed this agreement the Magistrate Judge had a difficult time in working with the software vendor.

Recommendation: We recommend that the Magistrate Court research and purchase its own software programs without involving the Clerk of Court. Anytime something is purchased and the goods or services are not provided the county should get a refund from the vendor.

Response: We have since purchased our own software.

06-15 ***Statement of condition:*** The Magistrate Court has a policy that allows defendants in bad check cases to pay the restitution directly to the plaintiff and bring in a signed form that the plaintiff received their money. Then the defendant pays the fine to the court and the case is closed.

Criteria: All payments of fines and restitution should be paid to the court. Money should be deposited by the court and a check issued from the Magistrate Court checking account.

Effect of Condition: There is not a good trail or proof to the court that the restitution was properly paid to the correct plaintiff per the Judge's court order.

Cause of Condition: Cause unknown

Recommendation: We recommend that the court discontinue this procedure and require that all payments come through the court accounts.

Response: We will discontinue this practice.

06-16 ***Statement of Condition:*** The Magistrate Court has allowed defendants to make partial payments directly to the court and not through a probation officer. The court then holds the cash received in the safe until the person pays in full and the funds are then deposited and paid out.

Criteria: All partial payments received should be disbursed at the time of receipt based on HB1EX. All funds received by the court should be deposited within the same week.

Effect of Condition: There was cash held by the court that was documented on financial reports provided. Amounts receipted were not deposited timely. Fines were not properly paid out.

Cause of Condition: Cause unknown.

Recommendation: We recommend monitoring these partial payments to make sure defendants are paying in a timely manner. At the time payment is made, these funds should be disbursed to the proper agencies according to HB1EX.

Response: We will begin implementing this process as soon as possible.

SHERIFF

06-17 ***Statement of Condition:*** **This was a prior year audit finding.** There is a lack of segregation of duties at the Detention Center and the Sheriff's Department. 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 each month.

Response: As of March 23, 2007 Mary Russo was removed from all bank accounts as authorized signer. Also all bank reconciliations will be reviewed and initialed by Chief Deputy Ed Anderson.

TAX COMMISSIONER

06-18 ***Statement of Condition:*** The Tax Commissioner does not match the list of funds being held to the cash balance each month.

Criteria: Since the Tax Commissioner operates trust funds where every dollar collected is due to some outside party, it is important that the liability for all funds held be determined each month.

Effect of Condition: Some items had been omitted from the list of funds being held.

Cause of Condition: The Tax Commissioner was unaware of the need for this step.

Recommendation: The Tax Commissioner is already preparing a list of funds held. We suggest comparing that list to the cash balance at the end of each month to make sure that this list is complete.

Response: I will compare my funds held with my bank balance each month to make sure it agrees.

CLERK OF COURT

06-19 ***Statement of Condition:*** The County spent $39,700 and $27,504 to fund the Clerk of Court's imaging system in the years ended December 31, 2005 and 2006, respectively. The Georgia Superior Court Clerks' Authority sends "Internet Project" funds to the Clerk of Court to help pay for the imaging system. At December 31, 2006, the Clerk of Court was holding $48,037 in the Internet Project account.

Criteria: The Clerk of Court should turn the balance of the Internet Project account over to the County to help offset the cost of the Clerk's imaging system and continue reimbursing the County for future imaging system costs from the Internet Project receipts.

Effect of Condition: The County is paying for the imaging system out of Capital Projects fund rather than the funds provided by the Georgia Superior Court Clerks' Authority that were designated for that purpose.

Cause of Condition: Unknown

Recommendation: We recommend that the Clerk of Court give the County the balance in the Internet Project bank account to offset the County's 2005 and 2006 costs and reimburse the County as need to offset future costs incurred for the imaging system.

Response: This Internet Project Account is for Historical records and not the ongoing imaging. The ongoing capital projects fund referred to includes microfilming from the current images and is a mandated requirement of the records of this office.

