NEWTON COUNTY, GEORGIA

Annual Financial Report

For the Fiscal Year Ended
June 30, 2011

NEWTON COUNTY, GEORGIA

Annual Financial Report

For the Fiscal Year Ended
June 30, 2011

Signature Community
Creating a Climate for Success

Prepared by Authority of
Newton County Board of Commissioners
Newton County, Georgia
John Middleton, Administrative Services

INTRODUCTORY SECTION

NEWTON COUNTY, GEORGIA
Financial Statements
For the Fiscal Year Ended June 30, 2011

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Newton County Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.

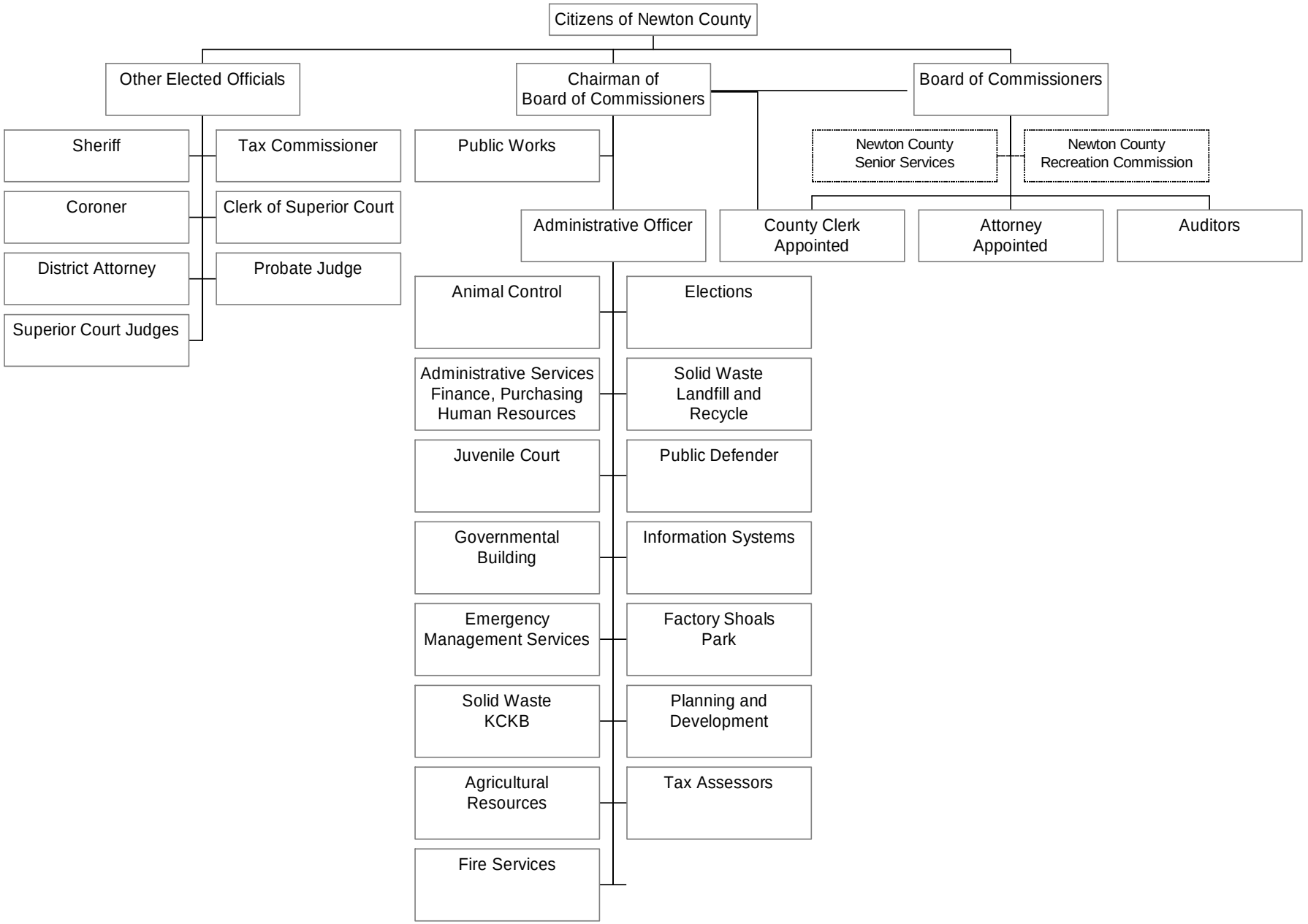


Linda C. Davidson

President

Executive Director

NEWTON COUNTY, GEORGIA
Organization Chart



NEWTON COUNTY, GEORGIA
Principal Officials

Board of Commissioners
2011

Kathryn Morgan	Chairman
T.M. "Mort" Ewing	Commissioner District 1
Lanier Sims	Commissioner District 2
Nancy Schulz	Commissioner District 3
J.C. Henderson	Commissioner District 4
Tim Fleming	Commissioner District 5

John Middleton, Administrative Officer
Tommy Craig, County Attorney
Jackie Smith, County Clerk

Other Elected Officials

Superior Court Judge	John M. Ott
Superior Court Judge	Samuel D. Ozburn
Superior Court Judge	Horace J. Johnson, Jr.
Superior Court Judge	Eugene M. Benton
Superior Court Judge	Ken Wynne
District Attorney	Layla Zon
Chief Magistrate Judge	Henry Baker
Chief Probate Judge	Henry Baker
Clerk of Superior Court	Linda Hays
Coroner	Tommy Davis
Sheriff	Ezell Brown
Tax Commissioner	Barbara Dingler

FINANCIAL SECTION

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650
Ph: (706) 342-1040

2470 Daniell's Bridge Rd, Ste 151103
Athens, Georgia 30606
Ph: (706) 353-3120

INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Newton County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Newton County, Georgia as of and for the year ended June 30, 2011, 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 Newton County Health Department, the Newton County Water and Sewer Authority, or the Newton County Library System, which collectively represent 96.85% and 85.23%, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Newton County Health Department, the Newton County Water and Sewer Authority, and the Newton County Library System, is based on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph 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 for Newton County, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2012 on our consideration of Newton 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, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Retirement Plan - Schedule of Funding Progress on pages I through XIV and page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards* Board, who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Newton County, Georgia's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the Schedule of Projects Constructed with Special Sales Tax Proceeds and the Schedule of State Contractual Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The accompanying Schedule of Projects Constructed with Special Sales Tax Proceeds and the Schedule of State Contractual Assistance is presented for purposes of additional analysis as required by Georgia law, and is also not a required part of the financial statements. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Treadwell, Tamplin & Company, CPA's

Madison, Georgia
March 30, 2012

NEWTON COUNTY, GEORGIA
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Management's Discussion and Analysis of Newton County provides a narrative review and explanation of the Government's financial activities for the fiscal year that ended June 30, 2011. The analysis provides summary financial information for Newton County as a whole and should be read in conjunction with the Government's financial statements to fully understand Newton County's performance. We encourage readers to consider the information presented here in conjunction with the Financial Statements and accompanying Notes to the Financial Statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- At the close of the FY2011 fiscal year, Newton County's reported assets exceeded liabilities by $288.4 million. (Net assets).
- Total combined revenues for governmental and business-type activities were $70.5 million. Program revenue accounted for $19.8 million, while general revenue amounted to $50.7 million.
- Outstanding Debt associated with Governmental activities was reduced by 25%, from $35.8 million the prior year to $27 million at the close of FY2011. Debt reduction has been a major initiative of the BOC given the current economic environment. Reduction in general obligation debt frees up financial resources that can be utilized for service delivery. The current legal debt limit for the county is $273 million. The amount of general obligation debt applicable to the debt limit is $25.7 million. Total outstanding long term debt for both governmental business activities is $63 million. Additional details' regarding this is provided in the Capital Assets and Debt Administration section and in the Notes to Financial Statements.
- Reduced actual General Fund expenditures by $4.3 million in FY2011 by comparison to FY2010 spending. Newton County has continued with the budget balancing initiatives begun in 2008 including staff & benefit reductions and departmental restructuring.
- SPLOST 2005 closed the 6 year collection period with actual collections $61.7 million against a budget of $58.8 million. The additional collections will be utilized to reduce debt service obligations on the County Administration Building (a SPLOST 2005 Project).
- Newton County maintains an "Aa2" credit rating for general obligation debt from Moody's.

