

FAYETTE COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2006



FAYETTE COUNTY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2006

Prepared by

County Finance Office



INTRODUCTORY SECTION

This Section Contains the Following Subsections:

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EXCELLENCE IN FINANCIAL REPORTING

LISTING OF PRINCIPAL OFFICERS

ORGANIZATIONAL CHART

Fayette County, Georgia

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Fayette County GEORGIA

Where Quality Is A Lifestyle

December 15, 2006

Honorable Greg Dunn, Chairman,
Members of the Board of Commissioners
and the Citizens of Fayette County, Georgia

The Comprehensive Annual Financial Report of Fayette County, Georgia for the fiscal year ended June 30, 2006, is hereby submitted as mandated by both Local ordinances and State statutes. These ordinances and statutes require that Fayette County, Georgia issue a report on its financial position and activity on an annual basis, and this report is to be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds, account groups, and component units of Fayette County, Georgia. All disclosures necessary to enable the reader to gain an understanding of the County financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a list of Fayette County's principal officials, department directors and elected officials, and an organizational chart. The financial section includes the management's discussion and analysis, basic financial, combining and individual funds financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A section.

In accordance with certain provisions contained in the 1996 amendments to the Single Audit Act, the County is required to undergo an annual single audit report on federal programs activity for the fiscal year ended June 30, 2006. The dollar threshold of applicability requiring a single audit is $500,000 of which the County's program expenditures did meet. Information related to the single audit, including a report on compliance and on internal control over financial reporting is included in a separately issued single audit report.

Mailing Address: 140 Stonewall Avenue West, Fayetteville, GA 30214 • Main Phone: 770-460-5730 • Website: www.fayettecounty.ga.gov

Reporting Entity

The financial reporting entity (Fayette County) includes all the funds of the primary government, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and included as part of the primary government. The Fayette County Public Facilities Authority (PFA) is included as a blended component unit.

Discretely presented component units are reported as a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from the primary government. The Fayette County Development Authority and the Fayette County Department of Public Health are reported as discretely presented component units.

The County provides a full range of services to its estimated 103,700 citizens. Some of the services which are available to at least a portion of those residents include police and fire protection; emergency medical services; court systems; library services; the construction and maintenance of highways, streets and infrastructure; fleet maintenance; buildings and grounds maintenance; tax assessment and collection; planning and zoning; building permitting and inspections; recreational activities and cultural events; and inherent administrative support services.

The County also operates a potable water distribution system and a solid waste management system, which are shown as Enterprise Funds in this report. The Water System was established in 1965 and serves approximately 26,935 customers in the unincorporated areas of the County and through the County owned distribution systems in the City of Peachtree City and the Towns of Tyrone and Woolsey. The Water System also wholesales water to the City of Fayetteville and the Town of Brooks pursuant to wholesale water contracts, which expire in 2034 and 2024, respectively.

The Fayette County Board of Education and the Fayette County Department of Family and Children Services are not included as a part of the County's reporting entity because their operations do not meet the potential component unit inclusion criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Reporting Entity. The principal reasons for their exclusion are that they have their own governing boards, prepare their own budgets, and are financially independent.

Government Structure, Local Economic Condition and Outlook

Fayette County, which was established in 1821, is a body corporate and politic organized and existing under the Constitution and the laws of the State of Georgia. Encompassing only about 199 square miles, it is one of the smaller counties in the State in terms of area. Fayette County is geographically located in the northwestern part of Georgia about 15 miles south of the city limits of Atlanta and is considered an integral part of the Metro Atlanta area.

The governing authority of Fayette County is a Board of Commissioners consisting of five elected members. The commissioners serve on a part-time basis and are elected to staggered terms of four years. While all five commissioners are elected at large, three must come from the different road districts within the County. At their first meeting each calendar year, the Commission Chairman and Vice-Chairman are selected by the Board. In their policy making capacity, the Board of Commissioners is authorized to levy taxes; direct and control all property of the County; establish, alter, or abolish roads and bridges; fill vacancies in County offices unless others are empowered to do so; examine, settle and allow claims against the County; examine and audit the accounts of all officers having the care, management, keeping, collection, or disbursement of money belonging to the County; establish the cost of licenses; and make such rules and regulations as necessary for the protection and preservation of health, safety, welfare, and morals. The Board of Commissioners appoints the County Administrator who serves as the County's chief administrative officer. The County Administrator is responsible for the daily operations of all County functions in accordance with the policies of the Board of Commissioners.

The economic condition and outlook for Fayette County remains positive. The assessment of property in the County has increased 7.41% from $4,446,671,000 in 2005 to $4,776,348,000 in 2006. The unemployment rate at June 30, 2006 was 4.3 percent compared to the State average of 5.2 percent.

Collections from sales taxes within Fayette County were strong during fiscal year 2006. The local option sales taxes topped $10 million for the first time, a 13.2% increase over last year's collections. The special local option sales tax, effective April 1, 2004, for road infrastructure improvements totaled $16.7 million for Fayette County's 84.5% portion.

Fayette County continues to benefit economically by being an integral part of one of the top growth areas in the United States. The Metropolitan Atlanta region represents one of the nation's primary transportation and distribution centers as well as being a major financial and consumer services leader. Georgia's geographically central location for domestic distribution, excellent surface transportation system, telecommunications infrastructure and proximity to major consumer markets make the State an excellent base for air cargo operations.

The quality and quantity of services provided by the County to its residents are second to none. In Fayette County, one will find one of the highest ranked school systems in Georgia, the lowest crime rate in the Metro-Atlanta area, and an efficient County government with one of the lowest millage rates and service costs per capita in the State. Each of these quality of life factors combine to make the County an extremely attractive place in which to reside.

Accounting and Budgetary Controls

Management of Fayette County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not

exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance for the proper recording of financial transactions.

The County maintains budgetary controls to ensure compliance with the legal provision of the annual appropriations budget approved by the Board of Commissioners. Statutes of the State of Georgia require the County to operate under an annual balanced budget adopted by resolution. The County Administrator is responsible for preparing the annual budget, which is then submitted to the Board of Commissioners for discussion and adoption.

Activities of the General Fund and Special Revenue Funds are included in the annual appropriations budget. Cash flow budgets are prepared and adopted for both of the Enterprise Funds. Project length financial plans are approved for the construction projects that are reported in the Capital Projects Funds.

The applicable State statutes require that the County not exceed its budget at the department level. The legal level of County budget control (the level at which expenditures may not exceed appropriations) for each legally adopted annual operating budget is at the department level. Administrative budgetary control is maintained internally at an object of expenditure level within the department or function. County Department Heads can authorize the transfer of appropriations among accounts within their department's budget. The Board of Commissioners must approve all other transfers or supplemental appropriations. The County's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

The County maintains an encumbrance accounting system as another means of accomplishing budgetary control. Encumbered amounts at year-end are recorded as a reservation of fund balance and carried forward into the ensuing year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, U.S. Government securities and repurchase agreements. At June 30, 2006, the County has investments in certificates of deposit, U.S. Government securities, repurchase agreements, and the Georgia Fund 1 State Investment Pool. The County earned interest revenue of $3,741,522 on all investments of the governmental and proprietary types for the year ended June 30, 2006.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits are required to be either insured by federal depository insurance or collateralized. At June 30, 2006, all of the County's depositories provided sufficient and/or proper collateralization of the County's deposits. All other collateral on deposits was held either by the County, its agent, or a financial institution's trust department in the County's name.

Risk Management

Fayette County is self-insured for workers' compensation and employee dental and vision coverage. The Government maintains excess coverage for specific stop loss claims exceeding $350,000 for public safety and $300,000 for all other employees for the workers' compensation program. Third party administrators are employed to process claims for the workers' compensation, dental and vision programs.

The County's Human Resource Department monitors all self-funded and fully insured programs to develop programs for accident prevention and claims reduction in all County departments.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Cherry, Bekaert & Holland LLP was selected by Fayette County to perform the June 30, 2006 audit. This report has been prepared in accordance with those State requirements set forth. The auditors' report on the basic financial statements and the combining and individual funds statements and schedules are included in the financial section of this report.

Reporting Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Fayette County for its comprehensive annual financial report for the year ended June 30, 2005. The County has received this award for each of the last thirteen years. In order to be awarded a Certificate of Achievement, Fayette County published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 comprehensive annual financial report 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.

In addition, Fayette County also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for fiscal year 2006.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the various County departments and officials, and in particular, the staff of the Finance Department. Our sincere appreciation is extended to each individual for the contributions made in the preparation of this report.

We would also like to thank the Chairman and members of the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner and through whose efforts we have made substantial progress in responding to the extraordinary demands placed upon our community. We believe that the accomplishments that have been identified in this transmittal letter and the accompanying MD&A section clearly indicate that the Board of Commissioners has effectively and efficiently planned and managed the resources that were entrusted to them by the Citizens of the County.

Respectfully submitted,

Christine L. Venice

Christine L.Venice
County Administrator

Mary S Holland

Mary S. Holland
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Fayette County Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 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

FAYETTE COUNTY, GEORGIA

LISTING OF PRINCIPAL OFFICIALS

June 30, 2006

BOARD OF COMMISSIONERS
Gregory M. Dunn, Chairman
Linda Wells, Vice Chairman
Herbert E. Frady
Robert Horgan
Peter Pfeifer

COUNTY ADMINISTRATOR
Christine L. Venice

ACTING COUNTY FINANCE DIRECTOR
Mary S. Holland

COUNTY PURCHASING AGENT
Tim Jones

COUNTY ATTORNEY
McNally, Fox & Grant, P.C.

TAX COMMISSIONER
George Wingo

SHERIFF
Randall Johnson

MAGISTRATE COURT JUDGE
Charles R. Floyd, Jr., Chief Magistrate

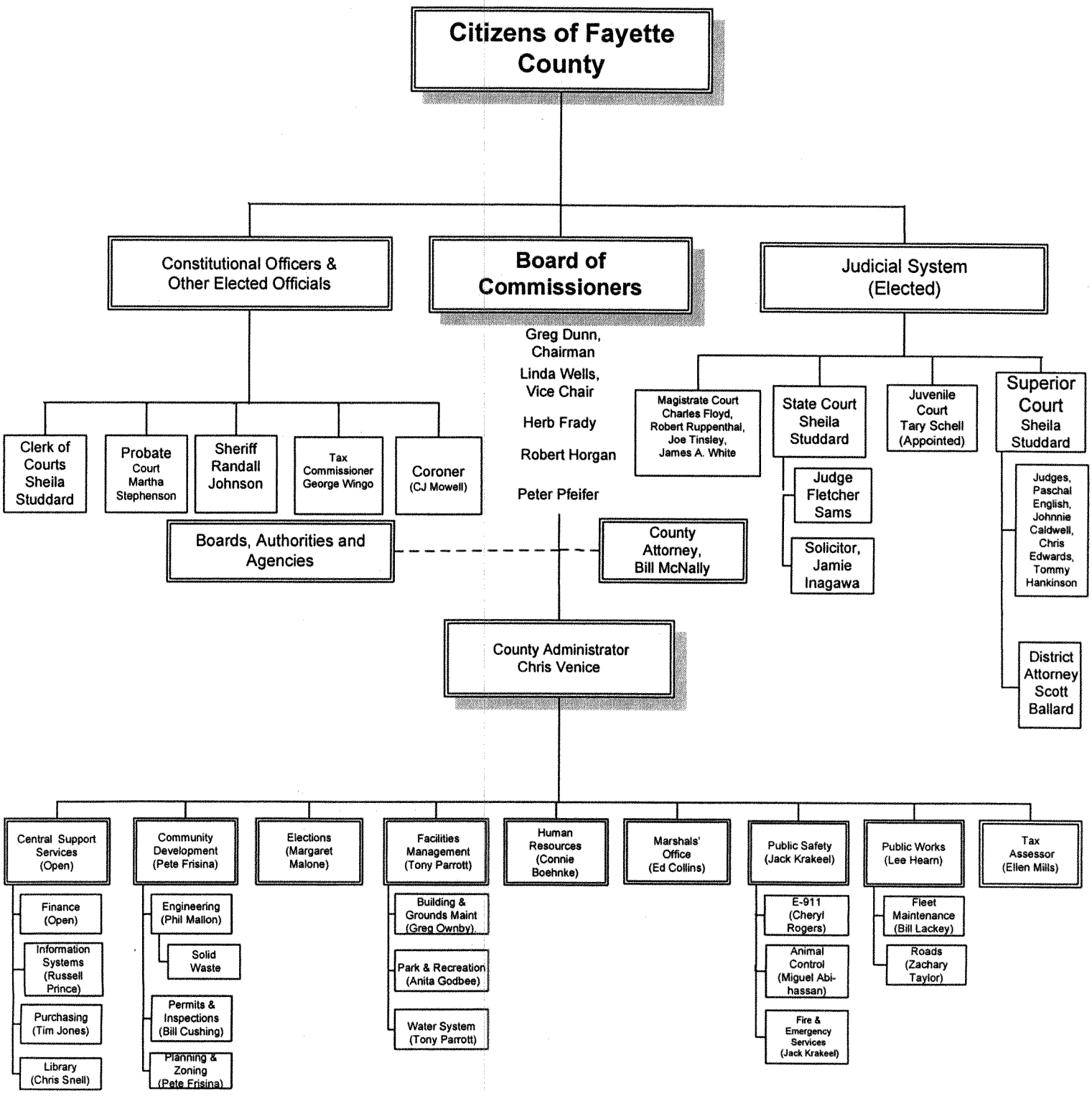
PROBATE COURT JUDGE
Martha Stephenson

CLERK OF SUPERIOR COURT
Sheila Studdard

AUDITORS

Cherry, Bekaert & Holland, L.L.P.

Fayette County, Georgia
Organizational Chart
as of 06/30/2006





FINANCIAL SECTION

This Section Contains the Following Subsections:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

CHERRY BEKAERT& HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Fayette County Georgia
Fayetteville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of Fayette County, Georgia (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fayette County Department of Public Health, and the Fayette County Development Authority which represents 100 percent of the assets and 100 percent of the revenues of the aggregate discretely presently component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to amounts included for the Fayette County Department of Public Health and the Fayette County Development Authority is based solely on the reports 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 the other auditors, the financial statements referred to above present fairly, in all material respects, the 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 the County as of June 30, 2006, and the respective changes in financial

position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2006 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 15 and the budgetary comparison information on pages 56 through 59 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily 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 the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables, and the accompanying schedule of expenditures of Federal awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organization for the year ended June 30, 2006, are presented for purposes of additional analysis and are not part of the basic financial statements. The combining and individual nonmajor fund financial statements, the accompanying schedule of expenditures of Federal awards, and the schedule of projects constructed with special sales tax proceeds have been subjected to the auditing procedures applied in our 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.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia
December 14, 2006

Fayette County, Georgia
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006

Management's discussion and analysis provides a narrative overview and analysis of the financial activities of the Fayette County Board of Commissioners for the fiscal year ended June 30, 2006. Management encourages readers to consider the information presented here in conjunction with additional information we have included in our letter of transmittal, which can be found on pages v-x in the introductory section of this report and the Government's financial statements following.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These basic statements consist of three sections: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other information supplementary to the basic financial statements themselves.

Government-wide Financial Statements

Government-wide financial statements include a Statement of Net Assets and a Statement of Activities, and provide both long-term and short-term information about the County's overall financial status. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net assets of governmental activities and business-type activities and the change in net assets. Governmental Activities are primarily supported by property taxes, sales taxes, other taxes, federal and state grants, fines, and charges for services. Business-type activities are supported by charges to the users of those activities, such as water service charges.

The Statement of Net Assets presents information on the County's assets and liabilities. Net assets, the difference between these assets and liabilities, is a useful way to measure the County's financial health. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during this current fiscal year. 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. Therefore, some revenues and expenses are reported here that will only result in cash flows in future years, such as uncollected taxes and earned but unused vacation leave. Additionally, this statement shows how much of the County's activities are funded by program revenue (charges for services, grants, and contributions) and how much the County's functions rely on general revenues (primarily taxes) for funding.

The government-wide financial statements include not only the County itself (called the primary government), but also legally separate entities for which the County is financially accountable (called component units). The activities of the primary government are comprised of functions of the County that are primarily financed by taxes and intergovernmental revenues. Examples include courts and law enforcement, public safety, planning and community development and general government. The County's statements include two component units for which the County is financially responsible: the Fayette County Development Authority and the Fayette County Department of Public Health. The financial information for these component units is reported separately from the financial

information presented for the primary government. Complete financial statements for each of the individual component units can be obtained from:

Fayette County Development Authority
200 Courthouse Square
Fayetteville, Georgia 30214

Fayette County Department of Public Health
104 Stone Avenue, West
Suite 107
Fayetteville, Georgia 30214

Fayette County Public Facilities Authority although legally separate, functions for all practical purposes as part of the County, and therefore the activities of the Authority have been included as an integral part of the primary government.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fayette County uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. All funds of Fayette County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Fayette County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for those considered to be major funds: the General Fund, the Fire District Fund, SPLOST County-wide roads CIP, and the Criminal Justice Center Capital Project Fund. Individual data from the remaining non-major governmental funds are combined into a single, aggregate column marked "Non-Major Governmental Funds". Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

Fayette County adopts an annual appropriated budget for the General Fund and for each Special Revenue Fund. A budgetary comparison statement is provided for the General Fund, and each of the Special Revenue Funds, in order to present budgetary compliance. Project Length Budgets are adopted for each Capital Project Fund. Budgetary comparison statements are presented, in order to present budgetary compliance.

Proprietary funds - The financial statements of Fayette County include four internal service funds: the Worker's Compensation Self-Insurance Fund, the Medical Self-Insurance Fund, the Dental/Vision Self-Insurance Fund, and the Vehicle Replacement Fund. Internal service funds are a type of proprietary fund used to accumulate and allocate costs internally among various functions in the County. Also, included in the financial statements are two enterprise funds: Water System Fund and Solid Waste Fund which are types of proprietary funds. Proprietary fund

statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Additional information about the County, which may be of interest to the reader, is found in the Statistical section of the report.

Financial Highlights

- The assets of Fayette County Governmental Activities exceeded its liabilities at June 30, 2006 by $103,448,831 (net assets). Of this amount, $82,196,989 is unrestricted net assets. Fayette County's Business-type Activities exceeded its liabilities at June 30, 2006 by $74,357,503 (net assets). Of this amount, $4,355,880 is unrestricted net assets. The Primary Government's total unrestricted net assets is $86,552,869 and may be used to meet the County's ongoing obligations to citizens and creditors.

Fayette County's Net Assets

	Government Activities		Business Type Activities		Primary Government	
	2006	2005	2006	2005	2006	2005
Current and other assets	$ 98,247,155	$74,935,060	$ 17,513,475	$ 16,565,943	$115,760,630	$ 91,501,003
Capital assets	75,936,496	78,638,890	108,346,992	108,963,011	184,283,488	187,601,901
Total assets	174,183,651	153,573,950	125,860,467	125,528,954	300,044,118	279,102,904
Long-term liabilities	58,040,606	64,162,469	47,298,941	49,315,519	105,339,547	113,477,988
Other liabilities	12,694,214	5,540,221	4,204,023	4,172,021	16,898,237	9,712,242
Total liabilities	70,734,820	69,702,690	51,502,964	53,487,540	122,237,784	123,190,230
Net assets:						
Invested in capital assets, net of related debt	11,881,854	12,626,621	58,928,256	57,616,988	70,810,110	70,243,609
Restricted	9,369,988	4,643,916	11,073,367	11,095,278	20,443,355	15,739,194
Unrestricted	82,196,989	66,600,723	4,355,880	3,329,148	86,552,869	69,929,871
Total net assets	$103,448,831	$83,871,260	$74,357,503	$72,041,414	$177,806,334	$155,912,674

Statement of Net Assets & Activities

As noted earlier, changes in net assets over time can be a useful indicator of a government's financial position. At the end of fiscal year ending June 30, 2006, the County's assets exceeded liabilities by $177,806,334, or $21,893,660, a 14% increase over 2005.

This increase for governmental activities can be contributed mainly to the special local option sales tax implemented April 1, 2005. Collections totaled $16.7 million during this fiscal year, and expenditures for the SPLOST programs will start next fiscal year, 2007. Fayette County's property tax revenues came in stronger than anticipated by $2.1 million while expenditures remained consistent with forecasts. The tax base increased 7.41%. This is a further indication of Fayette County's strong economy. In addition, the bond debt for Business-type activities was reduced by $2 million further increasing the primary government total net assets.

The following summarizes the components of the County's net assets at June 30, 2006 for the primary government.

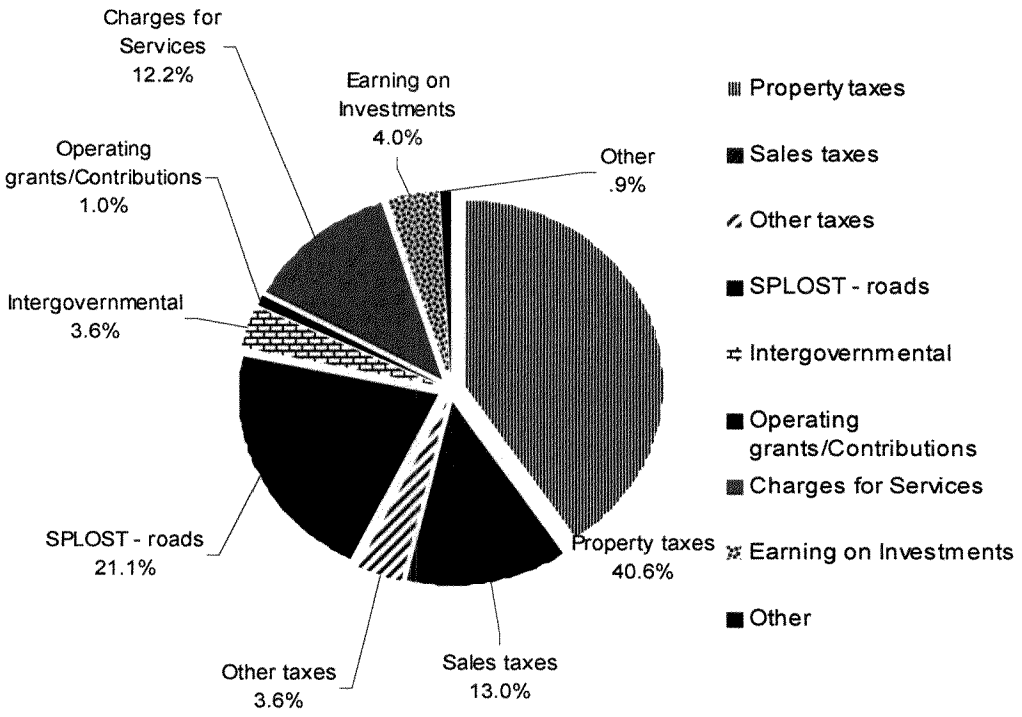
Fayette County's investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment), less any outstanding related debt used to acquire the asset and accumulated depreciation, equals 33.86 percent of net assets. The County uses these capital assets to provide services to citizens and, consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the assets themselves are not readily available to liquidate these liabilities.

Fayette County's net assets also include restricted net assets of $20,443,355 (or 11.50 percent of net assets), and unrestricted net assets of $86,552,869 (or 48.68 percent of net assets). Restricted net assets represent resources subject to external restriction on how they may be used. Unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors.