The Historical account was set up by agreement with prior Finance Director and all subsequent directors have been made aware as well as providing auditors with all the information related to this account as well as all of the accounts of this office. This was also discussed and explained at length with the current board of commissioners at recent public meeting. The older records are being scanned/imaged and being made available online and is resulting in revenue to the County. The Finance Department set up a line item for me to report the revenue resulting from this project. The income is increasing as I add more old records. Income has reached up to approximately $600.00 per month and continues to grow. The County is benefiting from the project with income and the public is benefiting by having the older records online to view and copy. This has been an increase in revenue to the County and at no cost to the County.

06-20 ***Statement of Condition:*** As of December 31, 2006, the Clerk of Court was holding $4,643 in the Technology Fee account and was not reporting the balance of the account to the Magistrate Court.

Criteria: The technology fees should pay for computer hardware and software upgrades for the Magistrate Court. The Clerk of Court can maintain the funds, but must report the balance of the account to the Magistrate Judge and the County.

Effect of Condition: The Magistrate Judge cannot adequately plan for computer software and hardware upgrades because he does not know how much money is available.

Cause of Condition: Unknown

Recommendation: We recommend that the Clerk of Court report the balance of the Technology Fee account on a regular basis to the County and to the Magistrate Judge. This report should include how much is committed to pay for current software contracts.

Response: This should be listed under the Finance Director. Please read the current law on The Magistrate Court Technology Fund. This Fund was set up and the law is being followed pursuant to the enactment of the Act of The General Assembly. (H.B.414) The Funds are set up in a segregated account. All disbursements from this account have all been at the request and direction of the Chief Magistrate of Lumpkin County. According to the Act, the Finance Director is to provide a detailed report of all income and expenditures to the Judge of the Magistrate Court and the Governing Authority of Lumpkin County. To ensure the effective implementation of this Act, I have collaborated with and given both the Magistrate and the Finance Director a report of total receipts and disbursement for the current ending calendar year and have provided the auditors with all the information on this Fund. The Records are available at all times. I have fully complied with the Law.

COMPONENT UNITS

WATER AND SEWERAGE AUTHORITY

06-21 ***Statement of Condition*** **This was a prior year audit finding.** As of December 31, 2006, the Authority's accounts receivable subsidiary ledger did not agree with the general ledger accounts receivable balance by $3,280.

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 This is an automated process where the adjustments and billings carry to the general ledger from the utility billing system. Upon analysis of the accounts it was determined that some revenue codes were not set up properly to flow to each individual accounts receivable account. This has been corrected in 2007.

06-22 ***Statement of Condition*** **This was a prior year audit finding.** As of December 31, 2006, the Authority's customer deposits subsidiary ledger did not agree with the general ledger customers' deposits balance by $2,600.

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: This is also an automated process that carries from the utility billing system to the general ledger. We could find no adjustments to the account in the current year that would have caused the difference. We will manually adjust the account as needed to correct this situation.

06-23 ***Statement of Condition*** While testing internal controls, we found an instance in which the Authority did not bill a customer for usage in January 2006.

Criteria The Authority should bill all customers on a monthly basis.

Effect of Condition The Authority did not receive the minimum monthly service charge for January 2006

Cause of Condition: The Authority was still entering the meter readings manually in January 2006. This meter reading was inadvertently skipped during the entry process.

Recommendation: We recommend that the Authority review the 'Zero Consumption Report' on a monthly basis to prevent an active account from not being charged. The Authority is using digital readers, but the report can help staff note if the Authority skipped a meter during the reading process.

Response: We have implemented the use of a digital hand held portable meter readings recording devise. The unit confirms the completion of readings with a written prompt on the LCD screen. The unit also enables the staff to load the readings electronically to the billing software for the customer bill calculation.

COMPLIANCE

FINANCE DEPARTMENT

06-24 ***Statement of Condition:*** **This was a prior year audit finding.** Actual expenditures exceeded budgeted appropriations for the following departments:

Department	Budget	Actual	Difference
Special Revenue Funds:			
Special Programs	$4,000	$112,332	$ 108,332
Multiple Grants - Judicial System	84,596	92,625	8,029

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 Board of Commissioners.