Fund Level Financials

- The General Fund balance increased by $2.1 million to $6,461,745, as Newton County closed FY2011with a governmental fund balance of $41.3 million. Corrective action was taken in FY2011 to restore an adequate fund balance ratio, and offset any further use for augmenting day to day operations. A Fund Balance Policy was developed, unanimously approved, and adopted by the BOC during FY2011. Detailed discussion of the Fund Balance is provided in the General Fund Budgetary Highlights.
- The 2005 SPLOST Fund closed the year with a fund balance of $19.5 million. Further detailed information on the SPLOST Program can be found in the Financial Analysis discussion of Governmental Funds.
- Business-type activities generated operating revenues of $9.2 million for FY2011. This consisted of $7.0 million from Newton County Water Resources, $2.2 million from Solid Waste Management and $25 thousand from Special Facilities. Operating expenses for the same period were $4.9 million for Water Resources, $3.3 million for Solid Waste, and $62 thousand for Special Facilities. Solid Waste operations also receive an annual appropriation from the General Fund to offset the shortfall between revenue and expenses. Income earned from MSW Landfill operations are used to subsidize a portion of the Recycle Centers operating expenses as well. Special facilities utilized a portion of their fund balance for capital improvements during FY2011.

Using This Annual Report

The Management Discussion and Analysis serves as an introduction to Newton County Government's financial statements, which includes both government-wide and fund statements, as well as notes in the financial statements. The Statement of Net Assets and the Statement of Activities provide information about Newton County as a government and present a long-term outlook of the County's finances. Fund financial statements also report the County's operation in more detail than the government-wide statements. The remaining financial statements provide information about activities for which the County acts solely as a trustee or agent.

Government-Wide Financial Statements

Government-wide financial statements provide an overview of the financial position of Newton County. They include a Statement of Net Assets and a Statement of Activities. Emphasis is placed on the net assets of governmental and business-type activities as well as the change in net assets. Property taxes, sales taxes, other taxes, grant funding, fines, fees, and charges for services primarily support governmental activities. In contrast, user fees primarily support business-type activities.

In the Statement of Net Assets and the Statement of Activities, Newton County's activities are divided into two types:

Governmental activities reported in the statements include the following core functions: General Government, Judicial, Public Safety, Public Works, Health and Welfare, Culture and Recreation, and Housing and Development.

Business-type activities of Newton County include the following: Water Resources, Solid Waste Management, and Special Facilities.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Newton County uses fund accounting to ensure and demonstrate compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds. Newton County, however, establishes many other funds to help control and manage financial activities for particular purposes, such as Capital Projects Funds. All funds of Newton County government can be divided into four categories: governmental, proprietary, internal service funds, and fiduciary funds.

Governmental Funds

The primary revenue sources for these funds are property taxes, sales taxes, fines, regulatory fees, other miscellaneous fees, and investment income. The county has four governmental fund types: General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Proprietary Funds

The revenue sources for these business-type governmental enterprises are received from the sale of products and services. Funds in this category are Water Resources, Solid Waste, and Special Facilities.

Internal Service Fund

This fund accounts for the Newton County the self insured workers' compensation programs. The workers' compensation program is administered through the Association of County Commissioners of Georgia (ACCG). The revenue sources for these funds are made through transfers from the General Fund.

Fiduciary Funds

In this fund Newton County serves as trustee or agent for other governmental entities, individuals, and other funds. The county is responsible for ensuring that these assets are used only for the specific intended use. Fiduciary Funds are as follows:

Tax Commissioner's Office
Sheriff's Office
Clerk of Superior Court
Probate Court
Magistrate Court
Juvenile Court

Component Units

The Newton County Water and Sewerage Authority, Newton County Library, Newton County Recreation Commission, Newton County Industrial Development Authority, Newton County Health Department, and Newton County Senior Services are classified as component units due to their unique relationship to the local governing authority. Financial statements provided by component units reflect their most recent available audited statements.

Governmental-Wide Financials Analysis

Net Assets

Newton County's combined net assets decreased in FY2011 to $288.4 million as compared to $292.2 million prior year. This is related to the decline in property tax revenues, due to lower valuations and foreclosure activity. Chart Below focuses on the net assets (Exhibit A) and changes in net assets (Exhibit B) of Governmental and Business-type activities.

Statement of Net Assets

(In thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	**2011**	**2010**	**2011**	**2010**	**2011**
Assets:						
Current and Other Assets	$ 56,596	$ 55,141	$ 11,215	$ 11,447	$ 67,811	$ 66,588
Capital Assets	244,050	232,445	62,987	65,714	307,037	298,159
Total Assets	300,646	287,586	74,202	77,161	374,848	364,747
Liabilities:						
Long-Term Debt	36,020	27,631	38,137	40,738	74,157	68,369
Other Liabilities	7,360	6,835	1,176	1,189	8,536	8,024
Total Liabilities	43,380	34,466	39,313	41,927	82,693	76,393
Net Assets:						
Invested in Capital Assets Net of related Debt	226,908	229,430	27,486	28,509	254,394	257,939
Restricted	27,682	24,611	2,096	2,509	29,778	27,120
Unrestricted	2,675	(921)	5,306	4,215	7,981	3,294
Total Net Assets	$ 257,265	$ 253,120	$ 34,889	$ 35,234	$ 292,154	$ 288,353

Net assets of Newton County's governmental activities declined 1.63 % in fiscal year 2011 ($257.3 million versus $253.1 million in FY2011). Unrestricted net assets, the portion of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or legal requirements, totaled ($920,756) for governmental activities at June 30, 2011.

The net assets of business-type activities increased by $345 thousand, closing FY2011 at $35.2 million. Net assets of business type activities, however, cannot be used to pay for governmental activities.