Fayette County's Statement of Activities and Changes in Net Assets

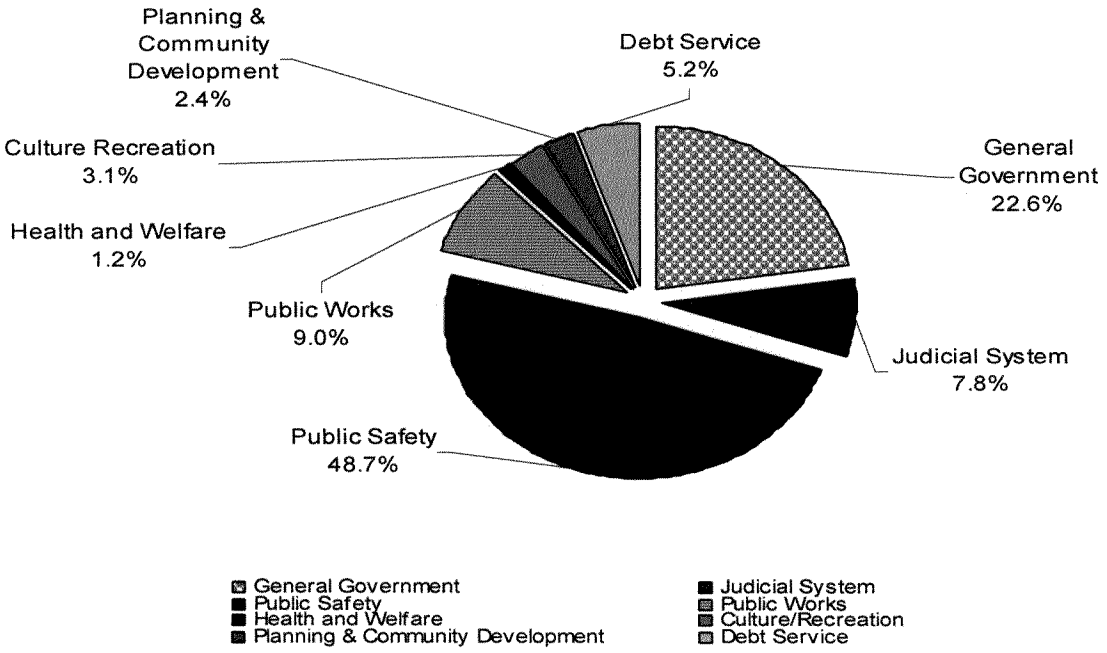
	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues:	2006	2005	2006	2005	2006	2005
Program revenues						
Charges for services	$9,680,580	$9,257,856	$12,572,078	$11,691,434	$22,252,658	$20,949,290
Operating grants and contributions	808,590	85,068	-	-	808,590	85,068
General revenues						
Property taxes	32,103,630	30,178,341	-	-	32,103,630	30,178,341
Sales taxes	10,296,451	9,092,061	-	-	10,296,451	9,092,061
SPLOST – roads	16,676,100	3,242,853	-	-	16,676,100	3,242,853
Other taxes	2,874,588	2,495,302	-	-	2,874,588	2,495,302
Earning on Investments	3,194,159	1,916,256	550,275	253,588	3,744,434	2,169,844
Intergovernmental	2,880,454	1,324,636	-	-	2,880,454	1,324,636
Other	683,916	1,068,798	37,351	428,793	721,267	1,497,591
Total revenues	79,198,468	58,661,171	13,159,704	12,373,815	92,358,172	71,034,986
Expenses:						
General government	13,589,479	8,734,408	-	-	13,589,479	8,734,408
Judicial	4,677,929	4,336,761	-	-	4,677,929	4,336,761
Public safety	29,331,567	25,422,795	-	-	29,331,567	25,422,795
Public works	5,433,833	4,611,615	-	-	5,433,833	4,611,615
Health and welfare	689,879	819,266	-	-	689,879	819,266
Culture and recreation	1,871,303	1,774,572	-	-	1,871,303	1,774,572
Planning and development	1,460,636	1,435,272	-	-	1,460,636	1,435,272
Interest and fiscal charges	3,156,175	3,152,414	-	-	3,156,175	3,152,414
Water System	-	-	12,394,341	12,411,434	12,394,341	12,411,434
Solid Waste	-	-	121,420	149,197	121,420	149,197
Total expenses	60,210,801	50,287,103	12,515,761	12,560,631	72,726,562	62,847,734
Capital contributions and transfers						
Donated capital	-	-	2,262,050	2,729,684	2,262,050	2,729,684
Transfers in	589,904	557,420	-	-	589,904	557,420
Transfers out	-	-	(589,904)	(557,420)	(589,904)	(557,420)
	589,904	557,420	1,672,146	2,172,264	2,262,050	2,729,684
Increase (decrease) in net assets	19,577,571	8,931,488	2,316,089	1,985,448	21,893,660	10,916,936
Net assets, beginning of year	83,871,260	74,939,772	72,041,414	69,627,114	155,912,674	144,566,886
Adjustment to prior year net assets	-	-	-	428,852	-	428,852
Net assets as restated	83,871,260	74,939,772	72,041,414	70,055,966	155,912,674	144,995,738
Net assets, ending of year	$103,448,831	$83,871,260	$74,357,503	$72,041,414	$177,806,334	$155,912,674

Major Governmental Fund Revenues by Source



Major Governmental Fund Maintenance and Operating Expenditures by Function

	General Fund	Fire Fund	Total Expenditures
General Government	$13,589,479	$ -	$13,589,479
Judicial System	4,677,929	-	4,677,929
Public Safety	23,310,312	6,021,255	29,331,567
Public Works	5,433,833	-	5,433,833
Health & Welfare	689,879	-	689,879
Culture/Recreation	1,871,303	-	1,871,303
Planning & Community Development	1,460,636	-	1,460,636
Debt Service	3,156,175	-	3,156,175
Total Expenditures	$54,189,546	$6,021,255	$60,210,801



As of June 30, 2006, Fayette County's total governmental funds reported combined ending fund balances of $78,240,855, an increase of $20,756,576 in comparison with the previous fiscal year. More information on this increase can be found in the individual fund sections starting below. Approximately 93.96 percent or $73,516,691 is made up of unreserved fund balance that is available to meet the County's ongoing obligations to creditors. The remainder of the fund balance, $4,724,164, is reserved to indicate that it is not available for new spending because it has already been committed. The amount reserved for purchase order commitments is $68,969.

- The debt of Fayette County decreased by $1,165,000 the principal payment of the Fayette County Public Facilities Authority during the current fiscal year.

- Fayette County's capital lease debt decreased by $684,800 for fiscal year 2006.

- The maintenance and operations property tax rates of the General Fund and the Fire Fund were decreased from FY2005 to FY2006 as follows:

Fund	M&O Tax Rate FY2005	M&O Tax Rate FY2006	Decrease in Tax Rate	Percentage Decrease
General	5.42	5.191	0.229	4.23%
Fire	3.23	3.091	0.139	4.30%

Fund Financial Information

Major Governmental Funds

General Fund

The General Fund is the chief operating fund of the County. At June 30, 2006 the unreserved fund balance in the General Fund was $29,267,067, of which $26,878,685 is designated for emergencies ($2,000,000), working capital ($12,356,532), future expenditures ($9,428,742) and capital improvements ($3,093,411). As a measure of the liquidity of the General Fund, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures, unreserved fund balance represents 61.21 percent of total General Fund expenditures, while total fund balance represents 61.56 percent of that same amount.

The fund balance of the County's General Fund increased by $876,337 during the current fiscal year. Compared to FY2005's figure of $5.0 million, revenues were $7.7 million over expenditures in FY2006, mainly due to a $2.1 million increase of property taxes collected. Even with the millage tax rates rolled back, the tax digest base for Fayette County increased by 7.4 percent.

Transfers offset the excess of the $7.7 million revenues over expenditures by transferring $6.8 million to capital projects and for vehicle replacement purposes, compared to $3.6 million in FY2005. Expenditures for the year were $0.3 million less than the prior year.

General Fund Budgetary Highlights

The leadership of Fayette County desires to provide quality governmental services at an optimum cost. In order to achieve this objective, the budgetary process provides assurance that approved budgets are fully justified.

During fiscal year 2006, the revenue budgets of the General Fund exceeded budgetary estimates by a total of $1,601,958. Property taxes as previously mentioned made up $467,000 of this overage and sales taxes came in $734,000 stronger than anticipated. Fayette County continues to grow evident by the increase in the County tax digest by 7.41%. In addition, Fayette County has one of the lowest sales tax rates in the surrounding area. At 6%, residents outside of the County are drawn here to Fayette to take advantage of the lower sales tax rate.

The County has been able to lower the property tax rate in both the General Fund and the Fire Fund for the fourth consecutive fiscal year. Further, the County Departments have been provisioned with ample resources to continue delivery of first class governmental services.

Other Major Governmental Funds

The Fire District Fund has a total fund balance of $4,881,682, which represents an increase from the prior year of $1,141,618. Total fund balance for the Fire District Fund is 81.07 percent of its 2006 expenditures. In an effort to improve the financial position of the Fire Fund, the fund balance was budgeted to increase $667,952 during fiscal year 2006. The increase was necessary to provide sufficient working capital, and the necessary resources for funding the planned capital outlay as outlined in the five year capital improvement program. The actual increase of $1,141,618 was a result of unanticipated revenues of $349 thousand and favorable expenditures of $125 thousand.

The Criminal Justice Center Capital Project Fund has a total fund balance of $7,602,716, which represents a decrease from the prior year of $3,654,015. During fiscal year 2006, $3,848,261 in debt service expenditures were paid. With construction complete on the Justice Center, the annual debt service payment for 2006 was made directly from this fund, where last year's payment was made by the General Fund.

The SPLOST County-Wide Roads Capital Project Fund has a total fund balance of $16,656,327, which represents an increase from the prior year of $13,968,576. The primary reason for the increase is a full year of activity from the implementation of a one-cent Special Purpose Local Option Sales Tax (SPLOST) for Road and Bridge purposes. The proceeds of this tax will provide an estimated $115,867,000 for construction of transportation projects within the County and improvements to the County's transportation infrastructure. The tax was effective on April 1, 2005. During fiscal 2006, S.P.L.O.S.T. proceeds totaled $13,817,137. While expenditures were only $169,370.

Non-Major Governmental Funds

Special Revenue Funds

At June 30, 2006, the fund balances for the Non-Major Special Revenue Funds totaled $4,060,006. During the fiscal year, the total fund balances for these funds increased by $737,608. The majority of this change was due to the Law Enforcement Confiscated Monies Fund which netted $930,734 in federal forfeiture funds. At June 30, 2006, fiscal 2006 expenditures of $2,436,661 for the non-major special revenue funds represented 15.6 percent of year-end fund balances.

Capital Projects

At June 30, 2006 the Non-Major Capital Projects funds had a combined fund balance totaling $15,604,787. This fund is used to accumulate funds necessary to construct or acquire capital assets. During the fiscal year, the total fund balances for these funds increased by $7,918,335. The primary reason for the increase is the result of the imposition of a one-cent Special Purpose Local Option Sales Tax for Road and Bridge purposes. The proceeds of this tax will provide an estimated $115,867,000 for construction of transportation projects within the County and improvements to the County's transportation infrastructure. The tax was effective on April 1, 2005. During fiscal 2006, S.P.L.O.S.T. proceeds totaled $2,858,963 for Unincorporated County projects.

Major Proprietary Funds

Water System

The Water System provides water services to approximately 26,935 customers in Fayette County. The analysis provides summary financial information for the Water System and should be read in conjunction with the financial statements on pages 22 –25 and the related footnotes.

Financial Highlights

- The Water System's total assets exceeded total liabilities by $73.1 million.

The following summarizes the components of the Water System's net assets at June 30, 2006 and 2005:

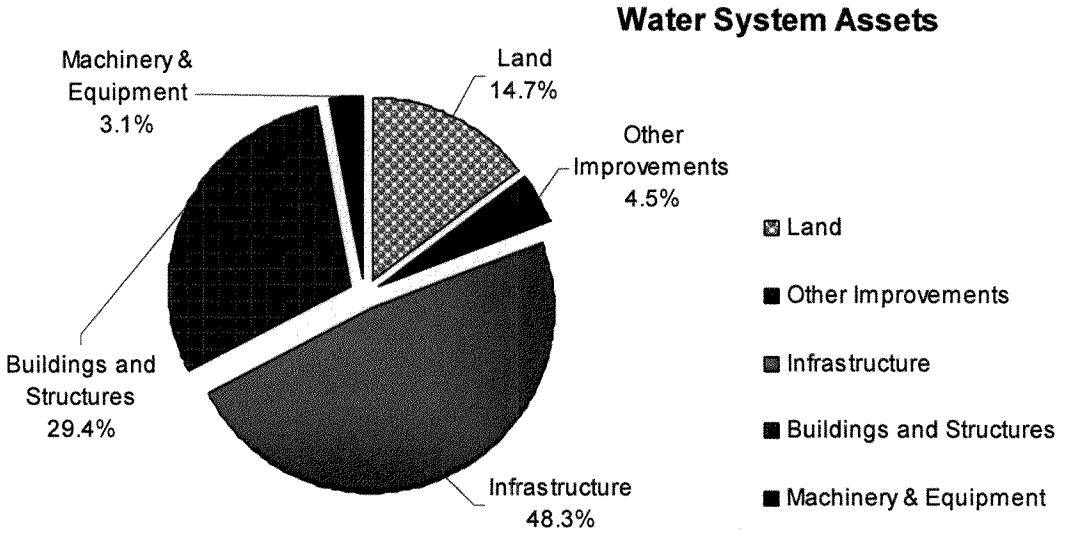
	2006	2005
Current & other assets	$ 5,330,965	$ 4,418,308
Restricted assets	11,073,367	11,095,278
Capital assets	108,245,884	108,860,195
Total assets	124,650,216	124,373,781
Other liabilities	4,195,660	4,163,339
Long-term liabilities	47,298,334	49,315,519
Total liabilities	51,493,994	53,478,858
Net assets:		
Invested in capital assets, net of related debt	58,827,755	57,514,172
Restricted	11,073,367	11,095,278
Unrestricted	3,255,100	2,285,473
Total net assets	73,156,222	$70,894,923

- The Water System adopted the State of Georgia's water regulations in 2004. Detailed water restrictions and information can be obtained on the County's website fayettecountyga.gov.

- Water sales revenue increased $523,395 or 4.5% over 2005 revenue, with the adopted State water restrictions.

- For fiscal year 2006, the Water System transferred from the operating account to the Renewal and Extension account $391,332 in compliance with revenue bond resolutions.

Fayette County Water System's investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any outstanding related debt used to acquire the asset and accumulated depreciation, equals 54.3 percent of net assets. The Water System uses these capital assets to provide services to customers and consequently, these assets are not available for future spending.



Water distribution system includes 583 miles of water line of various diameters and materials. Infrastructure additions for fiscal year 2006 totaled $3,130,348 which includes 12 miles of water lines, meters and fire hydrants. The following tabulation shows water line footage by size, including current year additions for the year ending June 30, 2006. The amount of pipe smaller than 6" is insignificant and not reported as part of the distribution system.

Pipe Size	Beginning Balance	Additions	Ending Balance
30"	37,802	-	37,802
24"	106,950	-	106,950
20"	220,203	-	220,203
18"	8,390	-	8,390
16"	144,912	-	144,912
12"	242,747	18,308	261,055
10"	265,692	2,599	268,291
8"	1,207,044	44,104	1,251,148
6"	779,291	2,264	781,555
Totals	3,013,031	67,275	3,080,306

Fayette County Water System's net assets also include restricted assets of $11,073,367 (15.1 percent of net assets) and unrestricted net assets of $3,255,100 (4.5 percent of net assets). Restricted net assets represent resources subject to external restriction on how they may be used. Unrestricted net assets may be used to meet the Water System's ongoing obligations to creditors.

The Water System's total net assets increased $2,261,299 or 3.1 percent during the fiscal year. This indicates that the revenue sources exceed the ongoing cost of the Water System.

Water System's Changes in Revenue, Expense and Change in Fund Net Assets

Revenues and capital contributions	2006	2005
Water sales	$12,086,124	$11,562,729
Other operating	344,541	324,853
Non-operating	552,829	247,737
Capital Contributions	2,262,050	2,729,684
Total revenues and capital contributions	15,245,544	14,865,003
Expenses and Transfers		
Operating expenses	5,265,764	5,131,250
Non-operating expenses	2,564,023	2,639,307
Transfer – Overhead	589,904	564,620
Depreciation expense	4,564,554	4,631,712
Total expenses	12,984,245	12,966,889
Increase in net assets	2,261,299	1,898,114
Net assets, beginning of year	70,894,923	68,996,809
Net assets, ending of year	$73,156,222	$70,894,923

The Water System's total revenues and capital contributions increased $380,541 or 2.56% during the fiscal year. The increase in revenues can be attributed to water sales.

The total expense increased $17,356 or .13% during the fiscal year. The small increase can be attributed to Fayette County's exercise of fiscal self-control, careful resource allocation, competitive procurement process, and a steadfast determination to maximize the use of the available resources.

Long-term debt – At the end of the current fiscal year, Fayette County Water System's total revenue bonded debt is $51,125,884, of which $42,740,000 is revenue bond debt (see page 47 in Notes to the Financials) and $8,385,884 is for Georgia Environmental Facilities Authority loans (see pages 49-51 in Notes to the Financials). Principal payments made in fiscal year 2006 were $2,059,272 reducing long term debt 3.8%.

Non-Major Proprietary Funds

Solid Waste

Fayette County closed the First Manassas Mile Road landfill in 1997. To provide Fayette County citizens with disposal services, Georgia Waste Management operates a transfer station and the County is paid host fees and leaf and limb revenue based on tonnage. At fiscal year end for 2006, Solid Waste fund's net assets equated to $1,201,281.

The Georgia Environmental Protection Division (EPD) has completed a review of the landfill financial test mechanism. Fayette County is in compliance until December 30, 2006, for the closure and post-closure care financial assurance requirements in the 2005 fiscal year.

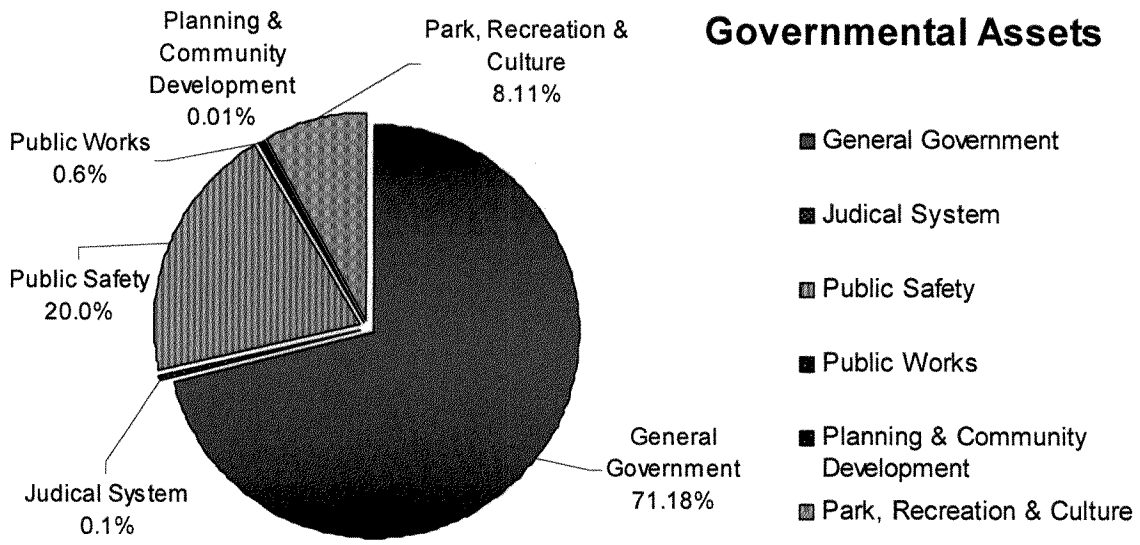
The relative financial strength ratio is 0.01 for 2006 fiscal year. The EPD requires a relative financial strength ratio equal to or less than 0.43. The County's relative financial strength ratio is exceptional.

The major goals for 2006 were; Continue to monitor the groundwater and methane to assure natural attenuation is correcting the groundwater contamination at the Southside Landfill, and Improve the yard waste operation in order to eliminate the negative change in net assets at the end of the fiscal year. The change in net assets for 2006 was $54,790, an increase of 4.78%.

	2006	2005
Current Assets	$1,109,143	$1,052,357
Capital Assets, net of accumulated depreciation	101,108	102,816
Total Assets	1,210,251	1,155,173
Current Liabilities	8,970	8,682
Total Liabilities	8,970	8,682
Net Assets:		
Invested in capital assets, net of related debt	100,501	102,816
Unrestricted	1,100,780	1,043,675
Total Net Assets	$1,201,281	$1,146,491

Capital Assets

Capital assets - Fayette County's capital assets as of June 30, 2006, totaled $184,283,490 net of accumulated depreciation. Governmental activity accounts for $75,936,497 while business type totals $108,346,993. This investment in capital assets includes land, buildings, improvements, machinery and equipment, water system infrastructure, and construction in progress. (see Note III B. Capital Assets on pages 43-45) This does not include the investment in infrastructure projects in governmental activities that were purchased or completed prior to June 30, 2002. It is anticipated that those infrastructure assets will be included in the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2007.



The Government's Debt

Long-term debt – At the end of the current fiscal year, Fayette County has total bonded debt outstanding of $ 64,054,642. This amount represents the Fayette County Public Facilities Authority Revenue Bonds of $53,255,000 issued to construct the Criminal Justice Center, the capital lease of $5,799,642 for the 841 Mhz Radio System for E-911, and the GMA lease pool certificate of participation of $5,000,000. (see pages 46-52) The Fayette County Water System's total revenue bond indebtedness is discussed beginning on page 47 of the Notes to the Statements.

Other Financial Information

On November 2, 2004, a referendum was passed by Fayette County voters to impose a 1% Special Purpose Local Options Sales Tax (SPLOST) for use for road, street and bridge purposes in Fayette County.

The tax began April 1, 2005 and will continue through March 31, 2010 or at the end of the quarter where the raising of $115,857,267 is obtained, whichever occurs first.

The tax has been subdivided into two parts with 70 percent of the available funding earmarked for County-Wide Projects and the remaining 30 percent of available funding earmarked for use of projects sponsored by a city, town, or the unincorporated portion of Fayette County (see pages 73-75).

Request for Information

This financial report is designed to provide a general overview of Fayette County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information can be obtained by accessing the County's website at finance@fayettecountyga.gov , or by contacting the Finance Department at the following address and telephone number:

Fayette County Finance Department
140 Stonewall Avenue, West Suite 101
Fayetteville, GA 30214
(770) 460-5730 extension 5413



Where Quality Is A Lifestyle

BASIC FINANCIAL STATEMENTS

Fayette County, Georgia
Statement of Net Assets

June 30, 2006

	Primary Government		Primary Government Total	Component Unit Total
	Governmental Activities	Business-type Activities		
ASSETS				
Unrestricted cash	$ 37,079,242	$ 1,308,084	$ 38,387,326	$ 1,073,986
Restricted cash	35,131,393	5,486,834	40,618,227	123,925
Unrestricted investment	18,062,065	2,179,571	20,241,636	-
Restricted Investment	-	5,586,533	5,586,533	972,881
Taxes receivable, net	602,297	-	602,297	-
Other receivables	7,003,506	1,804,047	8,807,553	86,424
Inventory and prepaid expenses	124,858	696,780	821,638	68
Unamortized debt issue costs	243,794	451,626	695,420	-
Capital assets, non depreciable	8,894,227	14,964,636	23,858,863	-
Capital assets, net of accumulated depreciation	67,042,269	87,129,855	154,172,124	180,263
Construction in process	-	6,252,501	6,252,501	-
Total assets	174,183,651	125,860,467	300,044,118	2,437,547
LIABILITIES				
Accounts payable	3,051,680	1,227,708	4,279,388	1,232,005
Salaries and benefits	743,456	68,836	812,292	1,355
Current compensated absences	910,961	64,362	975,323	-
Unearned revenues	691,882	111,900	803,782	-
Accrued interest	276,593	583,848	860,441	-
Current portion of long-term obligations	1,937,428	2,147,369	4,084,797	-
Capital lease, net of current portion	5,082,214	-	5,082,214	-
Long term compensated absences payable	1,005,606	27,574	1,033,180	-
Certificate of participation payable	5,000,000	-	5,000,000	-
Bonds payable, net of current portion	52,035,000	47,271,367	99,306,367	-
Total liabilities	70,734,820	51,502,964	122,237,784	1,233,360
NET ASSETS				
Invested in capital assets, net of related debt	11,881,854	58,928,256	70,810,110	180,263
Restricted for:				
Debt service	4,837,418	5,586,533	10,423,951	30,000
Renewal and extension	-	5,486,834	5,486,834	-
Capital improvements	4,532,570	-	4,532,570	-
Unrestricted	82,196,989	4,355,880	86,552,869	993,924
TOTAL NET ASSETS	$ 103,448,831	$ 74,357,503	$ 177,806,334	$ 1,204,187

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

Fayette County, Georgia
Statement of Activities

For the fiscal year ended June 30, 2006

Functions/Program Activities	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business Activities	Primary Government: Total	Component Units
Primary government								
Governmental Activities:								
General Government	$ 13,589,479	$ 521,225	$ -	$ -	$ (13,068,254)	$ -	$ (13,068,254)	$ -
Judicial	4,677,929	2,597,880	-	-	(2,080,049)	-	(2,080,049)	-
Public Safety	29,331,567	5,267,301	554	-	(24,063,712)	-	(24,063,712)	-
Public Works	5,433,833	438,362	30,206	-	(4,965,265)	-	(4,965,265)	-
Health and Welfare	689,879	-	775,000	-	85,121	-	85,121	-
Culture/Recreation	1,871,303	189,840	2,830	-	(1,678,633)	-	(1,678,633)	-
Planning & Community Develop.	1,460,636	665,972	-	-	(794,664)	-	(794,664)	-
Interest and fiscal charges	3,156,175	-	-	-	(3,156,175)	-	(3,156,175)	-
Total governmental activities	60,210,801	9,680,580	808,590	-	(49,721,631)	-	(49,721,631)	-
Business-type activities:								
Water System	12,394,341	12,430,665	-	2,262,050	-	2,298,374	2,298,374	-
Solid Waste	121,420	141,413	-	-	-	19,993	19,993	-
Total business-type activity	12,515,761	12,572,078	-	2,262,050	-	2,318,367	2,318,367	-
Total primary government	$ 72,726,562	$ 22,252,658	$ 808,590	$ 2,262,050	(49,721,631)	2,318,367	(47,403,264)	-
Component units:								
Governmental-type	$ 1,681,288	$ 1,025,663	$ 720,078	$ -	-	-	-	64,453
Total component units	$ 1,681,288	$ 1,025,663	$ 720,078	$ -	-	-	-	64,453
General revenues								
Property taxes					32,103,630	-	32,103,630	-
Sales taxes					10,296,451	-	10,296,451	-
Other taxes					2,874,588	-	2,874,588	-
SPLOST					16,676,100	-	16,676,100	-
Intergovernmental					2,880,454	-	2,880,454	-
Sales of capital assets					20,511	12,582	33,093	-
Miscellaneous revenues					663,405	24,769	688,174	-
Interest					3,194,159	550,275	3,744,434	32,506
Transfers					589,904	(589,904)	-	-
Total general revenues and transfers					69,299,202	(2,278)	69,296,924	32,506
Change in net assets					19,577,571	2,316,089	21,893,660	96,959
Net assets - beginning of year					83,871,260	72,041,414	155,912,674	1,107,228
Net assets - end of year					$ 103,448,831	$ 74,357,503	$ 177,806,334	$ 1,204,187