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 Board of Commissioners should adopt a budget amendment before the purchase order is prepared. Such amendments need to be adopted by ordinance or resolution by the Board of Commissioners in order to fulfill the requirements of State law.

Response: The special programs budget issue arises from accounts that the Sheriff's Office controls and doesn't report transactions to finance for posting to the general ledger. If the finance office was aware of the transactions, a budget amendment would have been requested. The multiple grant budget issue arose from an audit entry and was too late in the year for a budget amendment.

06-25 ***Statement of Condition:*** The County budgeted for a fund balance deficit in the Juvenile Services Special Revenue Fund for the year ended December 31, 2006.

Criteria: Georgia Code Section 36-81-3 states each local government shall adopt and operate under an annual balanced budget for governmental funds. The County cannot budget for a fund to have a deficit fund balance.

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

Cause of Condition: The County put the amount that was expected to be expended for the fund as the expenditure budget and did not compare to the available fund balance.

Recommendation: We recommend that during the budget adoption process the county review the fund balances and the effect that the budget will have on those fund balances.

Response: During the budget process, this account was overlooked. In future years, fund balances will be verified prior to the adoption of the budget.

MAGISTRATE COURT

06-26 ***Statement of Condition:*** The Magistrate Court did not properly pay out fines received from probationers. Amounts turned over to the court for May through November were not paid out until January 2007. These fines were all turned over to the county instead of being properly dispersed.

Criteria: House Bill 1 EX states that all payments received from probationers should be paid out when received based on a priority list of receiving agencies.

Effect of Condition: At December 31, 2006, the Magistrate Court was holding $7,593 for probation payments. The county was overpaid $3,024 in fines.

Cause of Condition: Cause unknown.

Recommendation: We recommend that the Magistrate Court comply with the state laws governing the disbursement of fines received from probationers. When fines are received from the probation office they should be paid out within 10 days. Payouts should be in compliance with the guidance issued by the Clerk's Authority.

Response: We will make sure we do our pay-outs correctly in the future.

COMPONENT UNITS

WATER AND SEWERAGE AUTHORITY

06-27 ***Statement of Condition:*** The Authority failed to comply with Section 12 of the Water and Sewerage Revenue Bonds, Series 2000 Bond Ordinance dated November 1, 2000, with U.S. Bank, whereby the Authority's debt service account balance was $109,759, or approximately sixty percent of the required funds to pay the $186,256 of the principal and interest accrued to date.

Criteria: The bond agreement requires the Authority to maintain enough funds to pay all principal and interest accrued to date. In addition, the Authority is required to maintain a minimum balance in the debt service reserve account at or above the lower of ten percent of the outstanding 2000 bond debt or 125% of the average of all annual debt service requirements.

Effect of Condition: If the Authority is unable to maintain the required balance in the debt service account, U.S. bank will withdraw the necessary funds from the debt service reserve account on any February 1 and August 1 in which the debt service account does not have sufficient funds to pay the principal and interest due. If the Authority cannot fund the resulting deficit in the debt service reserve account, the County will be required to fund the deficiency in the debt service reserve account as agreed in the Intergovernmental Contract with the Authority dated November 1, 2000.

Cause of Condition: The Authority is experiencing a shortage due to low operating revenues, high operating costs, high cash outflows related to construction in progress, and lower than expected non-operating revenues.

Recommendation: We recommend that the Authority take the necessary measures to ensure that it is in compliance with the bond requirements. If the Authority anticipates future deficits cannot be avoided, it needs to consult with the County so that the County can take necessary measures to make sure that funds are available to fund the deficit.

Response: The Authority contacted U.S. Bank in July 2006 to verify we were current by paying the interest due at that time. The Authority did implement a rate increase effective December 2006 to cover the cost of operation. The anticipated revenues should enable the Authority from repeating the cash flow shortfalls incurred in 2006.

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, 2006.