Changes in Net Assets (In thousands)

	Governmental Activities		Business-Type Activities		Total Change in Net Assets	
	2011	2010	2011	2010	2011	2010
Revenue						
Program Revenue:						
Charges for Services	$ 8,147	$ 7,815	$ 9,194	$ 7,799	$ 17,341	$ 15,614
Operating Grants	2,197	1,904	-	-	2,197	1,904
Capital Grants	255	1,096	-	-	255	1,096
General Revenue:						
Property Tax	28,579	29,206	-	-	28,579	29,206
Sales Tax	16,511	16,662	-	-	16,511	16,662
Franchise & Business taxes	3,434	3,526	-	-	3,434	3,526
Other Tax	376	491	-	-	376	491
Intergovernmental Revenue	937	1,942	-	-	937	1,942
Investment Earning	78	271	322	365	400	636
Joint Venture equity	74	44	-	-	74	44
Miscellaneous	298	738	-	-	298	738
Gain(loss) and other	16	-	13	-	29	-
Total Revenue	**60,902**	**63,695**	**9,529**	**8,164**	**70,431**	**71,859**
Program Expenditures/Expenses						
Governmental - Expenditures						
General Government	7,176	7,821	-	-	7,176	7,821
Judicial	4,810	5,259	-	-	4,810	5,259
Public Safety	29,001	29,856	-	-	29,001	29,856
Public Works	15,208	14,966	-	-	15,208	14,966
Health and Welfare	942	1,067	-	-	942	1,067
Culture and Recreation	4,793	5,152	-	-	4,793	5,152
Housing and Development	1,559	2,360	-	-	1,559	2,360
Interest and fiscal charges	1,007	1,840	-	-	1,007	1,840
Business-Type - Expenses						
Water	-	-	6,323	4,603	6,323	4,603
Special Facilities	-	-	62	47	62	47
Solid Waste	-	-	3,352	2,832	3,352	2,832
Total Expenses	**64,496**	**68,321**	**9,737**	**7,482**	**74,233**	**75,803**
Increase in Net Assets Before Transfers	**(3,594)**	**(4,624)**	**(206)**	**682**	**(3,800)**	**(3,942)**
Transfers	(553)	(2,631)	553	2,631	-	-
Increase in Net Assets Before Transfers	**(4,147)**	**(7,255)**	**347**	**3,313**	**(3,800)**	**(3,942)**
Beginning Net Assets	257,267	264,523	34,888	31,575	292,155	296,098
Ending Net Assets	**$ 253,119**	**$ 257,267**	**$ 35,234**	**$ 34,888**	**$ 288,354**	**$ 292,155**

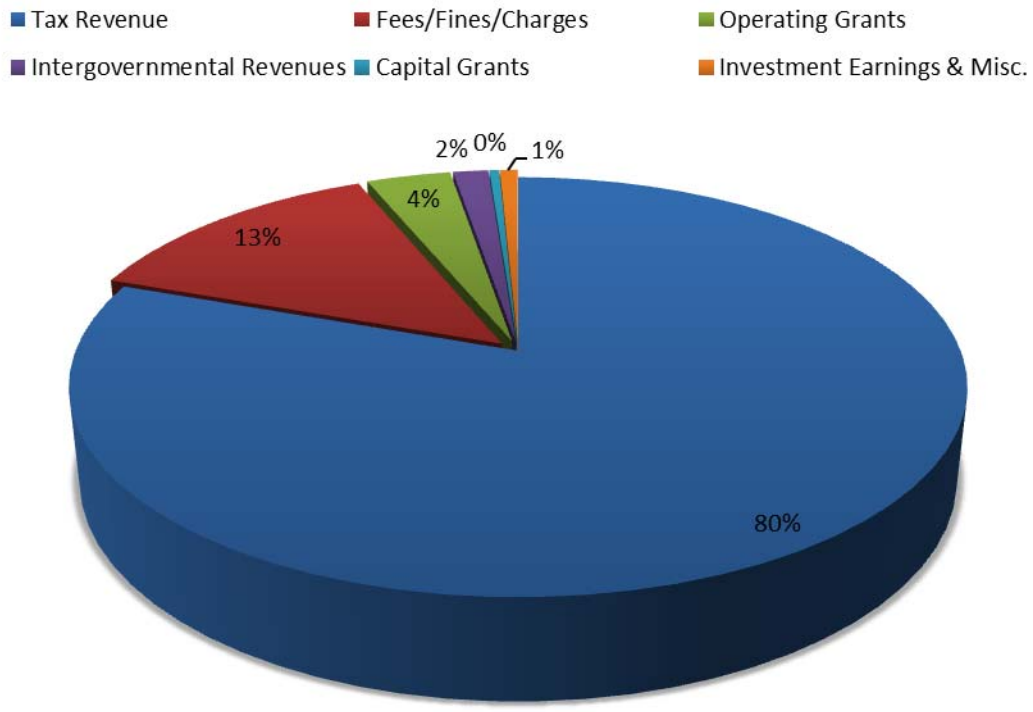
Newton County's total revenue was $70.5 million for FY2011. The total cost of all programs and services for this same period was $74.3 million. The analysis above separately considers the operations of governmental and business-type activities.

Governmental Activities

Newton County reported $60.9 million of governmental revenues in FY2011. This represents a reduction of $2.8 million from the prior year, due to the decline of property values, fees for services, and new construction. Tax collections now make up a greater "slice of the pie" because of these factors. General Revenues are made up of tax related revenues such as property tax, insurance premium taxes, sales taxes, business taxes, etc... Within the category of Capital Grants and Contributions, donations of subdivision roads are included. While this source once made up 8 to 10 % of our total revenue sources, it has declined significantly due to the lack of subdivision development and new housing starts.

Other revenues are generated through various collections, which can be identified in the following major classes: general revenues, fees, fines, charges for services, operating grants, and capital grants. Newton County's revenues consisted of tax collections (80.42%), fees, fines & charges for services (13.3%), operating grants and contributions (3.6%), intergovernmental revenues (1.5%), capital grants and contributions (0.42%), and the remainder is made up of investment earnings, joint venture earnings, and miscellaneous revenues that comprise 100% of Newton County's revenue sources.

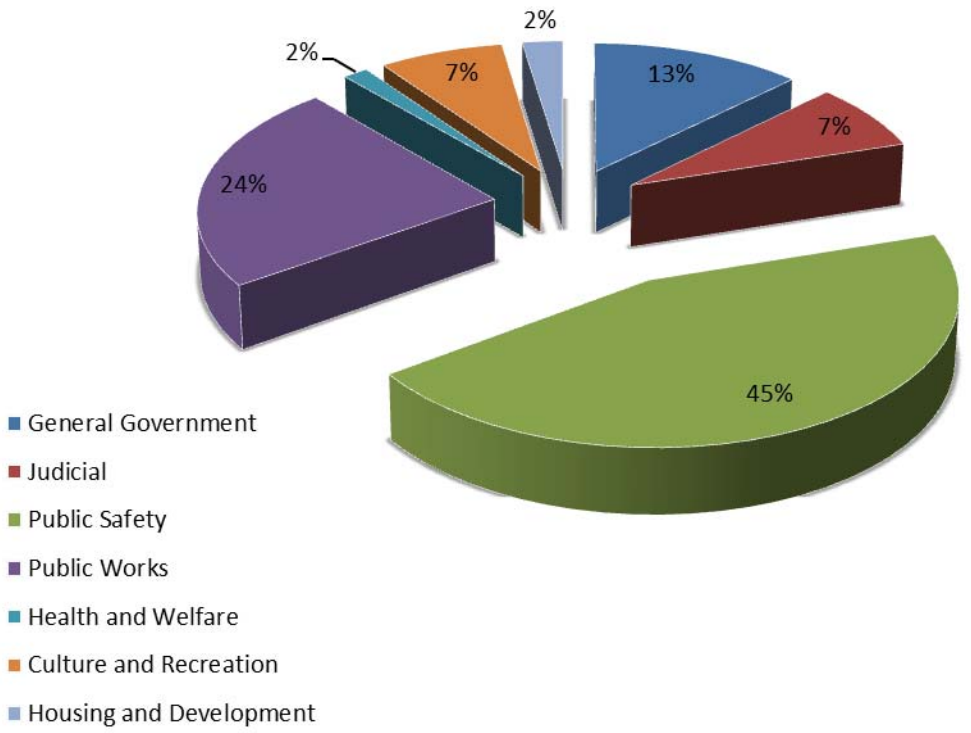
2011 Revenue by Source - Governmental Activities