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

Fayette County, Georgia
Balance Sheet
Governmental Funds

June 30, 2006

	Major Governmental Funds					
	General	Fire District	SPLOST County-Wide Roads CIP	Criminal Justice Center Capital Project	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Unrestricted cash	$ 13,627,941	$ 807,360	$ -	$ -	$ 18,994,818	$ 33,430,119
Restricted cash	-	-	14,248,358	7,605,572	1,859,685	23,713,615
Investments	13,837,991	4,224,074	-	-	-	18,062,065
Taxes receivable	462,552	136,761	-	-	2,984	602,297
Other receivables	3,700,769	-	2,973,759	-	197,258	6,871,786
Inventory	53,414	-	-	-	-	53,414
Prepaid items	69,211	487	-	-	1,746	71,444
Total assets	$ 31,751,878	$ 5,168,682	$ 17,222,117	$ 7,605,572	$ 21,056,491	82,804,740
Liabilities						
Accounts payable	$ 1,086,140	$ 37,842	$ 26,232	$ 2,856	$ 1,208,352	$ 2,361,422
Due to other governments	-	-	539,558	-	48	539,606
Accrued payroll and withholdings	580,322	128,399	-	-	34,735	743,456
Compensated absences payable	37,203	-	-	-	387	37,590
Contracts payable	-	-	-	-	96,058	96,058
Deferred revenue	612,876	120,759	-	-	52,118	785,753
Total liabilities	2,316,541	287,000	565,790	2,856	1,391,698	4,563,885
Fund Balances						
Reserved for encumbrances	45,645	23,324	-	-	-	68,969
Reserved for Inventories	53,414	-	-	-	-	53,414
Reserved for prepaid assets	69,211	-	-	-	-	69,211
Reserved for future expenditures	-	-	-	-	4,532,570	4,532,570
Unreserved:						
Designated for emergencies	2,000,000	-	-	-	-	2,000,000
Designated for working capital	12,356,532	1,588,753	-	-	-	13,945,285
Designated for future expenditures	9,428,742	1,350,000	16,656,327	7,592,807	-	35,027,876
Non-major special revenues	-	-	-	-	2,025,152	2,025,152
Designated for capital improvements	3,093,411	77,400	-	9,909	-	3,180,720
Non-major capital projects	-	-	-	-	11,072,217	11,072,217
Undesignated	2,388,382	1,842,205	-	-	-	4,230,587
Non-major special revenues	-	-	-	-	2,034,854	2,034,854
Total fund balances	29,435,337	4,881,682	16,656,327	7,602,716	19,664,793	78,240,855
Total liabilities and fund balances	$ 31,751,878	$ 5,168,682	$ 17,222,117	$ 7,605,572	$ 21,056,491	$ 82,804,740

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

Fayette County, Georgia

Reconcilation of the Governmental Funds
Balance Sheet to the Statement of Net Assets

June 30, 2006

Total fund balances - governmental funds		$ 78,240,855
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		72,360,602
Property taxes receivable levied for the current and prior years and not collected within sixty days of year-end are not available soon enough to pay for the current period's expenditures, and, therefore, are reported as deferred revenue in the funds.		93,871
An internal service fund is used to charge the costs of supplies to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		13,963,715
Capital assets	$ 3,575,894	
Certificate of participation	(5,000,000)	
Other	15,387,821	
	13,963,715	
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabililities at year end consist of:		
Bonds payable, net of current portion	$ (52,035,000)	
Current portion of long term debt	(1,937,428)	
Capital Leases Payable	(5,082,214)	
Accrued Interest Payable (bonds)	(276,593)	
Compensated absences payable, net of current portion	(1,878,977)	
		(61,210,212)
Total net assets - governmental activities		$ 103,448,831

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

Fayette County, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the fiscal year ended June 30, 2006

	Major Governmental Funds					
	General	Fire District Fund	SPLOST County-Wide Roads CIP	Criminal Justice Center Capital Project	Non-Major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes						
Property taxes	$ 25,838,270	$ 6,563,104	$ -	$ -	$ 192,908	$ 32,594,282
Sales taxes	10,296,451	-	-	-	-	10,296,451
Other taxes	2,874,588	-	-	-	-	2,874,588
Special local option sales tax	-	-	13,817,137	-	2,858,963	16,676,100
Licenses and permits	841,083	-	-	-	-	841,083
Intergovernmental	1,897,847	368,845	-	-	613,762	2,880,454
Charges for services	3,114,649	117,514	-	-	1,838,282	5,070,445
Fines & forfeitures	1,416,858	-	-	-	1,822,336	3,239,194
Investment income	1,452,043	171,882	320,809	390,305	361,983	2,697,022
Miscellaneous revenues	332,338	318,627	-	-	7,092	658,057
Contributions/Donations	9,684	200	-	-	798,706	808,590
Total revenues	48,073,811	7,540,172	14,137,946	390,305	8,494,032	78,636,266
Expenditures:						
Current:						
General Government	7,942,522	-	-	-	-	7,942,522
Judicial System	4,211,026	-	-	-	408,688	4,619,714
Public Safety	18,506,118	6,021,255	-	-	1,989,303	26,516,676
Public Works	4,979,065	-	-	-	208,917	5,187,982
Health and Welfare	689,879	-	-	-	-	689,879
Culture/Recreation	1,609,510	-	-	-	159,184	1,768,694
Planning & Community Development	1,438,092	-	-	-	-	1,438,092
Capital outlay						
General Government	-	-	-	-	2,043,814	2,043,814
Public Works	-	-	169,370	-	-	169,370
Public Safety	-	-	-	196,059	1,474,006	1,670,065
Other/Culture/Recreation	-	-	-	-	19,774	19,774
Debt service - principal	684,800	-	-	1,165,000	-	1,849,800
Debt service - interest	308,961	-	-	2,681,036	-	2,989,997
Paying agent fees/bonds	-	-	-	2,225	-	2,225
Total expenditures	40,369,973	6,021,255	169,370	4,044,320	6,303,686	56,908,604
Excess (deficiency) of revenues over (under) expenditures	7,703,838	1,518,917	13,968,576	(3,654,015)	2,190,346	21,727,662
Other financing sources (uses):						
Transfers in	599,201	-	-	-	6,288,686	6,887,887
Transfers out	(7,442,173)	(382,339)	-	-	(54,972)	(7,879,484)
Proceeds from sale of capital assets	15,471	5,040	-	-	-	20,511
Total other financing uses	(6,827,501)	(377,299)	-	-	6,233,714	(971,086)
Net change in fund balance	876,337	1,141,618	13,968,576	(3,654,015)	8,424,060	20,756,576
Fund balances at the beginning of year	28,559,000	3,740,064	2,687,751	11,256,731	11,240,733	57,484,279
Fund balances at end of year	$ 29,435,337	$ 4,881,682	$ 16,656,327	$ 7,602,716	$ 19,664,793	$ 78,240,855

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

Fayette County, Georgia
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the Statement of Activities

For the fiscal year ended June 30, 2006

Total net change in fund balances - governmental funds	$ 20,756,576
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. The cost of capital assets sold is recognized as an expense in the entity wide statements but not in the fund level statements	
Depreciation expense	(3,813,446)
Capital outlays	1,474,820
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,165,000
Repayment of lease principal is an expenditure in the capital project funds, but the repayment reduces long-term liabilities in the statement of net assets.	684,800
The net effect of various transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net assets	(226,600)
Property taxes levied for the current and prior years not collected within sixty days after the County's fiscal year ends, are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues related to prior years decreased by this amount this year.	(490,652)
In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) - are measured by the amounts earned during the year In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts paid) Vacation and sick earned exceeded amounts paid by this amount.	(1,045,708)
The net revenue (expense) of the Internal Service Funds is reported with the Governmental activities.	870,126
Eliminations from fiscal year 2006.	5,348
Long-term debt charges in the statement of activities differs from the amount reported in the governmental funds because charges are recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, charges are recognized as they accrue, regardless of when it is due.	
Accrued Interest	197,307
Change in net assets of governmental activities	$ 19,577,571

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

Fayette County, Georgia
Statement of Net Assets
Proprietary Funds

June 30, 2006

ASSETS	Major Enterprise Fund Water System	Non-Major Enterprise Fund Solid Waste	Total	Governmental Activities-Internal Service Funds
Current Assets				
Unrestricted cash	$ 198,941	$ 1,109,143	$ 1,308,084	$ 3,649,123
Restricted cash	5,486,834	-	5,486,834	11,417,778
Unrestricted investment	2,179,571	-	2,179,571	-
Restricted investment	5,586,533	-	5,586,533	-
Prepaid expenses	21,995	-	21,995	-
Other receivables, net of allowance for doubtful accounts of $125,000	1,804,047	-	1,804,047	131,720
Inventory	674,785	-	674,785	-
Total current assets	15,952,706	1,109,143	17,061,849	15,198,621
Non-Current Assets				
Unamortized debt issue costs	451,626	-	451,626	243,794
Capital assets, net of accumulated depreciation				
Land	14,948,119	16,517	14,964,636	-
Land improvements	4,619,587	55,011	4,674,598	-
Infrastructure	49,299,533	-	49,299,533	-
Buildings	29,990,535	15,272	30,005,807	-
Machinery, equipment and vehicles	3,135,609	14,308	3,149,917	3,575,894
Construction in progress	6,252,501	-	6,252,501	-
Total capital assets	108,245,884	101,108	108,346,992	3,575,894
Total Assets	124,650,216	1,210,251	125,860,467	19,018,309
LIABILITIES				
Current Liabilities				
Accounts payable	1,111,935	6,106	1,118,041	27,222
Contracts payable	109,667	-	109,667	-
Claims payable	-	-	-	27,372
Accrued interest payable	583,848	-	583,848	-
Salaries and benefits payable	68,060	776	68,836	-
Compensated absences	62,881	1,481	64,362	-
Unearned revenue	111,900	-	111,900	-
Current portion of long-term obligations	2,147,369	-	2,147,369	-
Total current liabilities	4,195,660	8,363	4,204,023	54,594
Long-Term Liabilities				
Compensated absences	26,967	607	27,574	-
Bonds payable	47,271,367	-	47,271,367	-
Long-Term Liabilities, net of current portion	47,298,334	607	47,298,941	5,000,000
Total Liabilities	51,493,994	8,970	51,502,964	5,054,594
NET ASSETS				
Invested in capital assets, net of related debt	58,827,755	100,501	58,928,256	3,575,894
Restricted for:				
Renewal & extension	5,586,533	-	5,586,533	-
Debt service	5,486,834	-	5,486,834	-
Unrestricted	3,255,100	1,100,780	4,355,880	10,387,821
TOTAL NET ASSETS	$ 73,156,222	$ 1,201,281	$ 74,357,503	$ 13,963,715

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

Fayette County, Georgia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds

For the fiscal year ended June 30, 2006

	Major Enterprise Fund Water System	Non-Major Enterprise Fund Solid Waste	Total	Governmental Activites - Internal Service Funds
Operating revenues:				
Charges for sales and services	$ 12,086,124	$ 121,413	$ 12,207,537	$ -
Charges to other funds	-	-	-	421,027
Penalties	121,579	-	121,579	-
Miscellaneous	222,962	20,000	242,962	108,831
Total operating revenues	12,430,665	141,413	12,572,078	529,858
Operating expenses:				
Personal services	1,510,054	34,697	1,544,751	-
Contractual services	899,714	25,878	925,592	104,669
Other operating	215,300	10,567	225,867	606,650
Water production cost	2,470,383	-	2,470,383	-
Amortization	170,313	-	170,313	11,082
Depreciation	4,564,554	21,708	4,586,262	881,309
Closure/post closure care	-	28,570	28,570	-
Total operating expenses	9,830,318	121,420	9,951,738	1,603,710
Operating income (loss)	2,600,347	19,993	2,620,340	(1,073,852)
Non-operating activities				
Interest income	515,478	34,797	550,275	497,137
Gain on disposition of equipment	12,582	-	12,582	-
Miscellaneous	24,769	-	24,769	-
Interest expense (including amortization of bond discount)	(2,564,023)	-	(2,564,023)	(133,725)
Loss on disposition of equipment	-	-	-	(935)
Total non-operating activites	(2,011,194)	34,797	(1,976,397)	362,477
Income before capital contributions and transfers	589,153	54,790	643,943	(711,375)
Capital contributions and transfers				
Capital contributions	2,262,050	-	2,262,050	-
Transfers in	-	-	-	1,581,501
Transfers out	(589,904)	-	(589,904)	-
Total capital contributions and transfers	1,672,146	-	1,672,146	1,581,501
Change in Net Assets	2,261,299	54,790	2,316,089	870,126
Net Assets, beginning of year	70,894,923	1,146,491	72,041,414	13,093,589
Net Assets, end of year	$ 73,156,222	$ 1,201,281	$ 74,357,503	$ 13,963,715

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

Fayette County, Georgia
Statement of Cash Flows
Proprietary Funds

For the fiscal year ended June 30, 2006

	Major Enterprise Fund Water	Non-Major Enterprise Fund Solid Waste	Enterprise Fund Total	Governmental Activities Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 11,269,865	$ 121,413	$ 11,391,278	$ 400,620
Cash payments to suppliers for goods and services	(2,286,091)	(99,424)	(2,385,515)	(71,329)
Cash payments to employees for services	(2,899,993)	-	(2,899,993)	(723,031)
Net cash provided (used) by operating activities	6,083,781	21,989	6,105,770	(393,740)
Cash flows from noncapital financing activities:				
Transfers in from other funds	-	-	-	1,581,501
Transfers out to other funds	(589,904)	-	(589,904)	-
Net cash provided (used) by noncapital financing activities	(589,904)	-	(589,904)	1,581,501
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(2,052,808)	-	(2,052,808)	(771,412)
Proceeds from issuance of revenue bonds	-	-	-	-
Capital contributions	666,600	-	666,600	-
Proceeds from sale of equipment	12,582	-	12,582	-
Payment of Interest on Certificates of Participation	-	-	-	(133,725)
Principal paid on revenue bonds and loans	(2,056,272)	-	(2,056,272)	-
Payment of bond interest and loans	(2,571,740)	-	(2,571,740)	-
Net cash (used) by capital and related financing activities	(6,001,638)	-	(6,001,638)	(905,137)
Cash flows from investing activities:				
Interest on investments	515,478	34,797	550,275	497,137
Net cash provided by investing activities	515,478	34,797	550,275	497,137
Net increase in cash and cash equivalents	7,717	56,786	64,503	779,761
Cash and cash equivalents at beginning of year	13,444,162	1,052,357	14,496,519	14,287,140
Cash and cash equivalents at end of year	$ 13,451,879	$ 1,109,143	$ 14,561,022	$ 15,066,901
Classified as:				
Unrestricted cash	198,941	1,109,143	1,308,084	3,649,123
Unrestricted investments	2,179,571	-	2,179,571	-
Restricted cash	5,486,834	-	5,486,834	11,417,778
Restricted investments	5,586,533	-	5,586,533	-
	$ 13,451,879	$ 1,109,143	$ 14,561,022	$ 15,066,901

Continued on next page

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

Fayette County, Georgia
Statement of Cash Flows
Proprietary Funds

For the fiscal year ended June 30, 2006

	Major Enterprise Fund Water	Non-Major Enterprise Fund Solid Waste	Enterprise Fund Total	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to cash provided (used) by operating activities:				
Operating income (loss)	$ 2,600,347	$ 19,993	$ 2,620,340	$ (1,073,852)
Adjustments to reconcile operating income to Net cash provided by operating activities:				
Depreciation expense	4,564,554	21,708	4,586,262	881,309
Amortization expense	(125,144)	-	(125,144)	11,082
Increase in accounts receivable	(551,585)	-	(551,585)	(131,720)
Increase in Inventory	(363,506)	-	(363,506)	-
Increase (decrease) in accounts payable	62,682	(2,576)	60,106	(75,134)
Increase (decrease)in compensation/salaries payable	(4,708)	2,864	(1,844)	-
Decrease in provision for bad debt and expense	117,177	-	117,177	-
Increase in prepaid items	(21,375)	-	-	-
Decrease in contracts payable	(78,951)	-	-	-
Decrease in deferred revenue	(36,600)	-	-	-
Decrease in current portion of debt	(79,110)	-	-	-
Estimated claims payable	-	-	-	(5,425)
Total adjustments	3,483,434	21,996	3,721,466	680,112
Net cash provided (used) by operating activities	$ 6,083,781	$ 41,989	$ 6,341,806	$ (393,740)
Non-cash transactions:				
Contribution of assets from developers and others	$ 2,842,570	$ -	$ 2,842,570	$ -

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

Fayette County, Georgia

Statement Fiduciary Assets and Liabilities

June 30, 2006

	Totals Agency Funds
Assets	
Cash and Cash Equivalents	$ 4,285,026
Total Assets	$ 4,285,026
Liabilities	
Due to Others	$ 4,228,241
Tax Protest/Bankruptcy	56,785
Total Liabilities	$ 4,285,026

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



NOTES TO THE FINANCIAL STATEMENTS

Fayette County, Georgia
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2006

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NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Fayette County, Georgia (the "County") was established in 1821 and is a body corporate and politic organized and existing under the Constitution and laws of the State of Georgia. The County operates under a Commission-Administrator form of government and provides the following services as authorized by its charter: Public Safety, Public Works, Culture, Recreation, Community Services, and other General Government Services.

The governing authority of the County is a Board of Commissioners, consisting of five part-time members, who serve for four-year staggered terms. The Board appoints the County Administrator, who serves as the County's chief administrative officer. The County Administrator is responsible for the daily operations of all County functions in accordance with the policies of the Board of Commissioners.

As required by generally accepted accounting principles, these financial statements present Fayette County, Georgia and its' component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the Government-wide financial statements to emphasize that they are legally separate from the County. Each of these governmental entities also has a fiscal year ending June 30.

Blended Component Unit. Blended component units, although legally separate entities, are in substance, part of the Government's operations.

The Fayette County Public Facilities Authority is governed by a three-member board appointed by the County's Board of Commissioners. Although it is legally separate from the County Government, the Public Facilities Authority is reported in the CAFR as if it were part of the primary government because it serves as a financial conduit for debt issued to construct/maintain public buildings and related projects. This authority is reported as the Criminal Justice Center Capital Projects Fund, which is a major governmental fund. No separate financial statements are issued by the Fayette County Public Facilities Authority.

Discretely Presented Component Units. Discretely presented component units are reported in a separate column in the Government-wide financial statements to emphasize they are legally separate from the government.

The Fayette County Development Authority is responsible for promoting industrial and commercial development within Fayette County. The Board of Commissioners appoints the members of the Authority's governing board to staggered terms. The Development Authority is responsible for adopting its own annual budget and making its own operating decisions. However, Fayette County does provide substantial financial support each year and has contractually obligated itself to use its taxing power to guarantee the repayment of principal and interest on certain industrial revenue bonds issued by the Authority. The Fayette County Development Authority is presented as a governmental fund type.

The Fayette County Department of Public Health is responsible for providing environmental and physical health

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity - Continued

services to the citizens of Fayette County. The Board of Commissioners appoints the majority of the members of the Health Department's governing board. The Board of Commissioners reviews the proposed annual budget of the Health Department and makes a decision as to the County's funding contribution level for each fiscal year.

The County also provides this entity with free office space at the Stonewall Village Administrative Complex. The Fayette County Department of Public Health is presented as a governmental fund type. Complete financial statements for each of the individual component units can be obtained at the entity's administrative office. Their addresses are shown below:

Fayette County Development Authority
200 Courthouse Square
Fayetteville, Georgia 30214

Fayette County Department of Public Health
140 Stonewall Avenue, West
Suite 107
Fayetteville, Georgia 30214

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net assets and the statement of activities) display information about the reporting government as a whole, except for its fiduciary activities. These statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the 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.

The Government-wide financial statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. 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 the support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. Program revenues include charges for services, fines and forfeitures, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the Statement of Activities to present the net cost of each program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

wide financial statements rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of liability, rather than as an expenditure.

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

Fund Financial Statements

The underlying accounting system of the Government is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and proprietary funds. The fiduciary fund statements include financial information for the agency funds. These funds represent assets held by the Government in a custodial capacity for individuals or other governments.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Governmental Funds are used to account for the County's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. Fayette County considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, franchise taxes, licenses, and interest are susceptible to accrual. Sales taxes collected and held by the State of Georgia at year-end on behalf of the County are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the County and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if susceptible to accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

Fund Financial Statements - Continued

Major governmental funds include:

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

The *SPLOST County Wide Roads Construction in Progress Fund* accounts for the construction of roads, streets, and bridges within the county. Financing is derived from a 1% Special Purpose Local Option Sales Tax passed by voter referendum on November 2, 2004.

The *Fire District Special Revenue Fund* accounts for fire protection within the fire district. Financing is derived principally from a special tax levy against property owners.

The *Criminal Justice Center Capital Projects Fund* accounts for the construction, including additional jail space, a jail administrative building, a three story judicial complex, parking lot and renovation of the existing Court/Sheriff annex.

Additionally, the government reports the following fund types:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of capital projects not being financed by proprietary fund types.

Proprietary Funds are accounted for on the flow of economic resources management focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting,* the County has chosen to apply all GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 to account for the proprietary funds.

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 of the County's proprietary funds are charges to customers for sales and services. Operating expenses for these funds included 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 and capital contributions.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when the service is received and the related liability is incurred. All utility service receivables are recorded at year end.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

B. Measurement Focus, Basis of Accounting, and Basis of Presentation - Continued

Major proprietary funds include:

Water System Fund accounts for the County's water system's operations serving approximately 26,935 customers in unincorporated County and through the System owned distributions in Peachtree City, Tyrone, Woolsey, and parts of Brooks and Fayetteville.

Other proprietary funds include:

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. Solid Waste is the other County proprietary fund.

Internal Service Funds account for operations that provide services to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis. The County uses the following Internal Service Funds: Worker's Compensation, Dental and Vision Self-Insurance Funds and Vehicle Replacement Fund.

Fiduciary Funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

Agency Funds are custodial in nature and do not present 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 Fayette County holds for others in an agency capacity. The County's combining statements of Fiduciary Funds are located on pages 84-85. Fayette County's agency funds are:

Tax Commissioner - to account for the billing, collection and remittance of taxes to the County, Board of Education, Municipal Governments, and the State of Georgia.

Sheriff - to account for the collection and remittance of fines, costs, and bond forfeitures to the County.

Juvenile Court - to account for the collections of fines and settlements and the subsequent remittance to the applicable parties.

Magistrate Court - to account for the collection of charges for court costs, filings and settlements and the subsequent remittance to the applicable parties.

Probate Court - to account for the collections of fines and settlements and the subsequent remittance to the applicable parties.

State Court - to account for the collection of charges for court costs, filings and settlements and the subsequent remittance to the applicable parties.

Superior Court - to account for the collection of charges for court costs, filings and settlements and the subsequent remittance to the applicable parties.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

B. Measurement Focus, Basis of Accounting, and Basis of Presentation - Continued

Basis of Presentation

GASB Statement 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/ expenses of either fund category or the Governmental and Enterprise combined) for the determination of major funds. The County has used GASB 34 minimum criteria for major fund determination. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section of this report.

Policy for eliminating internal activity from the Statement of Activities

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and the other charges between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Non-current Government Assets/Liabilities - GASB Statement 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds and capital leases, be reported in the governmental activities column in the government-wide statement of net assets.