Program/Services Expenses

Expenses for Program or services related to governmental activities totaled $64.5 million. Expenses incurred for Public Safety, which includes the Sheriff's Department, Detention Center, Fire Services, E-911, and Animal Control, made up (45%) along with Public Works (23.6%), Judicial (7.5%), Culture and Recreation (7.4%), Housing and Development (2.4 %), and Health Welfare (1.5%) all of which made up 87.4% of the total governmental expenses. General Government and interest expense accounted for the remaining 12.6% as noted in the chart below.

2011 Program/Services Expenses - Governmental Activities by Function

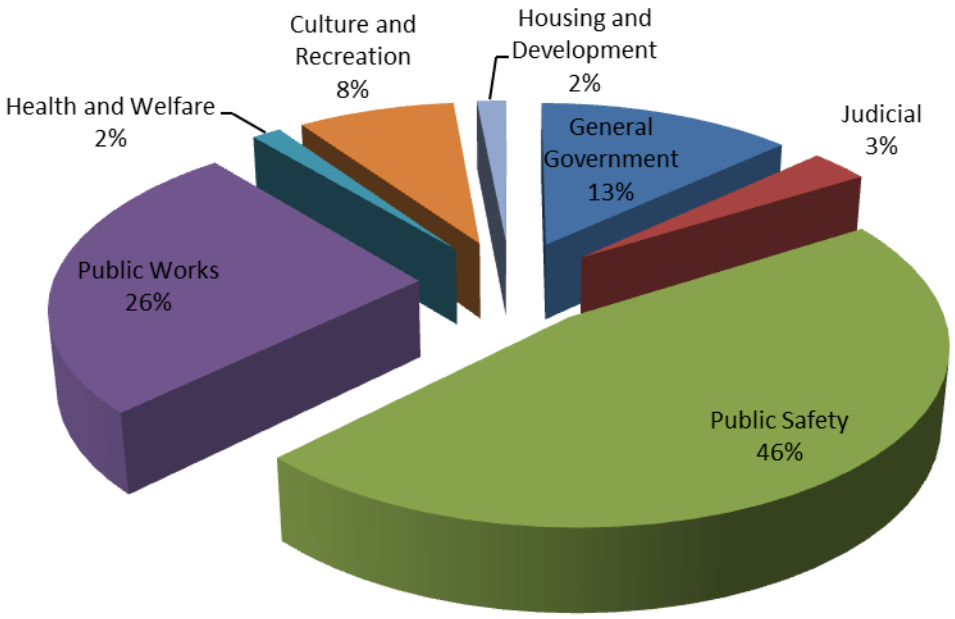


Total cost of programs/services represents the investment made by Newton County to provide the program/service delivery to our citizens. Net cost of these services identifies the difference between the cost of services and programs and the revenue collected (such as fees, fines, and charges for services, operating grants and contributions, and capital grants and contributions) that is specifically associated with the service or program provided.

Total Cost and Net Cost of Governmental Activities by Function

	Total Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2011	Net Cost of Services 2010
General Government	$ 8,183,243	$ 9,661,374	$ 7,057,996	$ 8,373,735
Judicial	4,810,228	5,258,579	1,602,413	2,333,725
Public Safety	29,000,715	29,855,552	24,912,335	25,138,476
Public Works	15,207,675	14,965,616	14,151,811	13,853,843
Health and Welfare	941,975	1,067,316	774,315	868,313
Culture and Recreation	4,792,433	5,151,820	4,509,165	4,906,915
Housing and Development	1,558,620	2,359,872	887,816	2,029,815
	$ 64,494,889	$ 68,320,129	$ 53,895,851	$ 57,504,822

2011 Net Program/Services Costs – Governmental Activities by Function



Business-type Activities

Business-type activities showed an overall increase in net assets of $345 thousand in FY2011. While total revenue for business-type activities increased by $1.4 million compared to the prior year, total expenses were increased by $1.6 million in FY2011.

Newton County is a "wholesale water" producer and is the sole provider of water to the other public water systems within the county. Newton County maintains intergovernmental agreements for the sale of water to the five local municipalities and the Newton County Water & Sewerage Authority. The county also provides "out of county" water sales to Walton County, Jasper County, and Alcovy Shores (a private water system). Newton County currently operates two water treatment facilities and is in the final stages of acquiring land for the purpose of constructing an additional reservoir and water treatment plant.

The Water Fund accounts for "wholesale" water which was sold to the previously detailed water retailers. Total revenue is reported at $7.0 million with operating expenses at $4.9 million, resulting in operating income of $2.1 million for FY2011. Net income produced by the Cornish Creek Water Fund will be used for future debt service and for the replacement and expansion of the County's drinking water production system. Expansion of the Cornish Creek Water Treatment Plant was completed in September of 2010. This has increased water production capacity from 15 MGD to 24 MGD.

Series 2004 Water Revenue Bonds were issued for the water expansion and improvements in FY2005. Detail of debt is described in the outstanding debt section. See Note 6 in the Financial Section for further details.

The County also offers limited recreation opportunities (fishing and picnicking) at Lake Varner Reservoir, with revenue from parking fees paid by non-county residents. Reservoir Management oversees these facilities and activities, as well as, the reservoir buffer and enforcement of the Reservoir Management Plan. As noted previously, the Water Fund offsets additional operating expenses for this fund. Lake Varner is rated as one of the Top Fishing Spots in the State of Georgia by the *Atlanta Journal and Constitution.*

The Solid Waste Fund operates a central landfill and 11 recycling centers that are located throughout the county. The Recycling Centers serve as transfer stations, with solid waste and recyclables being transported to the landfill for processing. The Recycling Centers are operated free of charge to residents of Newton County. The operating expenses for these centers are funded by Operating Income from the landfill and additional appropriations from the

General Fund, which is transferred into the Solid Waste Fund. Revenue collected from the county-wide recycling program was $277,302 in FY2011. Newton County MSW landfill opened a new cell in May of 2011 which is expected to provide 4 to 5 year's capacity. The construction area (C&D) also has approximately 12 months before using up the permitted area. Growth in the county will determine the exact time of using the Phase II permitted areas. The state issued permits are for 25 years.

The County also reports operations of Gaither's Plantation as a separate fund. Gaither's Plantation is a special event facility of a historical nature that generates operating and capital revenues from rental fees, program events, donations, interest income, and an annual appropriation from the general fund. A significant portion of the $ 24,761 in rental fees came from television and movie productions during the past year.

Newton County's Financial Analysis

Governmental Funds

The reporting of Governmental Funds for FY2011 provides useful information on balances of financial resources. The governmental fund types are comprised of: the General Fund, Various Special Revenue Funds, Capital Projects Fund (which consist of SPLOST Funds, Impact Fee Fund, and Capital Improvement Fund) and a Debt Service Fund.