C. Assets, Liabilities, Equity, and Revenues

1. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, funds on deposit in the Georgia Fund 1 State Investment Pool, and other short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Proprietary Fund Statement of Cash Flows, the County considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The statutes of the State of Georgia authorize the County to invest in U.S. Government obligations; U.S. Government agency obligations; State of Georgia obligations; obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "A" or better by Moody's Investors Service, Inc.; negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association; repurchase agreements when collateralized by U.S. Government or agency obligations; and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 40, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* the County reports investments at fair value. Money market investments and those investments, which had a remaining maturity at the time of purchase of one year or less are recorded at amortized cost or cost plus accrued interest, which approximates fair value. The fair value of investments in the Georgia Fund 1 State Investment Pool is equal to cost.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

C. Assets, Liabilities, Equity, and Revenues - continued

The fair value of all other investments was calculated using quoted market prices because these prices have been determined to be the most reliable and verifiable and are the most understood by investors, creditors and other users of financial information. All investment income, changes in the fair value of investments, has been reported as revenue in the operating statements.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payables" (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 between governmental activities and the business type activities are reported on the government-wide financial statements as "internal balances".

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate 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 uncollectible. The allowance for uncollectible on receivable balances represent estimates based on historical collection rates and account balance aging reports.

Property taxes were levied and billed on September 1, 2005. The billings are considered due upon receipt; however, the actual due date is based on a period ending 60 days after the tax bill mailing or November 15, 2005. On November 16, 2005, the bills became delinquent, the applicable property is subject to lien, and penalties and interest may be assessed by the County. The Tax Commissioner bills and collects those property taxes levied by the County, the Fayette County Board of Education, the municipalities located within the County and the State of Georgia. Collections and remittances to the County and other governmental agencies are accounted for in an agency fund.

All property taxes levied for the current and any previous years, but not received as of June 30, 2006, are shown as property taxes receivable at that date. Any of those taxes, which are determined to be unavailable to pay liabilities of the current period, have been deferred.

A Water receivable has been recorded for services rendered but not billed at June 30, 2006, net of allowance for doubtful accounts of $125,000. The receivable was computed using the cycle billings sent to customers in July and prorating the charges based on the days applicable to the current period.

3. Inventories and Prepaid Items

Inventories in the Water System Enterprise Fund are valued at cost, which approximates market using the first-in, first-out (FIFO) method. Inventories primarily consist of pipe and fittings intended for use in construction of line extensions and to support the maintenance work on the system. In addition, other materials and supplies are maintained to service the vehicles and equipment used in system operations.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

C. Assets, Liabilities, Equity, and Revenues - Continued

Prepaid items represent payments made to vendors for which the benefits are applicable to future accounting periods. Since these assets represent financial resources that are not available for current appropriation or expenditure from the Governmental Fund types, there is a corresponding reservation of the respective fund's fund balance.

4. Restricted Assets

Certain proceeds of the Water System Enterprise Fund revenue bonds, as well as certain resources set aside for their payment are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants. The "revenue bond construction" account is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The "revenue bond sinking fund" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "revenue bond debt service reserve" account is used to report resources set aside to subsidize the potential future deficiencies in the revenue bond sinking fund account. The "revenue bond renewal and extension" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

5. Capital Assets

Capital assets used in Governmental Fund types of the County are reported in the applicable governmental or business-type activities column in the government-wide financial statements at cost or estimated historical cost if purchased or constructed . Capital assets include property, plant and equipment. Public domain (infrastructure) assets, consist of certain improvements other than buildings such as roads, bridges and sidewalks. Infrastructure assets acquired prior to July 1, 2002, have not been capitalized. In accordance with GASB 34, these infrastructure assets will be recorded by the County in fiscal year ending June 30, 2007.

Capital assets are defined by the County as assets with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or do not substantially 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 fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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

Asset Classifications	Years
Building Improvements	10
Buildings	40
Computer Equipment	5
Infrastructure	15-40
Office Equipment	5
Vehicles	7-15

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

C. Assets, Liabilities, Equity, and Revenues - Continued

6. Compensated Absences

County employees are granted vacation and sick leave in varying amounts. It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits up to specified maximum number of hours. In the event of termination of employment, an employee is paid for accrued annual leave days. In addition, regular full-time employees hired before March 1, 1998, with three or more years of service who resign in good standing or retire from service with the County are paid at the rate of $15 for each day of unused sick leave up to a maximum of $900. Governmental Accounting Standards Board Statement No. 16 required employers to report a liability for leave earned by employees whenever the following two criteria have been met: (1) the leave relates to past service; and (2) eventual payment to the employee is considered probable. Only those amounts expected to be paid within sixty days of the fiscal year end are reported in the governmental funds. Compensated absences are reported in governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement.)

Vacation and termination sick leave pay are accrued when incurred in Proprietary Funds and reported as a fund liability. On the government wide statements, vacation and termination sick leave pay is accrued and reported as a liability for the governmental activities similar to business-type activities. Vacation and termination sick leave pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental funds that are responsible for payment.

7. Long-term Obligations

The County reports long-term debt of Governmental Funds on the statement of net assets. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

For Governmental Fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For Proprietary Fund types, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

8. Net Assets/Fund Equity

The carrying amount of capital assets less related outstanding debt is reported as a component of net assets called capital assets net of related debt.

Restricted net assets reflect amounts restricted by contracts, laws and regulations for specific purposes such as amounts that have been accumulated in the Debt Service Accounts as well as a working capital reserve as described in the Bond Resolutions.

Fayette County records two general types of reserves. One type (for funds of all types) is used to indicate that a portion of the fund balance or retained earnings is legally segregated for a specific use. An example of this type of reserve is the net excess of restricted assets over liabilities payable from restricted assets shown in the Water

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Assets, Liabilities, Equity, and Revenues - continued

System Enterprise Fund. This segregation of fund equity is required by the bond resolutions. The second type of reserve (for a Governmental Fund type) is to indicate that a portion of the fund balance is not appropriable for expenditures. Examples of this type of reserve would be a reservation of fund balance for prepaid items or encumbrances.

9. Capital Contributions

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the County has recorded capital contributions received by the Water System Enterprise Fund as capital contributions revenue. Capital contributions include amounts received from Federal, State and other governments for aid in construction and development of the Water System. Also included are amounts received from real estate sub-dividers for water line extensions built by sub-dividers and contributed to the Water System, both of which are capitalized as part of the Water System's capital assets. It also includes amounts received for meter, connection and tap fees from sub-dividers and other customers. The actual cost of meter installations has been capitalized as part of the water distribution system.

In the Solid Waste Enterprise Fund, the County has recorded the transfers of plant, property and equipment (net of depreciation) as capital contributions. In addition, some monies received from the operator of the landfill to help offset the costs of water and methane gas monitoring are also recorded as capital contributions.

NOTE I I - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The applicable statues of the State of Georgia require Fayette County to operate under an annual balanced budget adopted by resolution. A budget is defined as being balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. Because the Board of Commissioners adopts each of its operating budgets at the department level, the applicable State statues require that total expenditures not exceed the total amount of appropriations at the individual department level.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all of the Special Revenue Funds. Operating budgets are not prepared for the Internal Service Funds or the Agency Funds. Expenditures for those funds are controlled by legal use restrictions imposed by ordinances. For administrative control purposes, cash flow budgets are adopted for each of the Enterprise Funds.

Project-length plans are adopted for the Capital Projects Funds. The County adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

1. In April of each year, all departments submit requests for appropriation to the County Administrator so that an annual operating budget can be prepared. The budget is prepared by fund, function and department, and includes information on the past year, current year estimates and requested appropriation amounts for the next fiscal year.

NOTE I I - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information - continued

2. Prior to May 1, the County Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund and the Special Revenue Funds.

3. In late May and early June, public hearings are conducted to obtain taxpayer comments about the proposed budget.

4. Prior to July 1, the budget is legally enacted through the passage of an appropriation ordinance by the Commission.

Operating budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of control (I.e., the level at which the governing body must approve any over expenditures of appropriations or transfers of appropriated amounts) for each legally adopted annual operating budget Fayette County, Georgia is at the departmental level within each fund. Unexpended appropriations lapse at year-end.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbrances lapse at year end and are reappropriated on the ensuing year's budget.

Formal budget integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Individual budgets and actual statements are presented for these funds at the department level. To help ensure that each department keeps their spending during the year within its total approved appropriations amount, certain internal administrative controls are utilized. County Department Heads are authorized to approve budget transfers between the various line items expenditures accounts within their departments. All other transfers or supplemental appropriations, which change the total budget for a departmental cost center, must be approved by the Board of Commissioners. During the 2006 fiscal year, several supplementary appropriations were necessary.

In the General Fund, total budget adjustments made during the fiscal year resulted in a net change as follows:

	Budget Adjustment
Increase Revenues	$ (995,250)
Increase Expenditures	61,694
Increase other financing uses	1,310,541
Total Net Change	$ 377,055

NOTE I I - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information - continued

In the Special Revenue Funds, the following increases in appropriations were necessary during the 2006 fiscal year.

Special Revenue Fund	Expenditure
Fire District	$ 11,076
Grants	572,550
Emergency 911	1,333
U.S. Customs/Federal Confiscated Monies	596,236
Street Lights	12,120
Jail Surcharge	40,459
Total Special Revenue Funds	$ 1,233,774

B. Debt Service and Sinking Fund Requirements on Water Revenue Bonds

1. Sinking Fund Requirements

The bond resolutions require the creation and maintenance of a Sinking Fund that is to be used to pay the principal and interest on the Revenue Bonds as they become due. The bond resolutions specifically require that monies be deposited monthly into the Sinking Fund until such time that sufficient funds are on hand to pay the semi-annual interest payments and the bonds as they mature.

During the fiscal year ended June 30, 2006, $3,525,512 was paid from the Revenue Fund into the Sinking Fund (including the Debt Service Reserve Account).

2. Debt Service Reserve

The bond resolutions require the creation and maintenance of a Debt Service Reserve within the Sinking Fund. According to the resolutions, monies are to be transferred each month from the Revenue Fund to the reserve in sufficient amounts so that by July 1, 2007 the reserve will at least be equal to the highest combined principal and interest payments on the Revenue Bonds in any succeeding sinking fund year (October 1 to September 30). The minimum amount required for this reserve is $3,691,665 which represents the debt service for the sinking fund year ending September 30, 2004 (highest combined principal and interest payments). The debt reserve balance at June 30, 2006 is $3,860,931, the sinking fund balances are $1,625,903 for a debt service total of $5,486,834, which is shown as restricted cash in the proprietary funds.

3. Renewal and Extension Fund

After the monthly operating and maintenance expenses have been paid and the required debt service transfers have been made, all monies remaining in the Revenue Fund in excess of a working capital reserve (in an amount not to exceed one month's estimated operating and maintenance expenses) are to be transferred to the Renewal and Extension Fund. The bond resolutions restrict disbursements from this fund to the following:

NOTE I I - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

B. Debt Service and Sinking Fund Requirements on Water Revenue Bonds- continued

3. Renewal and Extension Fund- continued

a. Paying principal and interest on any revenue bonds falling due when there are insufficient funds in the Sinking Fund to make the payment.

b. Emergency expenditures if there are insufficient funds in the Revenue Fund (operating account).

c. Replacements, additions, extensions and improvements to the system in the best interests of the County and bondholders.

d. Payments of investment services for the investment of monies held in the Renewal and Extension Fund (renewal and extension account).

During the fiscal year ended June 30, 2006, $391,332 was transferred from the Water System's operating account to the Renewal and Extension account in compliance with the bond resolutions.

4. Rates and Fee Requirements

In accordance with the bond resolutions, the Water System's schedule of rates, fees, and charges for services shall be maintained at such a level so as to produce net revenues (after payment of reasonable and necessary cost of operating and maintaining the system) equal to at least 1.20 times the amount required to be paid into the Sinking Fund and the Debt Service Reserve in the current sinking fund year. This ratio is computed annually. For the year ended June 30, 2006, the County was in compliance with this requirement.

NOTE I I I - DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

Following is a reconciliation of the County's deposit and investment balances as of June 30, 2006.

	Pooled Cash and Investments	Cash on Hand	Total
Bank Deposits	$ 83,290,579	$ 1,750	$ 83,292,329
Investments	25,828,169	-	25,828,169
Total	$ 109,118,748	$ 1,750	$ 109,120,498

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Pooled Cash/Cash Equivalents	$ 38,422,569	$ 4,285,026	$ 42,707,595
Restricted Cash	40,584,734		40,584,734
Unrestricted Investments	20,241,636		20,241,636
Restricted Investments	5,586,533	-	5,586,533
Total	$ 104,835,472	$ 4,285,026	$ 109,120,498

NOTE I I I - DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments- continued

1. Cash Deposits

At June 30, 2006, the carrying amount of the County's deposits were $109,120,498 and the bank balances were $111,773,399 of the bank balances, $400,000 was covered by Federal Depository Insurance Corporation and the remaining $111,373,399 was covered by collateral held in the pledging banks' trust department in the County's name. There were no deposits uninsured or uncollateralized at June 30, 2006.

The blended component units' bank balances are presented as the fiduciary funds in the table on page 40, see pages 84-85, for detail of the agency accounts. Fayette County's agency funds are; Tax Commissioner, Sheriff, and Juvenile, Magistrate, Probate, State, and Superior Courts (elected officials of Fayette County).

State statutes and bond resolutions require that all deposits be collateralized by depository insurance; obligations of the United States or certain obligations guaranteed by the U.S. Government; obligations of the State of Georgia; and obligations of other counties, municipal corporations and subdivisions of the State of Georgia. The collateral pledged by the banks' trust department in the County's name is composed of various bonds of the U.S. Government Agencies and bonds of public authorities, counties and municipalities of the State of Georgia.

2. Investments

Georgia Fund 1, which was created by the Official Code of Georgia Annotated ("OCGA") 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAA rated market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the Securities and Exchange Commission as an investment company. The Georgia Office of Treasury and Fiscal Services is the regulatory oversight agency of Georgia Fund 1. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share.

As of June 30, 2006, the carrying values of the County's investments were as follows:

Georgia Fund 1 (LGIP)	AAAm rated	$	32,941,456	24 day Weighted Average Maturity Method

As of June 30, 2006, the carrying values of the Water System's investments were as as follows:

Georgia Fund 1 (LGIP)	AAAm rated	$	7,766,104	24 day Weighted Average Maturity Method

NOTE I I I - DETAILED NOTES ON ALL FUNDS

2. Investments

Primary Government's Investment Policy

Fayette County's policy establishes a framework for implementing such safeguards, authorized particular types of allowable investment instruments, and creates oversight responsibilities of investment activities. The overriding purpose of this policy is to acknowledge clearly that any investment instrument or decision carries with it certain elements of risks. There are, however, numerous safeguards that can be instituted to minimize such risks while endeavoring to earn a market rate of return.

Fayette County's investment objectives in order of priority are: (1) legality, (2) safety of principal, (3) maintenance of adequate liquidity, and (4) return on investments.

Funds of Fayette County will be invested in compliance with the provisions of Georgia Code Section 36-83-4 and in accordance with these policies and any written administrative procedures. Certain funds have outstanding bond issues which have specific investment policies contained within the bond ordinances and official statements. Those policies will be adhered to and are not in conflict with the terms of this policy.

Acceptable investments, set forth in Georgia Code Section 36-83-4 are:

- Obligations of the State of Georgia or of other states
- Obligations issued by the United States Government
  - U.S. Treasury Bills
  - U.S. Treasury Notes
  - U.S. Treasury Bonds
- Obligations fully insured or guaranteed by the United States Government or a United States Government Agency
- Repurchase agreements backed by the U.S. Government or U.S. Government Agency
- Prime Banker's Acceptances; that are eligible for purchase by the Federal Reserve bank and have a Letter of Credit rating of A+ or better.
- Local Government Investment Pool (LGIP)
- Obligations of other Political subdivisions of the State of Georgia
- Time deposits and savings deposits of banks organized under the laws of Georgia or the U.S. Government and operating in Georgia

The following guidelines represent maximum limits established for diversification by instrument by the Fayette County Board of Commissioners.

• U.S. Treasury Obligations	100%
• U.S. Government Agency Securities and Securities issued by Instrumentalities of Government Sponsored Corporations	50%
• Repurchase Agreements	25%

NOTE I I I - DETAILED NOTES ON ALL FUNDS

2. Investments-continued

- Prime Banker's Acceptances 10%
- Local Government Investment Pool 100%
- Certificates of Deposit 50%
- Obligations of other political subdivisions of the State of Georgia 25%

Interest Rate Risk:

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment of operating funds to investments with a stated maturity of no more than 5 years from the date of purchase.

Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

B. Capital Assets

Capital Assets for the County for the fiscal year ended June 30, 2006, are shown in the following tabulation.

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 8,894,227	$ -	$ -	$ 8,894,227
Total capital assets not being depreciated	8,894,227	-	-	8,894,227
Capital assets being depreciated:				
Buildings and Structures	68,589,281	80,800	(357,455)	68,312,626
Improvements other than buildings	3,144,716	175,117	-	3,319,833
Machinery and equipment[1]	12,978,901	1,218,903	(146,651)	14,051,153
Governmental-type assets being depreciated	84,712,898	1,474,820	(504,106)	85,683,612
Internal service funds being depreciated:				
Equipment	3,715,785	-	-	3,715,785
Vehicles[1]	9,096,197	745,084	(331,818)	9,509,463
Internal service fund assets being depreciated	12,811,982	745,084	(331,818)	13,225,248
Total capital assets being depreciated	97,524,880	2,219,904	(835,924)	98,908,860
Less accumulated depreciation for:				
Buildings and Structures	9,170,638	1,961,335	(133,595)	10,998,378
Improvements other than buildings	2,211,621	155,996	-	2,367,617
Machinery and equipment	7,007,188	1,616,908	(95,864)	8,528,232
Vehicles	291,849	79,206	(48,044)	323,011
Total General Fund	18,681,296	3,813,445	(277,503)	22,217,238
Internal Service Fund :				-
Machinery and equipment	2,570,335	153,885		2,724,220
Vehicles:	6,528,585	727,430	(330,882)	6,925,133
Total Internal Service Fund	9,098,920	881,315	(330,882)	9,649,353
Total accumulated depreciation	27,780,216	4,694,760	(608,385)	31,866,591
Total capital assets being depreciated, net	69,744,664	(2,474,856)	(227,539)	67,042,269
Governmental activity capital assets, net	$ 78,638,891	$ (2,474,856)	$ (227,539)	$ 75,936,496

[1]The machinery and equipment balance for fiscal year ended June 30, 2005 was understated by $41,534 as it had been included with the Internal Service Fund vehicle balance. The beginning balances for fiscal year 2006 have been adjusted.

NOTE I I I - DETAILED NOTES ON ALL FUNDS

B. Capital Assets-continued

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water System:				
Land	$ 14,948,119	$ -	$ -	14,948,119
Construction in process	5,793,576	2,171,636	(1,712,711)	6,252,501
Total capital assets not being depreciated	20,741,695	2,171,636	(1,712,711)	21,200,620
Capital assets being depreciated:				
Buildings and Structures	43,158,874	242,819	-	43,401,693
Infrastructure	68,244,612	3,130,348	-	71,374,960
Improvements other than buildings	10,877,671	-	-	10,877,671
Machinery and equipment	8,927,440	118,151	(125,896)	8,919,695
Total capital assets being depreciated	131,208,597	3,491,318	(125,896)	134,574,019
Less accumulated depreciation for:				
Buildings and Structures	11,835,797	1,575,360	-	13,411,157
Infrastructure	20,203,246	1,872,181	-	22,075,427
Improvements other than buildings	5,741,587	516,498	-	6,258,085
Machinery and equipment	5,309,467	474,619	-	5,784,086
Total accumulated depreciation	43,090,097	4,438,658	-	47,528,755
Total capital assets being depreciated, net	88,118,500	(947,340)	(125,896)	87,045,264
Water System capital assets, net	108,860,195	1,224,296	(1,838,607)	108,245,884
Solid Waste:				
Land	16,517	-	-	16,517
Total capital assets not being depreciated	16,517	-	-	16,517
Capital assets being depreciated:				
Buildings and Structures	301,172	-	-	301,172
Improvements other than buildings	100,170	20,000		120,170
Machinery and equipment	252,478	-	-	252,478
Total capital assets being depreciated	653,820	20,000	-	673,820
Less accumulated depreciation for:				
Buildings and Structures	276,866	9,033	-	285,899
Improvements other than buildings	58,181	6,978	-	65,159
Machinery and equipment	232,474	5,696	-	238,171
Total accumulated depreciation	567,521	21,707	-	589,229
Total capital assets being depreciated, net	86,299	(1,707)	-	84,591
Solid Waste capital assets, net	102,816	(1,707)	-	101,108
Business-type capital assets, net	108,963,011	1,222,589	(1,838,607)	108,346,992

NOTE I I I - DETAILED NOTES ON ALL FUNDS

B. Capital Assets-continued

Depreciation expense was charged to functions as follows:

Governmental-type assets:	Current Provision	Accumulated Depreciation
General Government	$ 2,114,005	$ 12,182,702
Judicial System	25,550	463,811
Public Safety	1,389,064	5,827,460
Public Works	49,034	286,826
Planning & Community Development	3,082	39,805
Parks, Recreation and Culture	232,710	3,416,633
Total Governmental	$ 3,813,445	$ 22,217,237
Internal Service Fund	$ 881,315	$ 9,649,353
Total	$ 4,694,760	$ 31,866,590

The cost of capital assets acquired through a capital lease program total $7,760,000, $6,603,899 in buildings and structures class and $1,156,101 in machinery and equipment class. The future lease payments are included in Note D.

C. Interfund Receivables and Payables

The purpose of interfund receivables and payables is to meet temporary cash flow requirements and timing differences between receiving and recognizing certain revenues.

Interfund transfers for the year ended June 30, 2006 consisted of the following amounts:

Major Governmental Funds' Transfers:		
Transfers from General Fund		
To: Non-Major Special Revenue Funds	$	106,116
Non-Major Capital Project Funds		6,106,482
Vehicle Replacement Fund		1,229,575
	$	7,442,173
Transfers from Fire Fund		
To: General Fund	$	7,797
Non-Major Capital Project Funds		22,616
Vehicle Replacement Fund		351,926
	$	382,339
Major Proprietary Fund Transfers		
Transfers from Water System Fund		
To: General Fund	$	589,904
	$	589,904

NOTE I I I - DETAILED NOTES ON ALL FUNDS

C. Interfund Receivables and Payables - continued

Non-major Governmental Funds:

Transfers from Non-Major Special Revenue Fund (Grants)		
To: Non-Major Capital Project Fund	$	53,472
	$	53,472
Transfers from Non-Major Special Revenue Fund (Street Lights)		
To: General Fund	$	1,000
	$	1,000
Transfers from Non-Major Capital Project Funds		
To: General Fund	$	500
	$	500

The purpose of the interfund transfers is to recognize budget funds appropriated for fiscal year 2006 and funds received through donations for specific projects or funds. During fiscal year 2006, amounts totaling $7,442,173 were transferred from the General Fund to various other funds. Of that amount, $6,134,672 was used to fund Capital Projects including $4,563,599 for new parks - Recreation. An amount totaling $1,229,575 was used to continue providing funding for the vehicle replacement program.

During fiscal year 2006, the Water System was charged $589,904 for overhead cost allocation including administration, finance, budgeting, purchasing, information systems, human resources, and marshal services.

D. Leases

The County entered into an equipment lease-purchase agreement with Motorola, Inc. on December 27, 2002 for an 841 Mhz Radio System with six satellites and one prime site. The total purchase price was $7,760,000. Under the terms of the financing the County is required to make annual lease payments in the amount of $993,761 covering a ten-year lease term. At June 30, 2006, the County was obligated to make payments of principal and interest as follows:

Cost of leased assets	$ 7,760,000
Accumulated depreciation	1,275,998
Value of assets	$ 6,484,002

Fiscal years ending June 30,	Principal	Interest	Total Debt Service
2007	$ 717,428	$ 276,334	$ 993,762
2008	751,612	242,150	993,762
2009	787,423	206,338	993,761
2010	824,941	168,820	993,761
2011	864,247	129,514	993,761
2012-2013	1,853,991	133,531	1,987,522
Totals	$ 5,799,642	$ 1,156,687	$ 6,956,329

NOTE I I I - DETAILED NOTES ON ALL FUNDS

E. Closure and Postclosure Care Cost

Current State and Federal laws and regulations require the County to place a final cover on its landfill sites when municipal solid waste is no longer accepted, and to perform certain maintenance and monitoring functions at these sites for a minimum of five years after closure. Fayette County closed the Grady Avenue Landfill in 1988 and First Manassas Mile Road (FMMR) Sanitary landfill in June of 1994. The County has entered into a contractual agreement with an outside contractor to lease an unused part of the old FMMR landfill site as a waste transfer station.

Governmental Accounting Standards Board, Statement No. 18, requires that the County report closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used. balance sheet date. With the closing of both of its sanitary landfills prior to June 30, 1994, the Solid Waste Enterprise Fund recognized 100% of the total estimated amount of the closure and postclosure care cost. As of June 30, 2006 the closure and postclosure care liability account had a zero balance. EPD provides estimates of the cost, there is a potential for change due to inflation, deflation, technology or applicable laws or regulations.