As of June 30, 2011, Newton County Governmental Funds reported a combined fund balance of $41.3 million, which is a slight decrease from the prior year's total of $42.8 million. The General Fund reported an increase of $2.1 million. Other Governmental Funds reported a net change of ($3.0) million, primarily related to Public Safety and Capital improvements.

The 2005 SPLOST Fund closed the year with a fund balance of $19.5 million. Several road and bridge projects, along with municipal projects were completed during the past year. Most SPLOST 2005 Projects have been completed or are in final phases of completion.

Proprietary Funds

Newton County's Proprietary Fund statements provide the same type of information found in the government-wide financial statements but in more detail. Total operating income of $896.7 thousand was earned on revenues of $9.2 million. Other factors affecting the financial position of the Proprietary Fund are addressed in the discussion of Newton County's business-type activities.

General Fund Budgetary Highlights

The General Fund is the primary source of funding for the day-to-day governmental operations of Newton County. Our financial policy requires a balanced budget; thus, the Board of Commissioners annually determines and sets the approved level of expenditures for each department. While FY2011 continued to present challenges for Newton County due to the present national, state, and local economic climate, the county was able to provide uncompromised service delivery and improve our financial condition.

As noted, Newton County continued budget balancing initiatives in FY2011. These management actions are required to offset the erosion of revenue due to projected shortfalls in tax collections and development fees due by reducing expenditures and staffing. Further reductions in staffing were achieved by not filling open positions that resulted from normal attrition and retirements. County employees continue to take unpaid holidays in lieu of furlough days. Public Safety and mandated core services required of local government as the funding priority. Expenditures of each department are carefully monitored and reviewed monthly. Actual expenditures, as shown below for FY2011 were $449,083 less than the FY2010 General Fund expenditures of $ 42.9 million. Property Tax Reform enacted by the Georgia General Assembly continues to have a negative impact on the tax base which provides a significant portion of the local government operating revenue.

Net Change in the General Funds FUND BALANCE showed an increase to $6.5 million, an improvement of $2.1 million from the prior year.

Expenditure Source for Fiscal Year 2011

Expenditure Source		Amount	Percent of Total
General Government	$	5,898,209	14%
Judicial		4,269,236	10%
Public Safety		23,016,748	54%
Public Works		4,194,099	10%
Health and Welfare		799,191	2%
Culture and Recreation		3,099,477	7%
Housing and Development		1,149,648	3%
	$	42,426,608	100%

Newton County has continued to improve upon operating efficiencies and also modified spending authority levels, purchasing policy, and strengthened internal management controls to better manage the dynamics of the current economic situation.

Special Revenue Funds

The county uses special revenue funds to account for the collection and disbursement of revenues that are legally restricted and may be expended only for specific purposes. Funds included in this classification are Fire Fund, Real Estate Grant Fund, DARE Fund, Juvenile Trust Fund, Forfeited and Seized Funds, County Industrial Park Fund, Jail Fund, District Attorney, Law Library Fund, E-911, Inmate Welfare, Multiple Grant Fund, and NSP Grant.

Special Revenue Funds' revenue totaled $5.2 million for FY2011with expenditures totaling $4.9 million. The total Fund Balance for Special Revenue Funds closed FY2011 with $6.2 million. This is an increase in Fund Balance of $497,637 over FY2010.

Capital Improvement Project Funds

SPLOST 2005

The $58.8 million 2005 SPLOST program collected $61.7 million during the six year collection period. In accordance with the referendum, the excess collections will be utilized to pay debt service on the County Administration Building. Collections began in July of 2005 to fund $25.7 million in bonded projects and $33.1 million in non-bonded projects. The projects include: Roads ($20.0 million), Mechanic Shop ($2.0 million), Landfill ($3.7 million), Civic Center ($5 million), Newton County Office Complex ($5 million), 800 Radio System and Data Communications ($7.6 million), Detention PODS ($3.6 million), Community Building District 4 ($500 thousand), Judicial Parking ($265 thousand), Old Historical Jail ($500 thousand), Greenspace Land Acquisition ($1 million), and Cousin's Center Gym – Recreation ($500 thousand). The Municipalities' SPLOST Funded projects include: City of Covington transportation projects ($3.7 million), City of Porterdale Transportation, Train Depot, and Gym ($910 thousand), City of Newborn transportation ($166 thousand), City of Mansfield transportation ($125 thousand), and the City of Oxford Maintenance Facility, City Hall Annex, Fire Station Renovation and Water System improvements ($605 thousand).

During the Fiscal Year ending June 30, 2011, $9.6 million in revenue was collected, a slight improvement over the prior year. SPLOST expenditures were $8.6 million, primarily in debt service and interest. The Newton County Office Complex and Parking Deck, Landfill, Greenspace Acquisition, Mechanic Shop, the initial phases of the 800 mhz Public Safety Radio System and Data Communication, Nelson Heights Community Center, and various Road & Bridge projects have been completed.

Construction work continues on the Historic Jail and the Cousins Gym renovation. Additional enhancements to the Public Safety Communication System are underway. There are $5 million in various COUNTY Road and Bridge projects yet to be completed. The planning process and evaluation of additional funding sources continues for the proposed Civic Center project.

SPLOST 2011
In March of 2011 the voters of Newton County renewed the Special Purpose Local Option Sales Tax of 1%. Projects included on this $57.6 million referendum include; Reduction of County Debt, Transportation Projects, Fleet and Heavy Equipment Replacement, Agricultural Center and Emergency Services facility improvements at Newton Medical Center. Recreation & Community Center Projects include a workforce development center and construction of a Miracle League Baseball Complex for disabled children. Various municipal projects are also planned, including expansion of the Covington Airport. As with the 2005 SPLOST, this referendum provides for excess collections above the $57.6 million to be utilized for debt reduction.

Impact Fee. An Impact Fee Ordinance, meeting the requirements of the Georgia Development Impact Fee Act (O.C.G.A 3671-1), was adopted February 1, 2005. Effective March 16, 2005, this ordinance provided for impact fees to be assessed against new residential and commercial construction in unincorporated Newton County, with collections to be used for maintenance of existing service levels of public services such as libraries, recreation, public safety, and transportation. Expenditures of Impact Fees were delayed due to litigation with the Newton County Home Builders Association, though collections were allowed to continue. In December 2007, Newton County Board of Commissioners prevailed as the court ruled in favor of the County.

In FY2011, Impact Fee collections improved to $263 thousand in revenue with total expenditures of $1.8 million. Expenditures are attributed to completion of construction of the Porter Branch Library and Denny Dobbs Park. Both of these projects are located in the Oak Hill area of Newton County. In recent years, this area of the county had experienced significant residential growth and is greatly in need of these public services. Impact Fee Fund Balance at the close of FY2010 was $4.6 million.

Capital Assets and Debt Administration

Capital Assets
Newton County's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to $754.1 million (before accumulated depreciation). The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. These assets include land, building improvements, equipment, infrastructure, and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the county such as roads, bridges, streets, sidewalks, drainage systems, and other similar items in accordance with GASB 34. The table below provides a summary of capital assets. Additional information on capital assets can be found in the notes in the financial statements of this report.

Capital Assets for Fiscal Year 2011
(Net of Depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Total Capital Assets	
	2011	2010	2011	2010	2011	2010
Land	$ 67,898	$ 67,454	$ 11,020	$ 11,020	$ 78,918	$ 78,474
CIP	6,910	9,358	16,754	32,724	23,664	42,082
Land Improvements	-	-	10,388	6,077	10,388	6,077
Building & Improvements	81,967	78,946	28,559	12,447	110,526	91,393
Water Distributions System	-	-	8,838	8,838	8,838	8,838
Equipment	19,914	19,334	7,409	7,373	27,323	26,707
Infrastructure	494,500	494,500	-	-	494,500	494,500
Less:						
Accumulated Depreciation	(438,744)	(425,543)	(17,254)	(15,493)	(455,998)	(441,036)
Total	$ 232,445	$ 244,049	$ 65,714	$ 62,986	$ 298,159	$ 307,035

Long-Term Debt

As of June 30, 2011, Newton County had a net of $63.8million in total outstanding long-term debt, including compensated absences. Governmental activities long-term debt of $27 million is primarily attributed to the SPLOST capital projects, 2003 COPS Issue of $5.0 million for Detention Center Pods, 2006 COPS issued for the Newton County Office Complex with a parking deck of $12.3 million, and the Four County - Joint Development Authority, and the 2008 Library bonds of $3.5 million. In business activities, a Series 2004 Water Revenue Bond was issued with a par value of $37.5 million during the fiscal year of 2005. Construction of a new Landfill Cell (Phase III) and associated wetlands mitigation project is being financed through a GEFA loan and the wetlands mitigation is expected to be completed during FY2012. Below is a summary table of long-term debt compared to prior year. For further information on the County's debt, refer to the notes in the financial statements of this report.

Outstanding Debt for Fiscal Year 2011

(In thousands)

	Governmental Activities		Business-Type Activities		Total Outstanding Debt	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	$ 5,475	$ 10,765	$ -	$ -	$ 5,475	$ 10,765
COPS & Notes Payable	14,806	19,462	-	-	14,806	19,462
GEFA Notes Payable	760	877	3,681	108	4,441	985
Revenue bonds and Notes	2,570	-	32,405	34,010	34,975	34,010
Four County Joint Industrial Development Authority	2,234	2,393	-	-	2,234	2,393
Capital Lease Obligation	272	915	89	210	361	1,125
Compensated Absences	1,511	1,412	-	-	1,511	1,412
Total	$ 27,628	$ 35,824	$ 36,175	$ 34,328	$ 63,803	$ 70,152

Economic Factors

Similar economic concerns affecting communities across the United States continue to greatly impact Newton County. The drop off in construction activities and housing starts along with continued foreclosures issues have negatively affected housing values and land prices. This trend is reflected in the County Tax Digest which has eroded by 8 % from the prior year. Additional pressure affecting the stability of the property tax base is due to Property Tax Reform initiatives by the state legislature. This is compounded with a corresponding decline in governmental revenues linked to both development and consumer spending, such as sales tax, construction & building permits, and impact fee collections.

As a result, we are anticipating a further decline in revenues in the short term before property values stabilize. In view of the reduced values on the tax digest, projections developed for our FY2012 Budget showed a reduction of revenues in property taxes and permit fees. Sales Tax collections have stabilized during the past year. The county will continue to prioritize available revenues and other funding sources to adequately provide delivery of the mandated, core services of government to our citizens.

In response to these economic pressures, our local governments, the Industrial Development Authority, and the Chamber of Commerce have jointly developed a Strategic Plan for Economic Development. This plan is designed to coordinate and provide the framework to attract new industry, along with incentives for maintaining existing businesses and industries. Also, the Joint Development Authority, a four-county regional technology park, Stanton Springs, provides a platform for future growth of business and industry to the region and is being actively marketed by this economic collaborative.

Newton County has enjoyed triple digit growth since 1990 (139.6%). But much of that growth has translated to Newton being a suburban bedroom community to the Atlanta metro area with commuters that leave Newton for work. At the same time, Newton County has a significant number of its workforce engaged in manufacturing (22%)

which is higher than the Nation and the State of Georgia. Newton County is a community that makes things and that culture and history will serve to enhance Newton's ability to attract and retain business. Newton County is continuing to invest in its future by enhancing the product, including education, economic development promotion through a sustainable funding source, an improvement of its tourism assets, and the need to provide a pro-business business climate to entrepreneurs and businesses of all sizes.

Fiscal year 2010-11 was a productive "re-building" year for economic development efforts in Newton County. The Newton County Board of Commissioners in partnership with The City of Covington significantly increased their funding efforts to the Covington/Newton County Chamber of Commerce, the contracted provider of economic development services for the two governmental organizations.

While the community saw significant and sustained deflation in the housing sector, the industrial base remained strong. Minimal layoffs occurred, and some companies, including SKC, Inc., launched expansion projects. In an effort to retain companies and assist with their expansion needs, the Chamber moved Shannon Davis into the role Director of Business and Workforce Development. They then hired Roger Harrison to manage the Office of Economic Development and focus on industrial recruitment. Harrison fielded more than 20 projects during FY 10-11.

The Newton County BOC, The Newton County Industrial Development Authority, The City of Covington, and The Covington/Newton County Chamber of Commerce partnered to fund and in-depth economic analysis of the community with a report of ideal targeted industries and sectors from which to recruit. Garner Economics was selected and completed the 160 page report.

Requests for Information

This report was prepared by the Administrative Services staff of the Newton County Board of Commissioners and is designed to provide a summary overview of Newton County's finances for those interested. Questions concerning any of the information provided or requests for additional information should be addressed to:

Administrative Officer
Newton County Board of Commissioners
1124 Clark Street
Covington, Georgia 30014

Basic Financial Statements

NEWTON COUNTY, GEORGIA
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Total	Total Component Units
ASSETS				
Cash	$ 28,678,994	$ 1,191,882	$ 29,870,876	$ 5,587,838
Investments	103,615	-	103,615	186,085
Accounts receivable, net	436,404	1,115,725	1,552,129	2,268,516
Taxes receivable, net	1,685,035	-	1,685,035	-
Internal balances-due from	1,454,384	(1,454,384)	-	-
Due from other governments	2,784,250	7,098,657	9,882,907	-
Prepaid expenses and inventories	719,222	58,991	778,213	60,691
Net pension benefit	21,381	-	21,381	-
Deferred charges	468,586	635,198	1,103,784	-
Noncurrent restricted assets - Cash	1,195,472	2,801,501	3,996,973	-
Noncurrent restricted assets - Investments	12,354,880	-	12,354,880	7,708,972
Capital assets not being depreciated	74,807,978	27,774,381	102,582,359	-
Capital assets, net of accumulated depreciation	157,636,571	37,939,385	195,575,956	106,565,703
Other assets	5,238,738	-	5,238,738	228,294
Total assets	287,585,510	77,161,336	364,746,846	122,606,099
LIABILITIES				
Accounts payable	1,424,829	479,289	1,904,118	1,384,338
Due to other governments	4,412,655	-	4,412,655	127,478
Accrued interest payable	177,323	-	177,323	-
Accrued expenses	820,216	704,123	1,524,339	272,975
Unearned revenue	-	-	-	33,206
Deposits from customers	-	5,810	5,810	669,278
Long-term liabilities (Note 6):				
Portion due or payable within one year:				
Bonds and notes payable	7,919,550	1,942,596	9,862,146	2,189,486
Capital leases	53,434	88,946	142,380	-
Compensated absences	200,000	-	200,000	-
Landfill closure/postclosure	-	72,131	72,131	-
Portion due or payable after one year:				
Bonds and notes payable	17,926,395	34,143,643	52,070,038	12,686,285
Plus/less related premium/discount	2,070	1,013,283	1,015,353	-
Deferred loss on advanced refunding	-	(605,632)	(605,632)	-
Capital leases	218,245	-	218,245	-
Compensated absences	1,311,138	-	1,311,138	-
Landfill closure/postclosure	-	4,083,505	4,083,505	-
Total liabilities	34,465,855	41,927,694	76,393,549	17,363,046
NET ASSETS				
Invested in capital assets, net of related debt	229,429,752	28,509,295	257,939,047	91,822,423
Restricted for:				
Debt service	2,664,015	2,509,165	5,173,180	-
Capital projects (restricted by enabling legislation)	15,794,291	-	15,794,291	-
Special revenue (restricted by enabling legislation)	6,152,353	-	6,152,353	-
Unrestricted	(920,756)	4,215,182	3,294,426	13,420,630
Total net assets	$ 253,119,655	$ 35,233,642	$ 288,353,297	$ 105,243,053