F. Long-Term Debt

General Obligations Bonds. Periodically, the County issues general obligation bonds to provide funds for the acquisition and construction of major general government capital facilities. General Obligation (G.O.) bonds are direct obligations and pledge the full faith and credit of the government. The County currently has no general obligation bonds outstanding.

Revenue Bonds. The County issues bonds where the issuer pledges income derived from the acquired or constructed assets to pay debt service.

The County issued revenue bonds for the construction of capital assets, which are currently outstanding and reported in the Water System Enterprise Fund as follows:

	Debt
$10,245,000 Series 1996A, Water Revenue Bonds, due in annual installments of $25,000 to $920,000 through October 1, 2020; interest at 3.6% to 5.5%, net of unamortized bond discount of $5,219, deferred refunding difference of $183,868.	$ 5,170,000
$18,090,000 Series 1998, Water Revenue Bonds, due in annual installments of $130,000 to $3,325,000 through October 1, 2028; interest at 3.7% to 5.00%, net of unamortized bond discount of $84,341, deferred refunding difference of $590,589.	16,115,000
$22,670,000 Series 2002, Water Revenue Bonds, due in annual installments of $50,000 to $2,250,000 through October 1, 2032; interest at 3.25% to 5.125%, net of unamortized bond discount of $67,460, deferred refunding difference of $775,672.	21,455,000
Current Portion and Long Term Portion of Revenue Bonds	$ 42,740,000

NOTE I I I - DETAILED NOTES ON ALL FUNDS

F. Long-Term Debt - Continued

The following includes a summary of Water System revenue bond transactions for the fiscal year ended June 30, 2006:

Water Revenue Bond	Balance, July 1, 2005	Additions	Reductions	Balance, June 30, 2006	Current Portion
Series 1996A	$ 5,855,000	$ -	$ 685,000	$ 5,170,000	$ 715,000
Series 1998	16,540,000	-	425,000	16,115,000	440,000
Series 2002	21,875,000	-	420,000	21,455,000	435,000
Total Water Revenue Bonds	44,270,000	-	1,530,000	42,740,000	$ 1,590,000
Less the Unamortized Portion of :					
Refunding Difference	(1,667,005)	-	(116,876)	(1,550,129)	
Bond Discounts	(172,128)	-	(15,108)	(157,020)	
Net Water Revenue Bonds	$ 42,430,867	$ -	$ 1,398,016	$ 41,032,851	

At June 30, 2006, the County was obligated to make payments of principal and interest on its outstanding water revenue bond debt as follows:

Fiscal years ending June 30,	Principal	Interest	Total Debt Service
2007	$ 1,590,000	$ 2,054,350	$ 3,644,350
2008	1,660,000	1,985,224	3,645,224
2009	1,730,000	1,911,311	3,641,311
2010	1,810,000	1,831,113	3,641,113
2011	1,890,000	1,744,949	3,634,949
2012-2016	10,865,000	7,265,456	18,130,456
2017-2021	13,900,000	4,137,778	18,037,778
2022-2026	7,265,000	971,010	8,236,010
2027-2031	1,375,000	349,769	1,724,769
2032-2033	655,000	33,953	688,953
Totals	$ 42,740,000	$ 22,284,913	$ 65,024,913

In June 2000, the Fayette County Public Facilities Authority (a blended component unit) issued $55,250,000 of Series 2000 Revenue Bonds with an average interest rate of 5.87 percent to construct a new Criminal Justice Center. In September 2001, the Fayette County Public Facilities Authority issued $50,435,000 of Series 2001 Refunding Revenue Bonds with an average interest rate of 3.82 percent to partially advance refund $45,570,000 of the Series 2000 bonds. The net proceeds of $49,668,979 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Series 2000 bonds. As a result, $45,570,000 of the Series 2000 bonds are considered to be defeased and the liability for those bonds has been removed from the long-term debt group.

The Fayette County Public Facilities Authority advance refunded the Series 2000 bonds to reduce its total debt service payments by almost $3.4 million and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1.8 million.

NOTE I I I - DETAILED NOTES ON ALL FUNDS

F. Long-Term Debt - Continued

The following includes a summary of the Fayette County Public Facilities Authority revenue bond transactions for the fiscal year ended June 30, 2006:

	Balance, July 1, 2005	Additions	Reductions	Balance, June 30, 2006	Current Portion
Series 2000 revenue bonds	$ 5,355,000	$ -	$ 965,000	$ 4,390,000	$ 1,015,000
Series 2001 refunding revenue bonds	49,065,000	-	200,000	48,865,000	205,000
Total Revenue Bonds	$ 54,420,000	$ -	$ 1,165,000	$ 53,255,000	$ 1,220,000

At June 30, 2006, the County was obligated to make payments of principal and interest on the Series 2000 and Series 2001 Fayette County Public Facilities Authority outstanding revenue bond debt as follows:

Fiscal years ending June 30,	Principal	Interest	Total Debt Service
2007	$ 1,220,000	$ 2,623,656	$ 3,843,656
2008	1,280,000	2,562,682	3,842,682
2009	1,345,000	2,497,852	3,842,852
2010	1,415,000	2,428,583	3,843,583
2011	1,490,000	2,353,978	3,843,978
2012-2016	8,470,000	10,736,860	19,206,860
2017-2021	10,720,000	8,483,388	19,203,388
2022-2026	13,685,000	5,527,250	19,212,250
2027-2030	13,630,000	1,745,000	15,375,000
Totals	$ 53,255,000	$ 38,959,249	$ 92,214,249

Advance Refunding. In prior years, the County advance refunded certain water revenue bonds by placing the proceeds of the new bond issues in irrevocable trusts with escrow agents for the purpose of generating resources for all future debt service payments of the refunded debt. With this financial arrangement, the refunded bonds are considered to be defeased in substance. Accordingly, the trust account assets and liability for the defeased bonds are not included in the County's financial statements.

At June 30, 2006, $45,940,000 of outstanding revenue bonds are considered defeased. Fayette County Public Facilities Authority defeased bond amount is $45,570,000 and the Water System's defeased bonds are $370,000.

Georgia Environmental Facilities Authority (GEFA) Loans. The Georgia Environmental Facilities Authority is a State agency which offers low interest financing to other political subdivisions of the State of Georgia for their water and sewer capital needs. The Water System Enterprise Fund has received nine GEFA loans for various water system construction projects.

NOTE I I I - DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-Term Debt - Continued

At June 30, 2006, the Water System Enterprise Fund's long-term liabilities included the following loans:

$116,270 represents the principal balance remaining on the original loan amount of $593,063 for the construction of the Quarters Road water line. This December 1988 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $12,574 beginning March 1, 1989. The interest rate is 5.8% over the life of the loan. The current principal portion of the loan is $44,510. The debt is serviced through the Water System Enterprise Fund.

$135,415 represents the principal balance remaining on the original loan amount of $603,000 for the construction of the Crabapple water tank. This June 1989 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $12,280 beginning September 1, 1989. The interest rate is 5.3% over the life of the loan. The current principal portion of the loan is $42,783. The debt is serviced through the Water System Enterprise Fund.

$408,920 represents the principal balance remaining on the original loan amount of $797,000 for the construction of Phase 1 of the Water Line Looping Project. This August 1994 loan was made by GEFA for a period of twenty years and payable in quarterly installments of $15,109 beginning November 1, 1994. The interest rate is 4.8% for the life of the loan. The current principal portion of the loan is $41,549. The debt is serviced through the Water System Enterprise Fund.

$709,813 represents the principal balance remaining on the original loan amount of $1,434,000 for the construction of Phase 2 of the Water Line Looping Project. This February 1995 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $26,948 beginning March 1, 1996. The interest rate is 5.12% over the life of the loan. The current principal portion of the loan is $72,833. The debt is serviced through the Water System Enterprise Fund.

$682,073 represents the principal balance remaining on the original loan amount of $1,450,000 for the construction of Phase 5 of the Water Line Looping Project. Of the original loan amount, $209,766 was not needed for the project and was returned to the Georgia Loan Fund. This May 1995 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $21,978 beginning October 1, 1996. The interest rate is 5.6% over the life of the loan. The current principal portion of the loan is $50,769. The debt is serviced through the Water System Enterprise Fund.

$1,206,418 represents the principal balance remaining on the original loan amount of $2,087,000 for the construction of Phase 3 of the Water Line Looping Project. Of the original loan amount, $321,290 was not needed for the project and was returned to the Georgia Loan Fund. This September 1996 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $41,978 beginning November 1, 1996. The interest rate is 5.16% over the life of the loan. The current principal portion of the loan is $81,369. The debt is serviced through the Water System Enterprise Fund.

$1,535,295 represents the principal balance remaining on the original loan amount of $2,000,000 for the construction of Phase 4 of the Water Line Looping Project. This September 1999 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $40,027 beginning November 1, 1999. The interest rate is 5.10% over the life of the loan. The current principal portion of the loan is $83,385. The debt is serviced through the Water System Enterprise Fund.

NOTE I I I - DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-Term Debt - Continued

$1,733,773 represents the principal balance remaining on the original loan amount of $2,000,000 for the construction of the South Fayette Water Treatment Plant. This December 2000 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $41,037 beginning February 1, 2002. The interest rate is 5.4% over the life of the loan. The current principal portion of the loan is $71,965. The debt is serviced through the Water System Enterprise Fund.

$1,857,907 represents the principal balance remaining on the original loan amount of $2,000,000 for the construction of the Ellis Road Water Tank. This May 2003 loan was made by GEFA for a period of twenty years and is payable in quarterly installments of $38,997 beginning May 1, 2004. The interest rate is 4.79% over the life of the loan. The current principal portion of the loan is $68,207. The debt is serviced through the Water System Enterprise Fund.

The following is a summary of GEFA loan transactions for the year ended June 20, 2006.

	Balance, July 1, 2005	Additions	Reductions	Balance, June 30, 2006	Current Portion
Quarters Road Water Line Loan	$ 158,289	$ -	$ 42,019	$ 116,270	$ 44,510
Crabapple Water Tank Loan	176,004	-	40,589	135,415	42,783
Phase 1 Water Line Loop Loan	448,533	-	39,613	408,920	41,549
Phase 2 Water Line Loop Loan	779,033	-	69,220	709,813	72,833
Phase 5 Water Line Loop Loan	730,096	-	48,023	682,073	50,769
Phase 3 Water Line Loop Loan	1,283,719	-	77,301	1,206,418	81,368
Phase 4 Water Line Loop Loan	1,614,560	-	79,265	1,535,295	83,385
South Fayette Water Plant Loan	1,801,980	-	68,207	1,733,773	71,965
Ellis Road Water Tank Loan	1,922,942	-	65,035	1,857,907	68,207
Total GEFA Loan Debt	$ 8,915,156	$ -	$ 529,272	$ 8,385,884	$ 557,369

At June 30, 2006, the Water System Enterprise Fund was obligated to make payments of principal and interest on its outstanding Georgia Environmental Facilities Authority (GEFA) loans as follows:

Fiscal years ending June 30,	Principal	Interest	Total Debt Service
2007	$ 557,369	$ 420,491	$ 977,860
2008	586,962	390,898	977,860
2009	592,802	359,910	952,712
2010	547,955	330,489	878,444
2011	576,690	301,754	878,444
2012-2016	3,043,597	1,041,207	4,084,804
2017-2021	1,960,969	359,118	2,320,087
2022-2024	519,540	32,537	552,077
Totals	$ 8,385,884	$ 3,236,404	$ 11,622,288

NOTE I I I - DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-Term Debt - Continued

Certificates of Participation. In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County's participation totaling $5,000,000. The lease pool agreement with the Association provides that the County owns its portion of the assets invested by the pool and is responsible for the payment of its portion of principal and interest of the Certificates of Participation.

The principal of $5,000,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make payments back into its investment account to fund the interest requirements of the 1998 GMA Certificates of Participation. The County received a draw for $520,818 during fiscal year 2006. As of June 30, 2006, a total of $6,923,899 has been drawn down for equipment purchases.

Following is a reconciliation of debt disclosures presented above to amounts reported in the statement of net assets:

Governmental Activities	Balance July 1, 2005	Current Year Payments	Current Year Additions	Balance June 30, 2006
Public Facilities Authority	$ 54,420,000	$ 1,165,000	$ -	$ 53,255,000
Certificate of Participation	5,000,000	-	-	5,000,000
	59,420,000	1,165,000	-	58,255,000
Less: current portion of long term debt				(1,220,000)
				$ 57,035,000
Business-Type Activities				
Revenue Bonds	$ 44,270,000	$ 1,530,000	$ -	$ 42,740,000
Less the unamortized portion of				
Refunding difference	(1,667,005)	(116,876)	-	(1,550,129)
Bond discounts	(172,128)	(15,108)	-	(157,020)
GEFA loans	8,915,156	529,272	-	8,385,884
	51,346,023	1,927,288	-	49,418,735
Less: current portion of long-term debt				(2,147,369)
				$ 47,271,366

Changes in Long-Term Liabilities. During the fiscal year ended June 30, 2006, changes occurred in liabilities reported as long-term debt as follows:

Governmental Activities	Balance, July 1, 2005	Additions	Reductions	Balance, June 30, 2006	Due within One Year
Compensated Absences	$ 909,652	$ 1,840,184	$ 833,269	$ 1,916,567	$ 910,961
Revenue Bonds	54,420,000	-	1,165,000	53,255,000	1,220,000
Certificates of Participation	5,000,000	-	-	5,000,000	-
Capital Leases	6,484,442	-	684,800	5,799,642	717,428
Totals	$ 66,814,094	$ 1,840,184	$ 2,683,069	$ 65,971,209	$ 2,848,389
Business-Type Activities					
Compensated Absences	$ 94,778	$ -	$ 2,842	$ 91,936	$ 64,362
Loans	8,915,156	-	529,272	8,385,884	557,369
Revenue Bonds	44,270,000	-	1,530,000	42,740,000	1,590,000
Totals	$ 53,279,934	$ -	$ 2,062,114	$ 51,217,820	$ 2,211,731

The governmental funds typically used to liquidate compensated absences are the general fund, and special revenue funds.

NOTE I V - OTHER INFORMATION

A. Risk Management

Fayette County, Georgia is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years.

The County established a limited risk management program for workers' compensation during the 1988 fiscal year. The purpose of the Workers' Compensation Self-Insurance Internal Service Fund is to pay workers' compensation claims from accumulated assets of the fund and minimize the total cost of workers' compensation insurance to the County. Specific and aggregate excess insurance is provided through a private insurance carrier.

The County initiated its Dental Self-Insurance Internal Service Fund in the 1991 fiscal year. The purpose of this fund was to pay claims for employees for certain health care expenses incurred up to a maximum of $1,000 per covered individual. Claims are handled by a third party administrator as of June 1, 2005.

Fayette County established its Major Medical Self-Insurance Internal Service Fund in the 1991 fiscal year, and on June 1, 2002 became fully insured. Fayette County no longer carries the specific and aggregate excess insurance through a private concern. This fund is still maintained in the event the Board of Commissioners decide to self-insurance again. The purpose of this fund is to pay claims for employees for certain health care expenses incurred with an unlimited amount per covered individual.

The County initiated its Vision reimbursement plan in the 1997 fiscal year. Employees are reimbursed up to $200 per year per covered individual for out of pocket expenses associated with vision care. Claims are handled by a third party administrator as of June 1, 2005.

All funds of the County participate in these programs and make payments to these Internal Service Funds based on actuarial estimates of the amounts needed to pay prior and current year claims, claim reserves, and administrative costs of the programs. The claims liability of $ 27,372 reported at June 30, 2006, is based on requirements of Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* which requires that a liability for claims be reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the funds' claims liability amounts in fiscal years 2005 and 2006 were as follows:

	Beginning of Fiscal Year Liabilities	Current Year Claims and Changes in Estimates	Less Claim Payments	End of Fiscal Year Liabilities
Workers' Compensation Self-Insurance Fund:				
FY 2005	$ 158,446	$ 350,660	$ 377,151	$ 131,955
FY 2006	131,955	168,778	298,224	2,509
Dental/Vision Self-Insurance Fund:				
FY 2005	$ 5,124	$ 230,854	$ 227,162	$ 8,816
FY 2006	8,816	313,992	300,926	21,882
Medical Self-Insurance Fund (EAP):				
FY 2005	$ 1,426	$ 37,995	$ 38,921	$ 500
FY 2006	500	9,981	8,000	2,981

NOTE IV - OTHER INFORMATION - CONTINUED

B Post-employment Healthcare Plan

In addition to providing pension benefits, during FY 2000 the County began to provide funding for certain health care related benefits for retired employees. A majority of the County's employees may become eligible for this new benefit upon reaching the minimum age of 55 and having at least 25 years of service. Continued health care benefits in the form of single coverage will be paid fully by the County from the Major Medical Self-Insurance Fund. This benefit is limited to a period which is shorter of (a) ten years or (b) the length of time it takes for the employee to reach the age at which they become eligible for Medicare benefits. The County has the authority to amend this benefit.

In lieu of having the major medical coverage, an eligible retiree may elect to take a cash payment equal to the total amount of the contributions that the County would have made into the insurance fund on their behalf. Retired employees also have the option to pay the contribution amount to cover their spouse and dependents under the plan.

At June 30, 2006, the County has fifteen (15) employees eligible for this benefit, there are two retirees receiving medical insurance coverage. One of the retirees returned to work during fiscal year 2006. The County finances the plan on a pay-as-you-go basis. For the year ended June 30, 2006 the County paid $4,859 for this benefit.

C. Segment Information Enterprise Funds

The County maintains two enterprise funds, which are intended to be self-supporting through user fees charged for services to the public. The Water System accounts for the provision of potable water service to the majority of the County citizens. Solid Waste accounts for the closed municipal waste landfills, an operational construction and demolition landfill, and a transfer station, which provides waste disposal services for all citizens.

D. Contingent Liabilities

The County has participated in a number of grant programs funded by certain Federal and State agencies. Several of these programs are subject to program compliance audits and reviews by the grantor, some of which have not been concluded. Accordingly, the County's compliance with applicable grant requirements may be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts to be immaterial based upon previous experience.

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

E. Employees' Pension Plan

The County has adopted a prototype pension plan administered by the Hartford Insurance. The 401(a) pension plan is a defined contribution (money purchase pension) plan that covers substantially all full time County employees.

NOTE IV - OTHER INFORMATION - CONTINUED

E. Employees' Pension Plan - continued

Under the current provisions, the County is required to contribute an amount equal to 4% of each participant's annual compensation. In addition, the County will match contributions made by an employee to the deferred compensation plan on a 1 for 2 basis up to a maximum contribution by the County of 4%. Contributions are calculated and made on a biweekly payroll basis. The Board of Commissioners establishes required contribution and matching percentages.

Employees become eligible for the plan if they are at least 18 years old and work a minimum of 30 hours per week. Actual participation in the plan begins with the first payroll of the quarter following the completion of a successful probationary period. Participants are 40% vested in the plan after four years of service and 100% vested after five years.

The 401(a) pension plan had total contributions of $1,789,299, of which $1,058,299 is the four percent base contributed by the County. The County's matching portion to the employee contributions to the deferred compensation plan was $730,540. For the fiscal year ended June 30, 2006, payroll covered by this plan was $26.3 million.

F. Joint Venture

Under Georgia law, the County, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Fayette County. The County's membership dues paid to the ARC for the year ended June 30, 2006 were $102,200. Membership in the ARC is required by the Official Code of Georgia (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC. The ARC board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-9-30.1 provides that the member governments are liable for any debts or obligations of their ARC. Separate financial statements of the ARC may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.



REQUIRED SUPPLEMENTARY INFORMATION

Fayette County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund

For fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Property taxes	$ 25,490,600	$ 25,558,857	$ 25,838,270	$ 279,413
Sales taxes	9,562,560	9,562,560	10,296,451	733,891
Other taxes	2,640,500	2,832,189	2,874,588	42,399
Licenses and permits	714,000	813,583	841,083	27,500
Intergovernmental	2,041,150	1,787,283	1,897,847	110,564
Charges for services	2,515,850	2,623,463	3,114,649	491,186
Fines and forfeitures	1,465,000	1,504,065	1,416,858	(87,207)
Investment Income	650,000	1,452,043	1,452,043	-
Contributions/Donations	1,500	9,654	9,684	30
Miscellaneous revenues	403,740	328,156	332,338	4,182
Total revenues	45,484,900	46,471,853	48,073,811	1,601,958
Expenditures:				
Current:				
General Government				
Commissioners	567,658	766,528	766,518	10
Administration	344,904	370,441	344,179	26,262
Elections	275,451	307,663	307,649	14
Finance	838,050	792,727	764,582	28,145
Purchasing	348,493	338,177	330,818	7,359
Information Systems	480,087	484,113	478,633	5,480
Human Resources	440,558	439,734	406,762	32,972
Tax Commissioner	998,076	1,018,684	980,748	37,936
Tax Assessor	811,570	833,240	744,704	88,536
Building & Grounds Maintenance	1,602,999	1,689,086	1,511,545	177,541
Engineering Office	467,551	485,003	350,762	134,241
Contingency	817,427	-	-	-
Non-Departmental	897,650	955,625	955,622	3
Total General Government	8,890,474	8,481,021	7,942,522	538,499
Judicial System				
Judges, Court Reporter	409,263	450,004	449,999	5
Clerk of Superior Court	982,804	994,257	943,658	50,599
District Attorney	367,464	367,464	367,075	389
Clerk of State Court	192,676	196,123	187,125	8,998
State Court Solicitor	308,529	318,128	302,315	15,813
State Court Judge	275,827	315,373	315,363	10
Magistrate Court	434,125	439,743	392,743	47,000
Probate Court	280,396	290,824	290,815	9
Juvenile Court	358,165	306,772	264,113	42,659
Public Defender	450,000	450,000	450,000	-
Contingency	48,798	7,716	-	7,716
Non-Departmental	248,131	249,824	247,820	2,004
Total Judicial System	4,356,178	4,386,228	4,211,026	175,202

Continued

Fayette County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund

For fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Public Safety				
Public Safety Administration	134,966	136,642	136,636	6
Marshal	604,239	651,312	626,551	24,761
Sheriff's Department	13,148,730	13,922,753	13,922,669	84
EMS Administration	334,059	335,166	324,560	10,606
EMS Training	93,728	97,496	95,163	2,333
EMS Operations	2,206,443	2,294,718	2,227,767	66,951
County Coroner	54,673	54,951	54,948	3
Animal Control	279,086	295,519	294,483	1,036
Emergency Management	113,496	117,193	113,555	3,638
Contingency	584,371	1,543	-	1,543
Non-Departmental	714,365	709,788	709,786	2
Total Public Safety	18,268,156	18,617,081	18,506,118	110,963
Public Works				
Public Works Administration	175,190	180,631	180,543	88
Road Department	4,424,870	4,612,624	4,570,417	42,207
Maintenance & Shop	227,333	249,817	228,105	21,712
Contingency	137,155	-	-	-
Total Public Works	4,964,548	5,043,072	4,979,065	64,007
Health and Welfare				
Department of Physical Health	327,677	334,966	334,963	3
Fayette Counseling Center	119,270	119,270	119,270	-
Department of Family & Children Services	41,300	41,500	41,292	208
Fayette Community Options	58,171	58,171	58,171	-
Senior Citizens Center	105,631	105,631	105,631	-
Youth Protection	20,556	20,556	20,552	4
Promise Place	10,000	10,000	10,000	-
Contingency	3,248	-	-	-
Total Health and Welfare	685,853	690,094	689,879	215
Culture/Recreation				
Recreation	1,025,345	1,046,210	971,091	75,119
Libraries	654,838	666,349	638,419	27,930
Contingency	22,415	1,143	-	1,143
Total Culture/Recreation	1,702,598	1,713,702	1,609,510	104,192
Planning & Community Development				
County Extension	118,784	119,336	97,400	21,936
Ga Forestry Commission	2,376	2,376	2,376	-
Permits & Inspections	618,216	644,191	578,739	65,452
Planning & Zoning	518,338	529,412	445,115	84,297
Development Authority	313,556	314,462	314,462	-
Contingency	39,941	9	-	9
Total Planning & Community Development	1,611,211	1,609,786	1,438,092	171,694
Total current expenditures	40,479,018	40,540,984	39,376,212	1,164,772
Debt Service				
Principal payment	684,800	684,800	684,800	-
Interest payments	308,962	308,962	308,961	1
Total debt service	993,762	993,762	993,761	1
Total expenditures	41,472,780	41,534,746	40,369,973	1,164,773

Continued

Fayette County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
General Fund

For fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Excess of revenues over expenditures	4,012,120	4,937,107	7,703,838	2,766,731
Other financing sources (uses):				
Transfers in-Street Lights	1,000	1,000	1,000	-
Transfers in-Water System	589,904	589,904	589,904	-
Transfers in-Fire Fund	-	7,797	7,797	-
Transfers in-Capital Projects	-	500	500	-
Transfers out-Capital Projects	(4,949,131)	(6,134,672)	(6,134,672)	-
Transfers out-E911	(77,926)	(77,926)	(77,926)	-
Transfers out-Vehicle Replacement	(1,104,575)	(1,229,575)	(1,229,575)	-
Sale of capital assets	90,000	90,000	15,471	(74,529)
Total other financing sources (uses)	(5,450,728)	(6,752,972)	(6,827,501)	(74,529)
Net change in fund balances	(1,438,608)	(1,815,865)	876,337	2,692,202
Fund balances - beginning	28,559,000	28,559,000	28,559,000	-
Fund balances - ending	$ 27,120,392	$ 26,743,135	$ 29,435,337	$ 2,692,202

Fayette County, Georgia
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Fire District Special Revenue Fund

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ 6,478,950	$ 6,478,950	$ 6,563,104	$ 84,154
Charges for services	90,000	90,000	117,514	27,514
Intergovernmental	325,000	325,000	368,845	43,845
Interest Earned	-	-	171,882	171,882
Other miscellaneous revenues	300,000	300,000	318,627	18,627
Total revenues	7,193,950	7,193,950	7,539,972	346,022
Expenditures:				
Current:				
Public safety:				
Fire administration	197,572	216,074	210,032	6,042
Fire operations	5,607,829	5,595,072	5,485,449	109,623
Fire prevention	227,569	226,140	222,617	3,523
Fire training	51,101	51,863	51,676	187
Fire reserve program	56,710	56,710	51,481	5,229
Total expenditures	6,140,781	6,145,859	6,021,255	124,604
Other financing sources (uses):				
Transfers out-Capital Projects	(28,000)	(22,616)	(22,616)	-
Transfers out-General Fund	-	(7,797)	(7,797)	-
Transfers out-Vehicle Replacement	(351,926)	(351,926)	(351,926)	-
Donations	-	200	200	-
Sales of general fixed assets	2,000	2,000	5,040	3,040
Total other financing (uses)	(377,926)	(380,139)	(377,099)	3,040
Net change in fund balances	675,243	667,952	1,141,618	473,666
Fund balances - beginning	3,740,064	3,740,064	3,740,064	-
Fund balances - ending	$ 4,415,307	$ 4,408,016	$ 4,881,682	$ 473,666



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS AND CAPITAL PROJECT FUNDS

Special Revenue Funds for specific purposes are used to account for revenue sources that are legally restricted to specific expenditures defined by the revenue.