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

NEWTON COUNTY, GEORGIA
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Activities:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total	Component Units
Governmental:								
General government	$ 7,176,209	$ 1,032,524	$ 24,449	$ 68,446	$ (6,050,790)		$ (6,050,790)	
Judicial	4,810,228	2,846,198	361,617	-	(1,602,413)		(1,602,413)	
Public safety	29,000,715	2,878,341	1,153,832	56,207	(24,912,335)		(24,912,335)	
Public works	15,207,675	919,777	5,290	130,797	(14,151,811)		(14,151,811)	
Health and welfare	941,975	-	167,660	-	(774,315)		(774,315)	
Culture and recreation	4,792,433	6,303	276,965	-	(4,509,165)		(4,509,165)	
Housing and development	1,558,620	463,721	207,083	-	(887,816)		(887,816)	
Interest and fiscal charges	1,007,034	-	-	-	(1,007,034)		(1,007,034)	
Total governmental activities	64,494,889	8,146,864	2,196,896	255,450	(53,895,679)		(53,895,679)	
Business-type:								
Water	6,322,906	6,957,743	-	-		$ 634,837	634,837	
Special Facilities	61,791	24,761	-	-		(37,030)	(37,030)	
Landfill	3,352,000	2,211,754	-	-		(1,140,246)	(1,140,246)	
Total business-type activities	9,736,697	9,194,258	-	-		(542,439)	(542,439)	
Component units:								
Newton County Water & Sewerage Authority	12,490,584	13,277,466	-	373,878				$ 1,160,760
Newton County Senior Services, Inc.	612,959	348,469	254,506	-				(9,984)
Newton County Library Systen	2,502,300	135,653	300,340	1,101,391				(964,916)
Newton County Health Department	1,915,570	838,177	1,036,244	-				(41,149)
Newton County Industrial Development Authority	51,445	-	-	-				(51,445)
Newton County Recreation Commission	2,437,285	476,505	95,802	55,284				(1,809,694)
Total component units	20,010,143	15,076,270	1,686,892	1,530,553				(1,716,428)

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

Exhibit B

NEWTON COUNTY, GEORGIA
Statement of Activities
For the Fiscal Year Ended June 30, 2011

Activities:	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Total	Component Units
General revenues:								
Taxes								
Property taxes, levied for general purposes					28,579,308	-	28,579,308	-
Sales tax					16,510,540	-	16,510,540	-
Franchise and business taxes					3,433,638	-	3,433,638	-
Other taxes					376,272	-	376,272	-
Intergovernmental revenues unrestricted					936,616	-	936,616	3,054,749
Investment earnings					77,838	322,494	400,332	95,403
Joint venture equity					73,854	-	73,854	-
Miscellaneous					298,005	-	298,005	54,081
Gain on disposal of capital assets					16,008	12,575	28,583	3,418
Transfers					(552,233)	552,233	-	-
Total general revenues and transfers					49,749,846	887,302	50,637,148	3,207,651
Change in net assets					(4,145,833)	344,863	(3,800,970)	1,491,223
Net assets - beginning					257,265,488	34,888,779	292,154,267	103,540,578
Prior period adjustment					-	-	-	211,252
Net assets - beginning, as restated					257,265,488	34,888,779	292,154,267	103,751,830
Net assets - ending					$ 253,119,655	$ 35,233,642	$ 288,353,297	$ 105,243,053

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

NEWTON COUNTY, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	2005 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 6,085,338	$ 12,858,793	$ 10,620,757	$ 29,564,888
Investments	-	10,269,731	2,085,149	12,354,880
Taxes receivable, net	1,603,551	-	81,484	1,685,035
Due from other funds	2,157,684	-	2,912,841	5,070,525
Due from other governments	998,537	854,733	953,913	2,807,183
Due from others	132,655	46,805	262,678	442,138
Inventory	328,682	-	60,608	389,290
Prepaid items	194,891	-	72,711	267,602
Total assets	$ 11,501,338	$ 24,030,062	$ 17,050,141	$ 52,581,541
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 631,336	$ 123,118	$ 543,249	$ 1,297,703
Due to other funds	2,662,876	2,790	950,475	3,616,141
Due to other governments	-	4,412,655	22,931	4,435,586
Due to others	-	-	110,514	110,514
Accrued expenditures	808,952	-	-	808,952
Deferred revenue	936,429	-	34,081	970,510
Total liabilities	5,039,593	4,538,563	1,661,250	11,239,406
Fund balances:				
Nonspendable:				
Prepaid items and inventory	523,573	-	133,319	656,892
Restricted:				
General Government	-	-	132,649	132,649
Judicial	-	-	370,115	370,115
Public Safety	-	-	5,588,130	5,588,130
Public Works	-	-	(30,940)	(30,940)
Culture & recreation	-	-	(40,920)	(40,920)
Debt Service	-	-	2,664,015	2,664,015
Capital projects	-	19,491,499	6,572,523	26,064,022
Unassigned	5,938,172	-	-	5,938,172
Total fund balances	6,461,745	19,491,499	15,388,891	41,342,135
Total liabilities and fund balances	$ 11,501,338	$ 24,030,062	$ 17,050,141	$ 52,581,541

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

NEWTON COUNTY, GEORGIA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2011

Total *fund* balances for governmental funds (Exhibit C)		$ 41,342,135
Total *net assets* reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	$ 67,898,396	
Construction in progress	6,909,582	
Infrastructure	494,500,367	
Buildings and improvements	81,967,314	
Equipment, furniture and vehicles	19,913,802	
Less: Accumulated depreciation	(438,744,912)	
Total capital assets		232,444,549
Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		970,510
Internal services funds are used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		441,905
Other assets - Investment in Joint Venture - are not financial resources and therefore are not reported in the funds.		5,238,738
Pension assets as a result of excess contributions		21,381
Other liabilities - Accrued interest - are not reported in the funds		(177,317)
Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at June 30, 2011 are:		
Bonds and notes payable	(25,845,945)	
Capital leases	(271,679)	
Compensated absences	(1,511,138)	
Deferred charges	468,586	
Unamortized discount and premium	(2,070)	
Total long-term liabilities		(27,162,246)
Total net assets of governmental activities (Exhibit A)		$ 253,119,655