Emergency 911

To account for monies collected from private and commercial telephone customers for emergency telephone services. These monies will be used for expenditures of the E-911 System.

Grants

This is a summary of multiple funds used to account for various grants received by the County.

Street Lights Fund

To account for the creation and maintenance of street lighting in unincorporated Fayette County. Financing is derived principally from a special tax levy against property owners serviced.

Law Enforcement Confiscated Monies (L.E.C.M.)

To account for revenues generated by Federal and State agencies' seizure condemnation of drug monies which are used to enhance law enforcement.

Fine Surcharges

To account for various surcharge revenues collected from court cases. These monies will be used for juvenile education and reformation programs, drug education programs, victim assistance programs, and jail construction.

The Capital Project Funds account for resources provided to acquire or construct major capital facilities (other than enterprise fund facilities). Sale of bonds, State or Federal grants, special levies, or transfers of resources from other funds may finance capital projects.

The County uses the following Capital Project Funds:

Special Purpose Local Option Sales Tax (S.P.L.O.S.T.)

To account for funds received from the special purpose local option sales tax for the County's Library.
To account for the construction of roads in unincorporated Fayette County.
On November 2, 2004, a referendum was passes by Fayette County voters to impose a 1% S.P.L.O.S.T. for road, street, and bridge purposes of benefit to Fayette County. The tax began April 1, 2005.

Kelly Park Construction

To account for the construction of a park in Peachtree City.

Kenwood Park Construction

To account for the construction of a park in North Fayette County.

Senior Citizen Center Construction

To account for construction of a senior citizens center in Fayette County.

Early Warning Siren System

To account for the construction of early warning siren system within Fayette County.

General Capital Projects

To account for other capital projects as approved in the County's Capital Improvement Program.

Fayette County, Georgia
Combining Balance Sheet
Non-Major Governmental Funds

June 30, 2006

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets			
Unrestricted cash	$ 4,161,709	$ 14,833,109	$ 18,994,818
Restricted cash	-	1,859,685	1,859,685
Receivables	197,258	-	197,258
Prepaid	1,746	-	1,746
Taxes (net of allowance for uncollectible accounts)	2,984	-	2,984
Total assets	$ 4,363,697	$ 16,692,794	$ 21,056,491
Liabilities:			
Accounts payable	$ 266,403	$ 941,949	$ 1,208,352
Contracts payable	-	96,058	96,058
Accrued payroll and withholdings	34,735	-	34,735
Compensated absences payable	387	-	387
Due to other governments	48	-	48
Deferred revenue	2,118	50,000	52,118
Total liabilities	303,691	1,088,007	1,391,698
Fund Balances:			
Reserved for:			-
Future expenditures	-	4,532,570	4,532,570
Unreserved:			
Designated for L.E.C.M. federal/state	1,174,194	-	1,174,194
Designated for law library	114,122	-	114,122
Designated for victim assistance	257,506	-	257,506
Designated for drug abuse	65,764	-	65,764
Designated for juvenile court supervision	66,604	-	66,604
Designated for county jail construction	326,983	-	326,983
Designated for future expenditures	19,979	-	19,979
Designated for capital improvements	-	11,072,217	11,072,217
Unreserved, undesignated	2,034,854	-	2,034,854
Total fund balances	4,060,006	15,604,787	19,664,793
Total liabilities and fund balances	$ 4,363,697	$ 16,692,794	$ 21,056,491

Fayette County, Georgia
Combining Balance Sheet
Non-Major Special Revenue Funds

June 30, 2006

	Emergency 911	Grants	Street Lights	Law Enforcement Confiscated Monies (L.E.C.M.)	Fine Surcharges	Total
ASSETS						
Unrestricted cash	$ 2,034,862	$ -	$ 73,808	$ 1,174,242	$ 878,797	$ 4,161,709
Accounts receivable	-	197,258	-	-	-	197,258
Prepaid Items					1,746	1,746
Taxes (net of allowance for uncollectible accounts)	-	-	2,984	-	-	2,984
Total assets	$ 2,034,862	$ 197,258	$ 76,792	$ 1,174,242	$ 880,543	$ 4,363,697
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 25,207	$ 177,279	$ 17,877	$ -	$ 46,040	$ 266,403
Accrued payroll and withholdings	31,211	-	-	-	3,524	34,735
Compensated absences payable	387	-	-	-	-	387
Due to other governments	-	-	-	48	-	48
Deferred revenues	-	-	2,118	-	-	2,118
Total liabilities	$ 56,805	$ 177,279	$ 19,995	$ 48	$ 49,564	$ 303,691
Fund Balances:						
Unreserved:						
Designated for L.E.C.M. federal/state	$ -	$ -	$ -	$ 1,174,194	$ -	$ 1,174,194
Designated for law library	-	-	-	-	114,122	114,122
Designated for victim assistance	-	-	-	-	257,506	257,506
Designated for drug abuse	-	-	-	-	65,764	65,764
Designated for juvenile court supervision	-	-	-	-	66,604	66,604
Designated for county jail construction	-	-	-	-	326,983	326,983
Designated for future expenditures	-	19,979	-	-	-	19,979
Undesignated	1,978,057	-	56,797	-	-	2,034,854
Total fund balances	$ 1,978,057	$ 19,979	$ 56,797	$ 1,174,194	$ 830,979	$ 4,060,006
Total liabilities and fund balances	$ 2,034,862	$ 197,258	$ 76,792	$ 1,174,242	$ 880,543	$ 4,363,697

Fayette County, Georgia
Combining Balance Sheet
Non-Major Capital Projects Funds

June 30, 2006

	SPLOST Roads Unincorporated	SPLOST Library	Kelly Park Construction	Kenwood Park Construction	Senior Citizen Center Construction	Early Warning Siren System	General Capital Projects	Totals
ASSETS								
Cash and cash equivalents	$ 3,432,254	$ 1,859,685	$ 440,292	$ 2,007,471	$ 3,406,101	$ 224,496	$ 5,322,495	$ 16,692,794
Total assets	$ 3,432,254	$ 1,859,685	$ 440,292	$ 2,007,471	$ 3,406,101	$ 224,496	$ 5,322,495	$ 16,692,794
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ 663,925	$ 8,930	$ -	$ 121,833	$ 12,639	$ -	$ 134,622	$ 941,949
Retainage payable	86,514	-	-	9,291	-	-	253	96,058
Deferred revenues	-	-	-	-	50,000	-	-	50,000
Total liabilities	$ 750,439	$ 8,930	$ -	$ 131,124	$ 62,639	$ -	$ 134,875	$ 1,088,007
Fund Balances:								
Reserved for:								
Future expenditures	$ 2,681,815	$ 1,850,755	$ -	$ -	$ -	$ -	$ -	$ 4,532,570
Unreserved:								
Designated for capital improvements	-	-	440,292	1,876,347	3,343,462	224,496	5,187,620	11,072,217
Total fund balances	$ 2,681,815	$ 1,850,755	$ 440,292	$ 1,876,347	$ 3,343,462	$ 224,496	$ 5,187,620	$ 15,604,787
Total liabilities and fund balances	$ 3,432,254	$ 1,859,685	$ 440,292	$ 2,007,471	$ 3,406,101	$ 224,496	$ 5,322,495	$ 16,692,794

Fayette County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Governmental Funds

For the fiscal year ended June 30, 2006

	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	$ 192,908	$ -	$ 192,908
Sales taxes	-	2,858,963	2,858,963
Intergovernmental	613,762	-	613,762
User charges	1,838,282	-	1,838,282
Fine surcharges	1,822,336	-	1,822,336
Interest income	79,701	282,282	361,983
Contributions/donations	-	798,706	798,706
Other revenue	6,000	1,092	7,092
Total revenues	4,552,989	3,941,043	8,494,032
Expenditures:			
Current:			
Judicial System	408,688	-	408,688
Public Safety	1,989,303	-	1,989,303
Public Works	208,916	-	208,916
Parks, Recreaton and Culture	-	159,185	159,185
Capital Outlay:			
General Government	-	2,043,814	2,043,814
Public Safety	1,260,118	213,888	1,474,006
Parks, Recreation and Culture	-	19,774	19,774
Total expenditures	3,867,025	2,436,661	6,303,686
Excess (deficiency) of revenues over (under) expenditures	685,964	1,504,382	2,190,346
Other Financing sources (uses):			
Transfers in	106,116	6,182,570	6,288,686
Transfers out	(54,472)	(500)	(54,972)
Total other Financing sources (uses)	51,644	6,182,070	6,233,714
Net change in fund balances	737,608	7,686,452	8,424,060
Fund balances - beginning	3,322,398	7,918,335	11,240,733
Fund balances - ending	$ 4,060,006	$ 15,604,787	$ 19,664,793

Fayette County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Special Revenue Funds

For the fiscal year ended June 30, 2006

	Emergency 911	Grants	Street Lights	Law Enforcement Confiscated Monies (L.E.C.M.)	Fine Surcharges	Total
Revenues:						
Property taxes	$ -	$ -	$ 192,908	$ -	$ -	$ 192,908
Intergovernmental	88,941	141,757	-	-	383,064	613,762
User charges	1,782,978	-	-	-	55,304	1,838,282
Fine surcharges	-	-	-	1,540,823	281,513	1,822,336
Interest income	76,789	-	-	-	2,912	79,701
Other revenue	-	6,000	-	-	-	6,000
Total revenues	1,948,708	147,757	192,908	1,540,823	722,793	$ 4,552,989
Expenditures:						
Current:						
Judicial System	-	6,000	-	-	402,688	408,688
Public Safety	1,594,802	-	-	394,501	-	1,989,303
Public Works	-	-	208,916	-	-	208,916
Capital outlay:						
Public Safety	17,482	572,550	-	215,588	454,498	1,260,118
Total expenditures	1,612,284	578,550	208,916	610,089	857,186	3,867,025
Excess (deficiency) of revenues over (under) expenditures	336,424	(430,793)	(16,008)	930,734	(134,393)	685,964
Other financing sources (uses):						
Transfers in	77,926	28,190	-	-	-	106,116
Transfers out	-	(53,472)	(1,000)	-	-	(54,472)
Total other financing sources (uses)	77,926	(25,282)	(1,000)	-	-	51,644
Net change in fund balances	414,350	(456,075)	(17,008)	930,734	(134,393)	737,608
Fund balances - beginning	1,563,707	476,054	73,805	243,460	965,372	3,322,398
Fund balances - ending	$ 1,978,057	$ 19,979	$ 56,797	$ 1,174,194	$ 830,979	$ 4,060,006

Fayette County, Georgia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-Major Capital Project Funds

For the fiscal year ended June 30, 2006

	SPLOST Roads Unincorporated	SPLOST Library	Kelly Park Construction	Kenwood Park Construction	Senior Citizen Center Const	Early Warning Siren System	General Capital Projects	Total Non-Major Capital Project Funds
Revenues:								
Interest income	$ 65,731	$ 88,062	$ -	$ 11,447	$ 11,137	$ 1,268	$ 104,637	$ 282,282
Sales tax	2,858,963	-	-	-	-		-	2,858,963
Miscellaneous revenues	-	-	-	-	-	-	1,092	1,092
Contributions/Donations	-	-	-	-	775,000	-	23,706	798,706
Total revenues	2,924,694	88,062	-	11,447	786,137	1,268	129,435	3,941,043
Expenditures:								
Current:								
General Government	-	-	-	-	-	-	-	-
Debt Service - Principal	-	-	-	-	-	-	-	-
Debt Service - Interest	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	-	159,185	-	-	-	-	-	159,185
Capital outlay:								
Public Safety	-	-	-	-	-	213,888	-	213,888
Parks, Recreation and Culture	-	19,774	-	-	-	-	-	19,774
General Government	798,981	-	31,708	402,196	91,088	-	719,841	2,043,814
Total current expenditures	798,981	178,959	31,708	402,196	91,088	213,888	719,841	2,436,661
Excess (deficiency) of revenues over (under) expenditures	2,125,713	(90,897)	(31,708)	(390,749)	695,049	(212,620)	(590,406)	1,504,382
Other financing sources (uses):								
Transfers in	-	-	472,000	2,000,000	2,563,599	403,842	743,129	6,182,570
Transfers out	-	-	-	-	-	-	(500)	(500)
Total other financing sources (uses)	-	-	472,000	2,000,000	2,563,599	403,842	742,629	6,182,070
Net change in fund balances	2,125,713	(90,897)	440,292	1,609,251	3,258,648	191,222	152,223	7,686,452
Fund balances - beginning	556,102	1,941,652	-	267,096	84,814	33,274	5,035,397	7,918,335
Fund balances - ending	$ 2,681,815	$ 1,850,755	$ 440,292	$ 1,876,347	$ 3,343,462	$ 224,496	$ 5,187,620	$ 15,604,787

Fayette County, Georgia
Emergency 911 Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	$ 1,640,340	$ 1,640,340	$ 1,782,979	$ 142,639
Intergovernmental	88,940	88,940	88,940	-
Interest Income	-	-	76,789	76,789
Total revenues	1,729,280	1,729,280	1,948,708	219,428
Expenditures:				
Current:				
Public Safety:				
Emergency Services	1,755,689	1,742,889	1,594,802	148,087
Capital outlay	3,700	17,833	17,482	351
Total expenditures	1,759,389	1,760,722	1,612,284	148,438
Other financing sources (uses):				
Transfers in	77,926	77,926	77,926	-
Transfers out	-	-	-	-
Total other financing uses	77,926	77,926	77,926	-
Net change in fund balances	47,817	46,484	414,350	367,866
Fund balances - beginning	1,322,697	1,340,578	1,563,707	-
Fund balances - ending	$ 1,370,514	$ 1,387,062	$ 1,978,057	$ 367,866

Fayette County, Georgia
Street Lights Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Charges for services	$ 180,000	$ 193,390	$ 192,908	$ (482)
Total revenues	180,000	193,390	192,908	(482)
Expenditures:				
Current:				
Public Works:				
Street Lights	196,798	208,918	208,916	2
Total expenditures	196,798	208,918	208,916	2
Other financing sources (uses):				
Transfers out	(1,000)	(1,000)	(1,000)	-
Total other financing uses	(1,000)	(1,000)	(1,000)	-
Net change in fund balances	(17,798)	(16,528)	(17,008)	(480)
Fund balances - beginning	69,723	68,723	73,805	-
Fund balances - ending	$ 51,925	$ 52,195	$ 56,797	$ (480)

Fayette County, Georgia
Law Enforcement Confiscated Monies Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Fines & forfeitures				
Federal funds	$ 200,000	$ 1,487,123	$ 1,487,123	$ -
State funds	50,000	50,000	40,191	(9,809)
Other revenue	-	-	-	-
U S Customs	10,000	23,509	13,509	(10,000)
Interest income	-	-	-	-
Total revenues	260,000	1,560,632	1,540,823	(19,809)
Expenditures:				
Current:				
Public Safety:				
Investigative Services				
Federal funds	-	372,597	372,592	5
State funds	36,204	35,638	17,850	17,788
U S Customs	-	4,059	4,059	-
Capital outlay:				
Federal funds	-	217,002	216,997	5
State funds	24,200	24,766	(3,987)	28,753
U S Customs	-	2,578	2,578	-
Total expenditures	60,404	656,640	610,089	46,551
Net change in fund balances	199,596	903,992	930,734	26,742
Fund balances - beginning	617,202	99,783	243,460	-
Fund balances - ending	$ 816,798	$ 1,003,775	$ 1,174,194	$ 26,742

Fayette County, Georgia
Fines and Surcharges Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental:				
Jail Construction Surcharge	$ 419,000	$ 416,195	$ 416,194	$ (1)
Victim Assistance	138,000	138,000	163,204	25,204
Drug Abuse Education Services	31,000	54,007	54,008	1
Juvenile Court Supervision	35,000	35,000	31,170	(3,830)
Total Fine Surcharges	623,000	643,202	664,576	21,374
Law Library	20,000	58,214	58,216	2
Total Fees	20,000	58,214	58,216	2
Total revenues	643,000	701,416	722,792	21,376
Expenditures:				
Current:				
Judicial System:				
Juvenile Court Supervision	34,600	34,600	28,208	6,392
Law Library	41,650	104,848	104,844	4
Victim Assistance	241,709	241,709	233,681	8,028
Drug Abuse Education Services	31,000	35,960	35,954	6
Public Safety:				
Jail Construction Surcharge	419,000	454,499	454,498	1
Capital Outlay	-	-	-	-
Total expenditures	767,959	871,616	857,185	14,431
Net change in fund balances	(124,959)	(170,200)	(134,393)	35,807
Fund balances - beginning	689,526	909,059	965,372	-
Fund balances - ending	$ 564,567	$ 738,859	$ 830,979	$ 35,807

Fayette County, Georgia
Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Intergovernmental	$ -	$ 53,438	$ 141,757	$ 88,319
Juvenile Offenders Grant	5,100.00	6,000	6,000	-
Total revenues	5,100.00	59,438	147,757	88,319
Expenditures:				
Current:				
Public Safety				
Judicial System	-	6,000	6,000	-
Public Safety				
Capital outlay	-	572,550	572,550	-
Total expenditures	-	578,550	578,550	-
Other financing sources (uses):				
Transfers in	-	-	28,190	28,190
Transfers out	-	-	(53,472)	(53,472)
Total other financing uses	-	-	(25,282)	(25,282)
Net change in fund balances	5,100	(519,112)	(456,075)	63,037
Fund balances - beginning	-	476,054	476,054	-
Fund balances - ending	$ 5,100	$ (43,058)	$ 19,979	$ 63,037

Fayette County, Georgia
Special Purpose L.O.S.T. Non-Major Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual

For the fiscal year ended June 30, 2006

	County Library			
	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Interest income	40,000	40,000	88,062	48,062
Total revenues	40,000	40,000	88,062	48,062
Expenditures:				
Current:				
Parks, Recreation and Culture:				
Library Services	201,000	195,041	159,185	35,856
Capital outlay:				
Intergovernmental	18,000	23,959	19,774	4,185
Total expenditures	219,000	219,000	178,959	40,041
Net change in fund balances	(179,000)	(179,000)	(90,897)	88,103
Fund balances - beginning	1,848,140	1,869,140	1,941,652	-
Fund balances - ending	$ 1,669,140	$1,690,140	$ 1,850,755	$ 88,103

Fayette County, Georgia
Schedule of Projects Funded through Special Purpose Local Option Sales Tax (S.P.L.O.S.T.)
Road, Street, and Bridge Purposes
June 30, 2006

CITIES, TOWNS, AND UNINCORPORATED COUNTY PROJECTS - BY JURISDICTION (30 % Of Total Tax Proceeds)	ORIGINAL COST ESTIMATED	REVISED COST ESTIMATED	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	PRIOR YEAR INTEREST EARNED	CURRENT YEAR INTEREST EARNED
UNINCORPORATED FAYETTE COUNTY PROJECTS:						
INTERSECTIONS	$ 2,450,000	$ 2,450,000	$ -	$ -	$ -	$ -
ROADWAYS	14,330,767	14,330,767	-	798,981	-	-
INTEREST EARNED	-	-	-	-	145	65,731
TOTAL - UNINCORPORATED FAYETTE COUNTY PROJECTS	**16,780,767**	**16,780,767**	**-**	**798,981**	**145**	**65,731**
TOWN OF BROOKS PROJECTS:						
ROADWAYS	212,019	212,019	-	194	-	-
INTEREST EARNED	-	-	-	-	2	49
TOTAL - TOWN OF BROOKS PROJECTS	**212,019**	**212,019**	**-**	**194**	**2**	**49**
CITY OF FAYETTEVILLE PROJECTS:						
INTERSECTIONS	291,000	335,000	-	36,225	-	-
ROADWAYS	2,196,494	2,289,374	-	120,175	-	-
STREETSCAPES/PATHS	1,759,833	1,622,953	-	69,166	-	-
INTEREST EARNED	-	-	-	-	36	561
TOTAL - CITY OF FAYETTEVILLE PROJECTS	**4,247,327**	**4,247,327**	**-**	**225,566**	**36**	**561**
PEACHTREE CITY PROJECTS:						
BRIDGES	1,403,550	1,403,550	-	3,285	-	-
INTERSECTIONS	3,187,740	3,187,740	-	-	-	-
ROADWAYS	6,321,901	6,321,901	-	36,061	-	-
STREETSCAPES/PATHS	1,112,793	1,112,793	-	-	-	-
INTEREST EARNED	-	-	-	-	104	1,587
TOTAL - PEACHTREE CITY PROJECTS	**12,025,984**	**12,025,984**	**-**	**39,346**	**104**	**1,587**
TOWN OF TYRONE PROJECTS:						
INTERSECTIONS	121,030	121,030	-	-	-	-
ROADWAYS	974,380	974,380	-	29,645	-	-
STREETSCAPES/PATHS	395,673	395,673	-	-	-	-
INTEREST EARNED	-	-	-	-	13	344
TOTAL - TOWN OF TYRONE PROJECTS	**1,491,083**	**1,491,083**	**-**	**29,645**	**13**	**344**
TOTAL - CITIES, TOWNS, AND UNINCORPORATED COUNTY PROJECTS	**34,757,180**	**34,757,180**	**-**	**1,093,732**	**300**	**68,272**

COUNTYWIDE PROJECTS (70 % Of Total Tax Proceeds)	ORIGINAL COST ESTIMATED	REVISED COST ESTIMATED	PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	PRIOR YEAR INTEREST EARNED	CURRENT YEAR INTEREST EARNED
BRIDGES	3,670,000	3,670,000	-	-	-	-
INTERSECTIONS	3,657,400	3,657,400	-	-	-	-
ROADWAYS	67,975,787	67,975,787	-	169,371	-	-
STREETSCAPES/PATHS	5,796,900	5,796,900	-	-	-	-
INTEREST EARNED	-	-	-	-	700	320,809
TOTAL - COUNTY WIDE PROJECTS	**81,100,087**	**81,100,087**	**-**	**169,371**	**700**	**320,809**
TOTAL - ALL PROJECTS	**$ 115,857,267**	**$ 115,857,267**	**$ -**	**$ 1,263,103**	**$ 1,000**	**$ 389,081**

Fayette County, Georgia
Schedule of Projects Funded through Special Purpose Local Option Sales Tax (S.P.L.O.S.T.)
Road, Street, and Bridge Purposes
June 30, 2006

On November 2, 2004, a referendum was passed by Fayette County voters to impose a 1% Special Purpose Local Option Sales Tax (SPLOST) for use soley for road, street, and bridge purposes in Fayette County.

The tax began April 1, 2005 and will continue through March 31, 2010 or the end of the quarter where the raising of $115,857,267 is reached, whichever occurs first.

The tax has been subdivided into two parts with 70 percent of the available funding earmarked for County-Wide Projects and the remaining 30 percent of available funding earmarked for use of projects sponsored by a city, town, or the unincorporated portion of Fayette County.

The 30 percent portion of the tax is further subdivided among the cities and towns within Fayette County and the Unincorporated portion of Fayette County based upon the respective population share of each jurisdiction compared to the total population for Fayette County.

The County has used population data from the 2000 Census as published by the U.S. Census Bureau.

Jurisdiction Name	Population Share
UNINCORPORATED FAYETTE COUNTY	48.28%
TOWN OF BROOKS	0.61%
CITY OF FAYETTEVILLE	12.22%
PEACHTREE CITY	34.60%
TOWN OF TYRONE	4.29%
TOTAL	**100.00%**

Fayette County, Georgia

Schedule of Projects Funded through Special Sale Tax Proceeds S.P.L.O.S.T.

For the fiscal year ended June 30, 2006

Project	Year Approved 1)	Original Cost Estimated	Expenditures 1993 - 1997	Expenditures 1998 - 2005	Expenditures 2006	Interest Earned	Surplus Funds
Library Construction and Services	November 1992	$ 4,000,000	$ 2,131,607	$ 1,044,415	$ 178,959	$ 1,205,736	$ 1,850,755

The library services S.P.L.O.S.T. revenues have constructed and furnished a 28,000 square foot library at a cost of $3,045,533. The original project cost was $4,000,000. The County's stewardship of these funds is evident. The total construction cost closed under budget saving $954,467 for future library services and programs. The surplus funds of $1,850,755 will fund library improvements.

1) On November 3, 1992, a referendum was held on the question of a special 1% sales and use tax being imposed in Fayette County for a period of time not to exceed three (3) calendar quarters (nine (9) months) for the raising of no more than $4,000,000.00 for the purpose of opening a new library within the County, and to include costs of construction, land acquisition, furnishings, equipment, books, and materials with any remaining funds to be used in improving libraries currently operating within the County.



COMPONENT UNITS

COMPONENT UNITS

FAYETTE COUNTY DEVELOPMENT AUTHORITY

The Fayette County Development Authority (the "Authority") was established by resolution of the Board of Commissioners of Fayette County pursuant to the enabling legislation of the Official Code of Georgia Annotated Section 36-62-4 (b). The purpose of the Authority is to develop and promote for the public good and general welfare, trade, commerce, industry and employment opportunities and to promote the general welfare within Fayette County. The Authority is a component unit of Fayette County, Georgia (the primary government) based upon operational and financial relationships with the County (as district from legal relationships).

The Fayette County Board of Commissioners appoints the Authority's governing board. The County provides a substantial portion of the Authority's revenue ($304,656 in the year ended June 30, 2006). The Authority cannot levy taxes and cannot issue bonded debt without approval of the Fayette County Board of Commissioners.

FAYETTE COUNTY DEPARTMENT OF PUBLIC HEALTH

The Fayette County Board of Health was created by House Bill 1068 (1984 GA Legislature), the department's governing body. The Board is made up of seven members, four are appointed by the County Board of Commissioners, two by Peachtree City (largest municipality of the County) and one appointed by the Fayette County Board of Education, Superintendent of Fayette County Schools.

Member	Appointed by:
Robert Horgan	Chief Executive Officer of the governing authority of County or appointee
John Decotis, PhD	County Superintendent of Schools, appointed by Board of Education
Michael Strain, MD, Chair	Physician actively participating, appointed by governing authority of County.
Thomas B, Faulkner, MD, MHA	Consumer or licensed nurse, appointed by Peachtree City
Judi-ann Rutherford	Council Member of Peachtree City, appointed by Peachtree City
Lynette Peterson	Consumer representing the needy, underprivileged, or elderly appointed by governing authority of County (Board of Commissioners).
Lyn Redwood	Consumer representing consumers of Mental Health, Mental Retardation, and substance abuse, appointed by governing authority of County.

The Fayette County Department of Public Health major functions are:

- Promote and encourage healthy behaviors by providing education and counseling.
- Provide preventative health care and educational services to the general public. These services include, but are not limited to, communicable diseases, immunizations, family planning, cancer screening, physical assessments, administering the WIC program, chronic diseases such as diabetes and hypertension, child health, and refugee services.

The Fayette County Department of Public Health adopts annual budgets in accordance with the programmatic requirements as issued by the Georgia Department of Human Resources. Fayette County Department of Public Health receives significant revenue from the Georgia Department of Human Resources. The County appropriates funds annually to cover a portion of its operating cost ($320,152 in the year ended June 30, 2006).

The employees of the Health Department are employees of the State of Georgia, and participate in the Georgia State Employees Retirement System.

Fayette County, Georgia
Combining Statement of Net Assets
Component Units

June 30, 2006

	Fayette County Department of Public Health	Development Authority	Component Unit Totals
Assets:			
Cash in Bank	$ 710,824	$ 363,162	$ 1,073,986
Restricted Cash	-	123,925	123,925
Receivables	86,424	-	86,424
Prepaid items	-	68	68
Restricted Investment	-	972,881	972,881
Capital assets, net of depreciation	43,092	137,171	180,263
Total assets	$ 840,340	$ 1,597,207	$ 2,437,547
Liabilities and net assets			
Liabilities:			
Accounts payable	$ 29,007	$ 676	$ 29,683
Accrued expenses	-	1,355	1,355
Due in more than one year	105,516	-	105,516
Payable from restricted assets	-	1,096,806	1,096,806
Total liabilities	134,523	1,098,837	1,233,360
Net assets			
Invested in capital assets, net of related debt	43,092	137,171	180,263
Restricted	30,000	-	30,000
Unrestricted	632,725	361,199	993,924
Total net assets	$ 705,817	$ 498,370	$ 1,204,187

Fayette County, Georgia
Combining Statement of Activities
Component Units

Year Ended June 30, 2006

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Assets: Governmental Activities
Governmental Activities:				
Development Authority	$ 255,842	$ 304,656	$ -	$ 48,814
Health Department	1,425,446	721,007	720,078	15,639
Total Governmental Activities	$ 1,681,288	$ 1,025,663	$ 720,078	$ 64,453
General revenues:				
Investment earnings				
Development Authority				6,146
Health Department				26,360
Total general revenues				32,506
Change in net assets				$ 96,959
Net assets at beginning of year				1,107,228
Net assets at end of year				$ 1,204,187



Where Quality Is A Lifestyle

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments or agencies or to other governmental units on a cost-reimbursement basis.

The County uses the following Internal Service Funds:

Worker's Compensation Self-Insurance Fund

The Worker's Compensation Self-Insurance Fund was established to provide resources for payment of workers' compensation claims of County employees. Individual departments are charged for worker's compensation based upon previous insurance carriers' cost charges.

Dental/Vision Self-Insurance Fund

The Dental/Vision Self-Insurance Fund was established to provide resources for payment of employee claims. The County's portion of the dental and vision costs is transferred to the self-insurance fund each pay period. The employee's portion of the cost is withheld from the employee and transferred to the self-insurance fund each pay period.

Medical Self-Insurance Fund

The Medical Self-Insurance Fund was established in 1991 to provide resources for payment of employee medical cliams, and on June 1, 2002 the County became fully insured. This fund is still maintained in the event the Board of Commissioners decide to self-insure again. The Employee Assistance Program (EAP) cost to the County are recorded in this fund as well as the annual expense for flu shots.

Vehicle Replacement Fund

The Vehicle Replacement Fund was established to provide resources for the County to replace vehicles. Replacement vehicles are purchased through this fund.

Fayette County, Georgia
Combining Statement of Net Assets
Internal Service Funds

June 30, 2006

ASSETS	Self Insurance Fund: Worker's Compensation	Dental/Vision	Medical	Vehicle Replacement	Total
Current Assets					
Unrestricted cash	$ 1,840,537	$ 125,029	$ 1,683,557	$ -	$ 3,649,123
Restricted cash				11,417,778	11,417,778
Accounts receivable	131,720	-	-	-	131,720
Total Current Assets	1,972,257	125,029	1,683,557	11,417,778	15,198,621
Noncurrent assets					
Capital assets					
Machinery and equipment	-	-	-	3,715,784	3,715,784
Vehicles	-	-	-	9,509,463	9,509,463
Total Capital Assets	-	-	-	13,225,247	13,225,247
Accumulated depreciation	-	-	-	(9,649,353)	(9,649,353)
Total Capital Assets (net of accumulated depreciation)	-	-	-	3,575,894	3,575,894
Other assets					
Unamortized Debt Issue Cost	-	-	-	243,794	243,794
Total Assets	1,972,257	125,029	1,683,557	15,237,466	19,018,309
LIABILITIES					
Current Liabilities					
Accounts payable	-	-	-	27,222	27,222
Claims payable	2,509	21,882	2,981	-	27,372
Total current liabilities	2,509	21,882	2,981	27,222	54,594
Long-Term Liabilities					
Certificates of Participation	-	-	-	5,000,000	5,000,000
Total long-term liabilities	-	-	-	5,000,000	5,000,000
Total Liabilities	2,509	21,882	2,981	5,027,222	5,054,594
NET ASSETS					
Invested in capital assets	-	-	-	3,575,894	3,575,894
Unrestricted	1,969,748	103,147	1,680,576	6,634,350	10,387,821
Total Net Assets	$ 1,969,748	$ 103,147	$ 1,680,576	$ 10,210,244	$ 13,963,715

Fayette County, Georgia
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds

For the fiscal year ended June 30, 2006

	Self Insurance Fund				
	Workers' Compensation	Dental/Vision	Medical	Vehicle Replacement Fund	Total
Operating Revenues:					
Charges to other funds	$ 237,856	$ 161,986	$ 21,185	$ -	$ 421,027
Employee contributions	-	48,924	59,907	-	108,831
Total Operating Revenues	237,856	210,910	81,092	-	529,858
Operating Expenses:					
Claims expense	298,224	300,926	7,500	-	606,650
Excess insurance purchased	3,598	-	-	-	3,598
Administrator's fees	7,000	37,581	14,346	-	58,927
Other services and charges	8,785	-	-	19	8,804
Acquisition of capital assets	-	-	-	33,340	33,340
Amortization expense	-	-	-	11,082	11,082
Depreciation expense	-	-	-	881,309	881,309
Total Operating Expenses	317,607	338,507	21,846	925,750	1,603,710
Operating Income (loss)	(79,751)	(127,597)	59,246	(925,750)	(1,073,852)
Non-Operating Revenues:					
Interest income	45,496	4,550	45,496	401,595	497,137
Total Non-Operating Revenues	45,496	4,550	45,496	401,595	497,137
Non-Operating Expenses:					
Interest expense	-	-	-	133,725	133,725
Net Loss on disposition of capital assets	-	-	-	935	935
Total Non-Operating Expenses	-	-	-	134,660	134,660
Income (Loss) Before Transfers	(34,255)	(123,047)	104,742	(658,815)	(711,375)
Transfers from other funds					
General Fund	-	-	-	1,229,575	1,229,575
Fire Fund	-	-	-	351,926	351,926
Total Transfers from Other Funds	-	-	-	1,581,501	1,581,501
Change in net assets	(34,255)	(123,047)	104,742	922,686	870,126
Total net assets-beginning of year	2,004,003	226,194	1,575,834	9,287,558	13,093,589
Total net assets-end of year	$ 1,969,748	$ 103,147	$ 1,680,576	$ 10,210,244	$ 13,963,715

Fayette County, Georgia
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2006

	Self Insurance Fund			Vehicle Replacement	
	Workers' Compensation	Dental/Vision	Medical	Fund	Totals
Cash Flows from Operating Activities:					
Premiums Received from Other Funds	$ 106,136	$ 161,987	$ 23,666	$ -	$ 291,789
Premiums Received from Employees	-	48,924	59,907	-	108,831
Claim Payments	(427,670)	(287,861)	-	-	(715,531)
Receipts from Charges for Services	-	-	(7,500)	-	(7,500)
Payments to Suppliers for Goods or Services	-			-	-
Insurance Purchases	(9,383)			-	(9,383)
Administrative and Other Charges	(10,000)	(37,581)	(14,346)	(19)	(61,946)
Net Cash Provided by (Used in) Operating Activities	(340,917)	(114,531)	61,727	(19)	(393,740)
Cash Flows from Noncapital Financing Activities:					
Receipts from Equity Transfer from General Fund				1,229,575	1,229,575
Receipts from Equity Transfer from Fire Fund	-	-	-	351,926	351,926
Net Cash Provided by Noncapital Financing Activities	-	-	-	1,581,501	1,581,501
Cash Flows from Noncapital Financing Activities:					
Cash Flows from Capital and Related Financing Activities:					
Purchase of Fixed Assets	-	-	-	(771,412)	(771,412)
Payment of Interest on Certificates of Participation	-	-	-	(133,725)	(133,725)
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-	(905,137)	(905,137)
Cash Flows from Investing Activities:					
Interest on Checking	45,496	4,550	45,496	401,595	497,137
Net Cash Provided by Investing Activities	45,496	4,550	45,496	401,595	497,137
Net Increase (Decrease) in Cash and Cash Equivalents	(295,421)	(109,981)	107,223	1,077,940	779,761
Cash and Cash Equivalents at Beginning of Year	2,135,958	235,010	1,576,334	10,339,838	14,287,140
Cash and Cash Equivalents at End of Year	$ 1,840,537	$ 125,029	$ 1,683,557	$ 11,417,778	$ 15,066,901
Classified As:					
Current Assets	$ 1,840,537	$ 125,029	$ 1,683,557	$ 11,417,778	$ 15,066,901

Fayette County, Georgia
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2006

	Self Insurance Fund				
	Workers' Compensation	Dental/Vision	Medical	Vehicle Replacement Fund	Totals
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities					
Operating Loss	$ (79,751)	$ (127,597)	$ 59,246	$ (925,750)	$ (1,073,852)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:					
Amortization Expense	-	-	-	11,082	11,082
Depreciation Expense	-	-	-	881,309	881,309
Increase in Current Assets:					
Accounts Receivable	(131,720)	-	-		(131,720)
Increase (Decrease) in Current Liabilities:					
Other Payables	(111,355)	-	2,881	33,340	(75,134)
Estimated Claims Payable	(18,091)	13,066	(400)	-	(5,425)
Total Adjustments	(261,166)	13,066	2,481	925,731	680,112
Net Cash Provided by (Used in) Operating Activities	$ (340,917)	$ (114,531)	$ 61,727	$ (19)	$ (393,740)



Where Quality Is A Lifestyle

FIDUCIARY FUNDS

Fayette County, Georgia
Fiduciary Funds
Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
TAX COMMISSIONER				
Assets				
Cash	$ 75,721	$ 146,991,843	$ 145,888,728	$ 1,178,836
Liabilities				
Due to Others	$ -	$ 146,991,843	$ 145,869,792	$ 1,122,051
Tax Protest/Bankruptcy/Tax Sale	75,721	-	18,936	56,785
Total Liabilities	$ 75,721	$ 146,991,843	$ 145,888,728	$ 1,178,836
SHERIFF				
Assets				
Cash	$ 231,531	$ 1,928,474	$ 933,368	$ 1,226,637
Liabilities				
Due to Others	$ 231,531	$ 1,928,474	$ 933,368	$ 1,226,637
Total Liabilities	$ 231,531	$ 1,928,474	$ 933,368	$ 1,226,637
SUPERIOR COURT				
Assets				
Cash	$ 683,419	$ 8,785,612	$ 7,835,784	$ 1,633,247
Liabilities				
Due to Others	$ 683,419	$ 8,785,612	$ 7,835,784	$ 1,633,247
Total Liabilities	$ 683,419	$ 8,785,612	$ 7,835,784	$ 1,633,247
STATE COURT				
Assets				
Cash	$ 147,753	$ 1,803,698	$ 1,797,116	$ 154,335
Liabilities				
Due to Others	$ 147,753	$ 1,803,698	$ 1,797,116	$ 154,335
Total Liabilities	$ 147,753	$ 1,803,698	$ 1,797,116	$ 154,335

Continued on next page.

Fayette County, Georgia
Fiduciary Funds
Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 2006

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
MAGISTRATE COURT				
Assets				
Cash	$ 63,371	$ 467,382	$ 454,534	$ 76,219
Liabilities				
Due to Others	$ 63,371	$ 467,382	$ 454,534	$ 76,219
Total Liabilities	$ 63,371	$ 467,382	$ 454,534	$ 76,219
JUVENILE COURT				
Assets				
Cash	$ 9,587	$ 156,658	$ 150,493	$ 15,752
Liabilities				
Due to Others	$ 9,587	$ 156,658	$ 150,493	$ 15,752
Total Liabilities	$ 9,587	$ 156,658	$ 150,493	$ 15,752
PROBATE COURT				
Assets				
Cash	$ -	$ 171,805	$ 171,805	$ -
Liabilities				
Due to Others	$ -	$ 171,805	$ 171,805	$ -
Total Liabilities	$ -	$ 171,805	$ 171,805	$ -
TOTALS-ALL FIDUCIARY FUNDS				
Assets				
Cash	$ 1,211,382	$ 160,305,472	$ 157,231,828	$ 4,285,026
Liabilities				
Due to Other agencies or funds	$ 1,135,661	$ 160,305,472	$ 157,212,892	$ 4,228,241
Tax Protest/Bankruptcy/Tax Sale	75,721	-	18,936	56,785
Total Liabilities	$ 1,211,382	$ 160,305,472	$ 157,231,828	$ 4,285,026



Where Quality Is A Lifestyle

STATISTICAL SECTION

"Unaudited"

FAYETTE COUNTY, GEORGIA
Net Assets By Component
Last Four Fiscal Years
(accrual basis of accounting)
"Unaudited"

	Fiscal Year Ended June 30,			
	2003	**2004**	**2005**	**2006**
Governmental activities				
Invested in capital assets, net of related debt	$ 346,856	$ 8,402,602	$ 12,626,621	$ 11,881,854
Restricted	1,463,122	1,291,320	4,643,916	9,369,988
Unrestricted	74,027,281	65,245,850	66,600,723	82,196,989
Total governmental activities net assets	$ 75,837,259	$ 74,939,772	$ 83,871,260	$103,448,831
Business-type activities				
Invested in capital assets, net of related debt	$ 55,043,365	$ 55,537,244	$ 57,616,988	$ 58,928,256
Restricted	8,844,631	9,817,295	11,095,278	11,073,367
Unrestricted	4,874,309	4,272,575	3,329,148	4,355,880
Total business-type activities net assets	$ 68,762,305	$ 69,627,114	$ 72,041,414	$ 74,357,503
Primary government				
Invested in capital assets, net of related debt	$ 55,390,221	$ 63,939,846	$ 70,243,609	$ 70,810,110
Restricted	10,307,753	11,108,615	15,739,194	20,443,355
Unrestricted	78,901,590	69,518,425	69,929,871	86,552,869
Total primary government net assets	$ 144,599,564	$ 144,566,886	$ 155,912,674	$177,806,334

FAYETTE COUNTY, GEORGIA
CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)
"Unaudited"

	For the Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses				
Primary government:				
General government	$ 13,082,785	$ 15,045,408	$ 8,734,408	$ 13,589,479
Judicial	3,878,507	8,727,224	4,336,761	4,677,929
Public safety	23,806,488	21,690,558	25,422,795	29,331,567
Public works	5,037,712	5,228,876	4,611,615	5,433,833
Health and welfare	641,558	598,801	819,266	689,879
Culture and recreation	1,728,369	2,006,950	1,774,572	1,871,303
Planning and community development	1,501,851	1,463,997	1,435,272	1,460,636
Interest on long-term debt and fiscal charges	3,301,823	4,231,058	3,152,414	3,156,175
Total governmental activities expenses	52,979,093	58,992,872	50,287,103	60,210,801
Business-type activities	12,260,039	12,505,934	12,560,631	12,515,761
Total business-type activities expenses	12,260,039	12,505,934	12,560,631	12,515,761
Total primary government expenses	$ 65,239,132	$ 71,498,806	$ 62,847,734	$ 72,726,562
Program revenues				
Primary government:				
Charges for services and fines:				
General government	$ 597,872	$ 651,272	$ 1,296,466	$ 521,225
Judicial	2,878,715	2,502,618	2,584,575	2,597,880
Public safety	3,317,936	4,043,766	4,162,141	5,267,301
Public works	-	-	413,361	438,362
Culture and recreation	151,825	201,582	218,950	189,840
Planning and community development	28,870	51,983	582,363	665,972
Operating grants and contributions	34,616	129,527	85,068	808,590
Total governmental activities program revenues	7,009,834	7,580,748	9,342,924	10,489,170
Business-type activities	11,102,693	11,631,756	11,691,434	12,572,078
Capital grants and contributions	2,365,115	1,515,916	2,729,684	2,262,050
Total business-type activities program revenues	$ 13,467,808	$ 13,147,672	$ 14,421,118	$ 14,834,128
Total Primary government program revenues	$ 20,477,642	$ 20,728,420	$ 23,764,042	$ 25,323,298

(continued)

FAYETTE COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST FOUR FISCAL YEARS
(accrual basis of accounting)

"Unaudited"

	For the Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Net (expenses)/revenues				
Governmental activities	$ (45,969,259)	$ (51,412,124)	$ (40,944,179)	$ (49,721,631)
Business-type activities	1,207,769	641,738	1,860,487	2,318,367
Total primary government net expense	(44,761,490)	(50,770,386)	(39,083,692)	(47,403,264)
General Revenues and Other Changes in Net Assets				
Primary government:				
Taxes				
Property taxes	24,338,916	32,538,816	30,178,341	32,103,630
Sales taxes	7,889,458	8,737,301	9,092,061	10,296,451
Other taxes	9,685,832	2,915,465	2,495,302	2,874,588
Special Purpose Local Option Sales Taxes	-	-	3,242,853	16,676,100
Licenses and permits	405,163	535,467	-	-
Intergovernmental	3,590,403	4,226,291	1,324,636	2,880,454
Gain on sale of capital assets	60,867	26,103	86,466	20,511
Investment earnings	907,363	749,668	1,916,256	3,194,159
Miscellaneous	611,946	905,114	982,332	663,405
Transfers	-	-	557,420	589,904
Total governmental activities	$ 47,489,948	$ 50,634,225	$ 49,875,667	$ 69,299,202
Business-type activities:				
Gain on sale of capital assets	105,840	15,000	700	12,582
Investment earnings	198,300	88,478	253,588	550,275
Miscellaneous	147,503	5	428,093	24,769
Transfers	-	-	(557,420)	(589,904)
Total business-type activities	$ 451,643	$ 103,483	$ 124,961	$ (2,278)
Total primary government	$ 47,941,591	$ 50,737,708	$ 50,000,628	$ 69,296,924
Change in Net Assets				
Governmental activities	$ 1,520,689	$ (777,899)	$ 8,931,488	$ 19,577,571
Business-type activities	1,659,412	745,221	1,985,448	2,316,089
Total primary government	$ 3,180,101	$ (32,678)	$ 10,916,936	$ 21,893,660

FAYETTE COUNTY, GEORGIA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
"Unaudited"

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	$ 407,285	$ 129,532	$ 341,732	$ 655,779	$ 623,651	$ 547,720	$ 296,610	$ 403,077	$ 212,473	$ 168,270
Unreserved	13,082,570	11,781,414	13,577,411	17,764,014	23,121,241	21,833,565	24,363,075	26,722,824	28,346,527	29,267,067
Total General Fund	$ 13,489,855	$ 11,910,946	$ 13,919,143	$18,419,793	$ 23,744,892	$ 22,381,285	$24,659,685	$27,125,901	$28,559,000	$29,435,337
All Other Governmental Funds										
Reserved	$ 947,752	$ 1,104,254	$ 958,358	$ 1,215,114	$ 1,120,087	$ 1,628,367	$ 6,882,395	$ 2,018,237	$ 36,871	$ 4,555,894
Unreserved, reported in:										
Special revenue funds	2,916,208	3,253,851	3,653,687	3,958,738	4,631,127	4,682,878	5,116,075	7,012,090	12,211,096	8,918,364
Capital projects funds	442,434	4,926,438	5,475,079	57,840,933	52,309,217	32,930,874	21,480,488	16,618,700	16,677,312	35,331,260
Total All Other Governmental Funds	$ 4,306,394	$ 9,284,543	$ 10,087,124	$63,014,785	$ 58,060,431	$ 39,242,119	$33,478,958	$25,649,027	$28,925,279	$48,805,518
Total Governmental Funds	$ 17,796,249	$ 21,195,489	$ 24,006,267	$81,434,578	$ 81,805,323	$ 61,623,404	$58,138,643	$52,774,928	$57,484,279	$78,240,855

FAYETTE COUNTY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
"Unaudited"

	Fiscal Year Ending June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	$ 23,561,169	$ 24,516,420	$ 28,846,267	$ 30,561,372	$ 36,176,148	$ 40,066,861	$ 41,028,475	$ 43,529,775	$ 45,085,843	$ 62,441,421
Licenses and permits	542,839.00	657,981	759,890	704,397	666,359	729,437	405,163	535,467	745,967	841,083
Intergovernmental	1,849,750.00	1,040,579	639,710	1,035,360	1,989,619	3,237,852	3,590,403	4,226,290	4,677,370	2,880,454
Charges for services	-	-	-	-	-	-	4,686,386	4,847,003	4,727,117	5,070,445
Fines and forfeitures	1,269,115.00	1,685,204	2,027,340	1,943,572	2,107,730	2,252,351	2,096,707	2,303,760	2,193,837	3,239,194
Investment Income	-	-	-	-	-	-	2,081,945	592,460	1,222,210	2,697,022
Contributions	-	-	-	-	-	-	34,616	9,939	39,875	808,590
Miscellaneous	3,184,858.00	3,459,283	4,076,668	4,456,643	8,751,074	8,505,515	446,196	546,676	990,392	658,057
Total revenues	$ 30,407,731	$ 31,359,467	$ 36,349,875	$ 38,701,344	$ 49,690,930	$ 54,792,016	$ 54,369,891	$ 56,591,370	$ 59,682,611	$ 78,636,266
Expenditures										
General government	3,403,022	3,549,193	4,051,610	4,266,256	$ 4,295,242	$ 4,441,482	$ 6,962,277	$ 7,433,934	$ 7,754,982	$ 7,942,522
Judical	2,401,327	2,482,736	2,721,097	3,021,851	3,237,992	3,294,422	3,779,507	4,020,094	4,290,835	4,619,714
Public safety	11,596,371	12,263,053	14,585,527	15,720,103	17,820,547	19,643,429	22,709,542	24,002,693	24,832,261	26,516,676
Public works	4,699,513	4,919,773	4,944,998	5,315,261	5,533,761	6,365,787	4,800,697	4,828,440	4,599,815	5,187,982
Health and welfare	503,832	457,583	504,687	577,352	441,826	575,413	641,558	637,974	819,266	689,879
Culture and recreation	1,034,532	1,054,249	1,183,089	1,267,068	1,473,895	1,396,527	1,532,083	1,751,545	1,551,419	1,768,694
Planning & community development	621,604	774,864	704,198	725,519	662,757	833,499	1,489,063	1,460,306	1,442,581	1,438,092
Capital Outlay	4,688,427	2,107,609	4,434,013	4,254,583	6,068,223	29,953,560	18,378,722	11,768,883	4,025,852	3,903,023
Intergovernmental	90,215	4,631	67,484	53,646	45,614	-	-	-	-	
Debt service:	1,134,487	748,192	657,100	1,322,017	4,814,264	8,748,709	-	-	-	
Principal retirement	-	-	-	-	-	-	1,010,000	1,676,902	1,758,656	1,849,800
Interest and fiscal charges	-	-	-	-	-	-	2,831,957	3,156,311	3,074,266	2,989,997
Paying agent fees/bonds	-	-	-	-	-	-	-	1,175	1,175	2,225
Total expenditures	$ 30,173,330	$ 28,361,883	$ 33,853,803	$ 36,523,656	$ 44,394,121	$ 75,252,828	$ 64,135,406	$ 60,738,257	$ 54,151,108	$ 56,908,604
Excess (deficiency)of revenues over expenditures	$ 234,401	$ 2,997,584	$ 2,496,072	$ 2,177,688	$ 5,296,809	$(20,460,812)	$ (9,765,515)	$ (4,146,887)	$ 5,531,503	$ 21,727,662

(Continued)

FAYETTE COUNTY, GEORGIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
"Unaudited"

	Fiscal Year Ending June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Proceeds from capital lease	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,760,000	$ -	$ -	$ -
Transfers in	1,382,166	5,469,544	2,345,623	5,322,984	994,004	6,410,418	3,579,658	2,491,003	5,036,640	6,887,887
Transfers out	(990,552)	(5,344,485)	(2,120,043)	(6,100,749)	(7,355,886)	(6,542,566)	(5,119,771)	(3,731,835)	(5,945,258)	(7,879,484)
Proceeds from sale of capital assets	-	81,313	89,126	987,046	784,951	11,512	60,867	24,004	86,466	20,511
Proceeds of Revenue Bonds	-	-	-	55,041,342	-	50,068,507	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-	-	(49,668,978)	-	-	-	-
Proceeds of Refunding Certificates	5,644,750	-	-	-	-	-	-	-	-	-
Payment to Refunded Certificates Escrow Agent	(6,273,075)	-	-	-	-	-	-	-	-	-
Beginning Fund Balance Restated	-	-	-	-	650,867	-	-	-	-	-
Debt Service	-	195,284	-	-	-	-	-	-	-	-
Total of other financing sources (uses)	(236,711)	401,656	314,706	55,250,623	(4,926,064)	278,893	6,280,754	(1,216,828)	(822,152)	(971,086)
Net change in fund balance	$ (2,310)	$ 3,399,240	$ 2,810,778	$ 57,428,311	$ 370,745	$(20,181,919)	$ (3,484,761)	$ (5,363,715)	$ 4,709,351	$ 20,756,576

FAYETTE COUNTY, GEORGIA
PROPERTY TAX LEVIES, COLLECTIONS AND
LOCAL OPTION SALES TAX PROCEEDS
Last Ten Calendar Years
"Unaudited"

Fiscal Year	Total Tax Levy	Current Tax Collections	Pecentage of Levy Collected	Collection of Prior Years Taxes	Total Tax Collection	Ratio of Total Tax Collections To Total Tax Levy	Outstanding Delinquent Tax	Ratio of Delinquent Tax To Total Tax Levy	Local Option Sales Tax Proceeds (1)
1996	$56,910,363	$56,119,309	98.61%	$ 1,003,012	$57,122,322	100.37%	$805,021	1.41%	$ 4,165,552
1997	60,641,066	59,464,629	98.06%	640,417	$60,105,047	99.12%	1,238,659	2.04%	$ 5,050,459
1998	65,031,182	63,925,652	98.30%	1,041,430	$64,967,083	99.90%	1,203,880	1.85%	$ 5,628,003
1999	73,262,980	71,753,763	97.94%	789,661	$72,543,425	99.02%	1,797,743	2.45%	$ 6,579,868
2000	77,931,212	75,671,207	97.10%	1,577,140	$77,248,348	99.12%	2,300,138	2.95%	$ 7,133,732
2001	87,653,979	85,883,758	97.98%	1,113,078	$86,996,837	99.25%	2,039,677	2.33%	$ 7,542,051
2002	98,318,458	95,804,711	97.44%	1,231,744	$97,036,456	98.70%	2,666,609	2.71%	$ 8,058,581
2003	98,383,520	106,593,238	108.34%	1,391,020	$107,984,259	109.76%	3,930,126	3.99%	$ 7,889,458
2004	108,827,457	106,001,805	97.40%	1,448,920	$107,450,726	98.73%	4,011,248	3.69%	$ 8,737,001
2005	118,001,735	114,100,400	96.69%	1,557,474	$115,657,875	98.01%	3,629,115	3.08%	$ 9,092,061
2006	124,459,002	121,851,632	97.91%	2,131,166	$123,982,798	99.62%	3,727,920	3.00%	$ 13,155,414

(1) Includes only local option sales tax proceeds received by Fayette County. Does not include local option sales tax proceeds received by the City of Fayetteville, the City of Peachtree City, the Town of Tyrone, the Town of Brooks, or the Town of Woolsey.

FAYETTE COUNTY, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(In Thousands)
"Unaudited"

Year	Real Property Assessed Valued	Real Property Estimated True Value	Personal Property Assessed Valued	Personal Property Estimated True Value	Privately Owned Public Utilties Assessed Valued	Privately Owned Public Utilties Estimated True Value	Total Property Assessed Valued	Total Property Estimated True Value	Freeport-Homestead Exemption	Net Assessed Value	Ratio Total Assessed Value to Total True Value
1997	1,579,477	3,948,693	441,154	1,102,885	48,239	120,598	2,068,870	5,172,176	127,476	1,941,394	40.00%
1998	1,728,323	4,320,808	474,580	1,186,450	45,514	113,785	2,248,417	5,621,043	184,656	2,063,761	40.00%
1999	2,040,979	5,102,447	538,042	1,345,105	51,610	129,025	2,630,631	6,576,577	211,758	2,418,873	40.00%
2000	2,188,484	5,471,210	576,575	1,441,438	51,610	129,025	2,816,669	7,041,673	201,423	2,615,246	40.00%
2001	2,487,551	6,218,878	629,262	1,573,155	55,367	138,418	3,172,180	7,930,451	220,621	2,951,559	40.00%
2002	2,769,201	6,923,001	676,250	1,690,626	57,599	143,998	3,503,050	8,757,625	236,391	3,266,659	40.00%
2003	3,096,054	7,740,135	686,184	1,715,461	61,966	154,916	3,844,204	9,610,512	235,677	3,608,527	40.00%
2004	3,379,741	8,449,353	675,928	1,689,820	62,756	156,890	4,118,425	10,296,063	235,057	3,883,368	40.00%
2005	3,714,393	9,285,983	667,973	1,669,933	64,305	160,762	4,446,671	11,116,678	236,660	4,210,011	40.00%
2006	4,139,511	10,348,778	322,690	806,725	64,757	161,893	4,526,958	11,317,395	190,619	4,336,339	40.00%

FAYETTE COUNTY, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per $1,000 of assessed value)
"Unaudited"

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Fayette County	5.74	5.71	5.21	5.21	6.56	6.64	6.19	5.87	5.42	5.19
Fayette County Board of Education	25.08	24.83	23.99	23.53	22.38	21.78	21.69	22.69	22.68	22.35
Fire District	3.50	3.50	4.00	4.00	3.78	3.78	3.58	3.39	3.23	3.09
State	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total	34.57	34.29	33.45	32.99	32.97	32.45	31.71	32.20	31.58	30.88

FAYETTE COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
"Unaudited"

Taxpayer	2006 Taxable Assessed Value	2006 Rank	2006 Percentage of Total Taxable Assessed Value	1997 Taxable Assessed Value	1997 Rank	1997 Percentage of Total Taxable Assessed Value
NCR Corporation	$ 35,085,190	1	0.78%	$ 41,219,537	1	1.99%
Inland Southeast Fayette I & II	30,711,200	2	0.68%			
Matsushita Communication Corp	25,604,387	3	0.57%	33,781,575	2	1.63%
Coweta Fayette EMC	17,746,597	4	0.39%	8,315,282	6	0.40%
Inland Southeast Fayette III	16,860,864	5	0.37%	-		-
Bellsouth Telecommunication	16,459,238	6	0.36%			
Atlanta Gas Light Company	11,075,603	7	0.24%	7,005,014	7	0.34%
Hoshizaki America Inc	10,164,987	8	0.22%	-		-
Summit Properties Partnership	9,865,200	9	0.22%	-		-
Alcan Packaging-Atlanta	9,799,605	10	0.22%	-		-
TDK/Electronic Corporation	-			14,831,585	3	0.72%
Photocircuits Corporation	-			11,715,058	4	0.57%
Fasson Roll Division	-			9,139,544	5	0.44%
PB Leasing Corporation	-			6,660,400	8	0.32%
Fourth Quarter Properties	-			6,639,600	9	0.32%
MWL Peachtree LTD	-			5,579,200	10	0.27%
Totals	$ 183,372,871		4.05%	$ 144,886,795		7.00%
Total taxable assessed value	$ 4,526,958,000			$ 2,068,870,000		

Source: Fayette County Tax Commissioner

NOTE: Fourth Quarter Properties was the original owner of Fayette Pavilion. Inland Southest purchased the Fayette Pavilion from Fourth Quarter Properties. TDK/Electronic Corporation and Photocircuits Corporation are no longer in business.

FAYETTE COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
"Unaudited"

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Revenue Bonds Lease Purchase Obligations	Certificate of Participation	Capital Lease Obligations	Water Revenue Bonds			
1997	$ 420,000	$ -	$ -	$ 5,776,608	$ 42,790,000	$ 48,986,608	1.98%	$ 582.48
1998	-	-	5,000,000	5,718,213	48,375,000	$ 59,093,213	2.16%	676.12
1999	-	-	5,000,000	5,275,000	47,530,000	$ 57,805,000	1.93%	635.92
2000	-	55,250,000	5,000,000	5,674,840	46,470,000	$ 112,394,840	3.45%	1,220.24
2001	-	54,330,000	5,000,000	4,415,000	45,365,000	$ 109,110,000	3.09%	1,154.79
2002	-	57,590,000	5,000,000	-	44,210,000	$ 106,800,000	2.97%	1,107.47
2003	-	56,580,000	5,000,000	7,760,000	47,145,000	$ 116,485,000	3.17%	1,178.56
2004	-	55,525,000	5,000,000	7,138,098	45,735,000	$ 113,398,098	2.91%	1,119.06
2005	-	54,420,000	5,000,000	6,484,442	44,270,000	$ 110,174,442	2.74%	1,085.46
2006	-	53,255,000	5,000,000	5,799,642	42,740,000	$ 106,794,642	2.58%	1,029.84

(1) Source: The Bureau of Economic Analysis, U.S. Department of Commerce

FAYETTE COUNTY, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006
"Unaudited"

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable(b)	Estimated Share of Overlapping Debt
Fayette County Board of Education (a)	$ 122,185,800	100%	$ 122,185,800
Peachtree City (b)	$ 8,040,000	100%	$ 8,040,000
Subtotal, overlapping debt			$ 130,225,800
Fayette County Public Facilities Authority	$ 53,255,000	100%	$ 53,255,000
Total direct and overlapping debt			$ 183,480,800

(a) Data provided by Fayette County Board of Education Finance Office.

(b) Data provided by Peachtree City Finance Office.

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 residents and businesses.

FAYETTE COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
"Unaudited"

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	$ 206,887,000	$ 224,841,700	$ 263,063,100	$ 281,666,900	$ 317,218,000	$ 350,305,000	$ 384,420,400	$ 411,842,500	$ 444,667,100	$ 452,695,800
Total net debt applicable to limit	420,000	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 206,467,000	$ 224,841,700	$ 263,063,100	$ 281,666,900	$ 317,218,000	$ 350,305,000	$ 384,420,400	$ 411,842,500	$ 444,667,100	$ 452,695,800
Total net debt applicable to the limit as a percentage of debt limit	0.20%	-	-	-	-	-	-	-	-	-
Legal Debt margin Calculation for Fiscal Year 1997										
Assessed value	$2,068,870,000	$2,248,417,000	$2,630,631,000	$2,816,669,000	$3,172,180,000	$3,503,050,000	$3,844,204,000	$4,118,425,000	$4,446,671,000	$4,526,958,000
Debt limit (10% of assessed value)	206,887,000	224,841,700	263,063,100	281,666,900	317,218,000	350,305,000	384,420,400	411,842,500	444,667,100	452,695,800
Debt applicable to limit:										
General obligation bonds	420,000	-	-	-	-	-	-	-	-	-
Less: Amount set aside for repayment of General obligation debt	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	420,000	-	-	-	-	-	-	-	-	-
Legal debt margin	$ 206,467,000	$ 224,841,700	$ 263,063,100	$ 281,666,900	$ 317,218,000	$ 350,305,000	$ 384,420,400	$ 411,842,500	$ 444,667,100	$ 452,695,800

Note: Under state finance law, the County's outstanding general obligation debt should not exceed 10 percent of total assessed property value (gross digest). By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

FAYETTE COUNTY, GEORGIA

FAYETTE COUNTY WATER SYSTEM

REVENUE BOND COVERAGE

LAST TEN FISCAL YEARS
"Unaudited

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Gross Revenues (1)	$ 8,863,180	$ 9,378,509	$ 9,822,865	$ 11,150,765	$ 10,942,013	$ 11,272,140	$ 11,046,078	$ 11,550,276	$ 11,887,582	$ 12,463,488
Operating Expenses (1)	3,319,323	3,331,228	3,617,372	3,981,842	4,596,143	4,508,066	5,000,024	5,570,037	5,697,835	5,298,587
Net Revenue Available for Debt Service (2)	5,543,857	6,047,281	6,205,493	7,168,923	6,345,870	6,764,074	6,046,054	5,980,239	6,189,747	7,164,901
Debt Service Payments	2,990,232	3,088,581	3,540,918	3,560,873	3,583,492	3,553,872	3,242,372	3,654,175	3,648,231	3,650,154
Coverage	1.85	1.96	1.75	2.01	1.77	1.90	1.86	1.64	1.70	1.96

(1) Refer to "Statement of Revenue, Expenses, and Changes in Fund Net Assets" (page 23)

(2) Represents revenue before depreciation and non-operating revenues and expenses.

FAYETTE COUNTY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
"Unaudited"

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
1997	84,100	$ 2,472,000	$ 29,394	n/a	18,290	2.4%
1998	87,400	2,738,000	31,327	n/a	18,651	2.8%
1999	90,900	2,999,000	32,992	n/a	18,943	2.1%
2000	92,109	3,262,000	35,415	38.2	19,320	2.3%
2001	94,485	3,533,000	37,392	38.5	19,833	1.9%
2002	96,436	3,593,000	37,258	38.8	20,817	3.0%
2003	98,837	3,675,000	37,182	38.9	21,239	3.0%
2004	101,333	3,895,000	38,438	39	21,624	2.9%
2005	101,500	4,016,000	39,567	39	22,338	4.6%
2006	103,700	4,136,000	39,884	39	22,513	4.3%

(1) Source: Atlanta Regional Commission
(2) Source: The Bureau of Economic Analysis, U.S. Department of Commerce
(3) Source: United States Census
(4) Source: Fayette County Board of Education
(5) Source: Georgia Department of Labor

FAYETTE COUNTY, GEORGIA
Principal Employers
Current Year and Nine Years Ago
"Unaudited"

	2006			1997		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Panasonic	1,687	1	5.71%	718	1	
Piedmont Fayette Hospital	930	2	3.15%			
Cooper Lighting	650	3	2.20%			
NCR	550	4	1.86%	594	2	
Hoshizaki America, Inc	425	5	1.44%			
TDK Components	210	6	0.71%	302	4	
APAC - Georgia	200	7	0.68%			
World Airways	275	8	0.93%	350	3	
FAA Tracon	190	9	0.64%			
Alenco, Inc	181	10	0.61%			
Avery Dennison	180	11	0.61%			
Alcan Packaging	165	12	0.56%			
Total	5,643		19.10%			

Source: Development Authority of County
Data for 1997 is available only for the top four employers.

FAYETTE COUNTY, GEORGIA

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

"Unaudited"

Function	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government	92	94	101	106	108	107	107	107	113	113
Judicial	38	39	43	44	44	45	50	50	53	54
Public Safety										
Animal Control	5	5	5	5	5	5	5	5	5	6
Coroner	2	3	3	3	3	3	3	3	3	3
Emergency 911	27	27	27	27	30	30	30	30	30	30
Emergency Services	18	18	18	18	24	24	34	34	37	41
Fire	74	74	83	83	86	86	90	90	93	97
Marshal	7	7	9	10	10	10	10	10	10	10
Sheriff	118	122	133	141	149	149	215	212	214	216
Total Public Safety	251	256	278	287	307	307	387	384	392	403
Public Works										
Roads	44	45	45	47	47	47	47	47	49	47
Water System	54	55	56	62	65	65	66	65	61	62
Planning & Development	17	18	20	22	22	22	22	22	19	20
Culture and Recreation	12	14	14	14	14	14	19	19	17	17
Solid Waste Management	2	2	2	2	2	2	2	2	-	1
Total	510	523	559	584	609	609	700	695	704	717

Source: Fayette County Human Resources Department

FAYETTE COUNTY, GEORGIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
"Unaudited"

	Fiscal Year Ended June 30,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
FUNCTION										
General Government										
Number of Registered Voters	49,497	49,997	52,888	55,878	58,909	60,422	62,730	63,637	67,851	70,000
Number of Parcels assessed	31,325	32,686	33,650	34,700	36,121	37,643	38,110	39,194	39,194	40,348
Judicial										
Civil cases	1,536	1,325	627	569	620	771	1,443	1,543	1,570	
Criminal cases	850	598	910	699	593	526	844	816	825	
Firearms licenses	650	613	908	926	786	686	765	902	969	1,256
Juvenile cases filed	1,706	1,672	1,658	1,765	1,795	1,655	1,750	1,948	2,025	2,100
Marriage licenses	550	576	581	600	594	610	719	666	699	1,100
Passports	-	-	1,252	1,490	988	925	613	310	251	360
Real estate instruments filed	26,923	32,945	31,746	25,049	32,229	38,715	48,903	34,152	35,125	
Public Safety										
Average daily jail population	116	156	177	210	225	234	246	226	217	220
Burning permits	9,280	9,280	11,203	11,508	12,103	12,250	12,302	13,586	15,161	12,700
Emergency response activity	4,212	4,247	4,457	5,021	5,103	5,051	5,021	5,792	6,463	6,250
Fire/EMS disptach	7,370	7,552	7,900	8,899	9,082	9,239	9,239	10,625	10,874	
Law enforcement dispatch	34,949	38,228	39,427	38,364	39,451	51,372	51,372	44,827	46,070	
Traffic tickets written	2,822	4,600	4,870	5,200	5,303	7,403	2,189	1,765	2,546	2,650
Public Works										
Number of vehicles serviced	156	160	160	171	191	191	200	195	220	196
Street maintenance (Miles)	235	245	225	231	457	464	466	466	475	478
Water production (million gallons per day)	2,294	2,670	2,920	2,860	2,941	2,917	2,719	8.7	9.0	9.1
Water System Customers	18,162	19,388	20,745	21,595	22,362	23,395	24,096	25,071	26,057	26,945
Planning & Development										
Building permits issued	650	1,195	1,104	964	737	829	773	918	833	800
Culture & Recreation										
Monthly circulation of library materials	37,000	90,000	127,000	27,000	38,093	40,000	42,581	24,954	25,997	27,083
Number of programs and classes offered	146	130	290	229	201	190	189	377	341	350
Reference questions answered monthly	4,200	18,000	24,100	55,000	74,392	8,333	7,500	7,750	7,917	8,083

FAYETTE COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years
"Unaudited"

	Fiscal Year Ended June 30,									
Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General government										
County Office Buildings	1	1	1	1	1	1	1	1	1	1
Judicial system										
Justice Center	1	1	1	1	1	1	1	1	1	1
Public Safety										
Patrol Vehicles (1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	160
Fire Stations	8	8	8	8	9	9	9	9	9	9
Public Works										
Miles of County Maintained Roads	235.0	245.0	224.8	230.8	456.6	463.6	466.1	465.6	474.5	478.2
Miles of Road Resurfacing	n/a	n/a	29.6	26.5	27.1	30.8	27	49.5	38.9	33.24
Culture and Recreation										
Park Acreage	187	187	187	359	359	359	366	366	366	366
Parks	5	5	5	6	6	6	6	6	6	6
Multi-purpose facility	1	1	1	1	1	1	1	1	1	1
Water System										
Water Treatment Plant	1	1	1	1	1	2	2	2	2	2

(1) Information not available for years 1997 through 2005.



SINGLE AUDIT SECTION

FAYETTE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

Federal Grantor/Program Title	Federal CFDA Number/ Contract	Federal Expenditures
Department of Homeland Security		
Pass-through Georgia Emergency Management Act		
State Domestic Equipment Preparedness Equipment Support Program	2003-MU-T3-0010	$489,786
Hazard Mitigation Grant	HMGP 1554-002	$53,472
Assistance to Firefighter's Grant Fund	EMW-2004-FG-03342	$7,138
Homeland Security Preparedness	113-00000-01	$52,921
Pre-Disaster Mitigation	PDMC-PL-04-GA-2003	$1,906
Pass-through Georgia Department of Human Resources		
State & Homeland Security Training Program	411.358	$20,800
TOTAL EXPENDITURES		$ 626,023

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

FAYETTE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2006

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Fayette County for fiscal year 2006 and is presented based on accounting principles generally accepted in the United States of America. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 3—CONTINGENCIES

These Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Fayette County's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Fayette County expects such amounts, if any, to be immaterial.

CHERRY BEKAERT& HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

Honorable Members of
Fayette County Commission
Fayette County, Georgia

Compliance

We have audited the compliance of the Fayette County, Georgia ("Fayette County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Fayette County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Fayette County's management. Our responsibility is to express an opinion on the Fayette County's compliance based on our audit.

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

In our opinion, the Fayette County 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 June 30, 2006.

Internal Control Over Compliance

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

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

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

Atlanta, Georgia
December 14, 2006

FAYETTE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the financial statements expressed unqualified opinions.

2. There were no reportable conditions in internal control over financial reporting disclosed in the audit of the financial statements.

3. There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

4. No reportable conditions related to internal control over compliance applicable to the major federal award programs were disclosed during the audit of the financial statements.

5. The report on compliance for major programs expressed an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133.
7. The major program of Fayette County, Georgia included in the audit was:

   2003-MU-T3-0010 State Domestic Equipment Preparedness Equipment Support Program

8. The dollar threshold for Type A programs was $300,000.

9. Fayette County, Georgia did qualify as a low risk auditee.

FAYETTE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None Noted.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

None Noted.



Where Quality Is A Lifestyle