NEWTON COUNTY, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General Fund	2005 SPLOST Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 38,438,426	$ 9,559,178	$ 3,230,629	$ 51,228,233
Licenses and permits	309,427	-	-	309,427
Intergovernmental revenue	1,289,677	-	1,860,457	3,150,134
Charges for services	4,422,162	-	249,105	4,671,267
Fines and forfeitures	1,299,406	-	582,891	1,882,297
Investment income	36,880	68,274	39,505	144,659
Contributions and donations	1,724	-	-	1,724
Miscellaneous	429,527	600	51,724	481,851
Total revenues	46,227,229	9,628,052	6,014,311	61,869,592
EXPENDITURES				
Current:				
General government	5,898,209	-	34,554	5,932,763
Judicial	4,269,236	-	421,873	4,691,109
Public safety	23,016,748	-	3,740,395	26,757,143
Public works	4,194,099	-	16,945	4,211,044
Health and welfare	799,191	-	167,660	966,851
Culture and recreation	3,099,477	-	116,456	3,215,933
Housing and development	1,149,648	-	451,125	1,600,773
Intergovernmental	-	824,440	-	824,440
Debt service:				
Principal payments	-	6,486,253	1,808,476	8,294,729
Interest and fiscal charges	-	496,213	712,133	1,208,346
Capital outlay	-	832,571	3,498,813	4,331,384
Total expenditures	42,426,608	8,639,477	10,968,430	62,034,515
Excess (deficiency) of revenues over (under) expenditures	3,800,621	988,575	(4,954,119)	(164,923)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	16,008	-	-	16,008
Transfers in	600,000	61,241	2,795,593	3,456,834
Transfers (out)	(2,339,604)	(1,508,703)	(876,348)	(4,724,655)
Total other financing sources (uses)	(1,723,596)	(1,447,462)	1,919,245	(1,251,813)
Net change in fund balances	2,077,025	(458,887)	(3,034,874)	(1,416,736)
Fund balances - beginning	4,384,720	19,950,386	18,423,765	42,758,871
Fund balances - ending	$ 6,461,745	$ 19,491,499	$ 15,388,891	$ 41,342,135

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

NEWTON COUNTY, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds in the Statement of Net Activities
For the Fiscal Year Ended June 30, 2011

Net change in *fund* balances - total governmental funds (Exhibit E)		$ (1,416,736)
The change in *net assets* reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($13,348,182) exceeded capital outlays ($1,585,293) in the current period.		(11,762,889)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Repayments		7,650,987
Capital lease payments are reported as expenditures in the governmental funds, but reduce the liability in the statement of net assets.		643,742
Donations of capital assets increase net assets in the Statement of Activities, but do not appear in the governmental funds because they are not financial resources.		157,773
An internal service fund is used by management to charge the costs of health and workers' compensation insurance to individual funds. The internal service fund is reported as a proprietary fund, but the results of operations are reported as governmental activities.		685,318
Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. The net change in deferred revenues is reported as an increase in net assets		(455,970)
Change in Net Pension Assets due to excess contributions		(25,366)
Change in the carrying value of Joint Venture. This change represents the County's share of the financial results of the Joint Venture.		73,854
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		326,655
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of two balances.		
Compensated absences	$ (99,207)	
Amortization of debt discount, premium and issuance costs	76,006	
		(23,201)
Change in net assets of governmental activities (Exhibit B)		$ (4,145,833)

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

NEWTON COUNTY, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 38,904,264	$ 38,904,264	$ 38,438,426	$ (465,838)
Licenses and permits	296,252	296,252	309,427	13,175
Intergovernmental revenue	1,320,784	1,320,784	1,289,677	(31,107)
Charges for services	4,126,523	4,126,523	4,422,162	295,639
Fines and forfeitures	1,429,769	1,429,769	1,299,406	(130,363)
Investment income	37,000	37,000	36,880	(120)
Contributions and donations	2,500	2,500	1,724	(776)
Miscellaneous	175,183	175,183	429,527	254,344
Total revenues	46,292,275	46,292,275	46,227,229	(65,046)
EXPENDITURES				
Current:				
General government:				
Chief Executive	2,909,304	2,542,104	2,215,946	326,158
Elections	615,648	615,648	441,562	174,086
Data Processing	552,257	572,257	571,292	965
Human resources	300,694	300,694	274,240	26,454
Tax commissioner	837,051	837,051	831,314	5,737
Tax assessor	854,558	854,558	847,493	7,065
Buildings & plant	795,824	795,824	716,362	79,462
Judicial				
Superior court	670,831	670,831	668,514	2,317
Clerk of superior court	1,011,246	1,011,246	856,015	155,231
District attorney	1,024,296	1,024,296	960,022	64,274
Magistrate court	240,981	240,981	233,618	7,363
Probate court	433,164	433,164	412,155	21,009
Juvenile court	800,662	800,662	774,584	26,078
Public defender	347,868	367,868	364,328	3,540
Public safety				
Sheriff	9,463,660	9,463,660	9,518,853	(55,193)
Jail operations	8,206,095	8,206,095	8,963,843	(757,748)
Fire	3,816,007	3,822,207	3,821,973	234
Coroner	58,112	58,112	53,099	5,013
Other protective services	697,844	697,844	658,980	38,864
Public works				
Administration	6,081,794	6,081,794	4,143,100	1,938,694
Solid waste recycling	100,791	100,791	50,999	49,792
Health and welfare				
Welfare	801,324	801,324	799,191	2,133
Culture and recreation				
Recreation	1,832,538	1,903,539	1,902,027	1,512
Parks	83,914	83,914	80,998	2,916
Library	1,164,552	1,116,452	1,116,452	-

Continued on next page

NEWTON COUNTY, GEORGIA
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
Housing and development				
Water resources	$ -	$ -	$ (1,100)	$ 1,100
Conservation	88,801	88,801	83,520	5,281
Planning and zoning	970,994	1,019,095	987,061	32,034
Economic development	120,500	120,500	80,167	40,333
Total expenditures	44,881,310	44,631,312	42,426,608	2,204,704
Excess (deficiency) of revenues over expenditures	1,410,965	1,660,963	3,800,621	2,139,658
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	15,000	15,000	16,008	1,008
Transfers in	-	-	600,000	600,000
Transfers (out)	(1,472,749)	(1,472,749)	(2,339,604)	(866,855)
Total other financing sources (uses)	(1,457,749)	(1,457,749)	(1,723,596)	(265,847)
Net change in fund balance	$ (46,784)	$ 203,214	2,077,025	$ 1,873,811
Fund balance - beginning			4,384,720	
Fund balance - ending			$ 6,461,745	

Continued from previous page

NEWTON COUNTY, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Major Funds		Nonmajor Enterprise Fund	Total	
	Water Fund	Solid Waste Fund			
ASSETS					
Current Assets					
Cash	$ 884,175	$ 266,812	$ 40,895	$ 1,191,882	$ 407,453
Accounts receivable	914,765	194,960	6,000	1,115,725	-
Due from other governments	406,543	778,990	-	1,185,533	-
Prepaid expenses & inventories	43,991	15,000	-	58,991	62,330
Total current assets	2,249,474	1,255,762	46,895	3,552,131	469,783
Noncurrent Assets					
Restricted Assets					
Cash	2,801,501	-	-	2,801,501	-
Total restricted assets	2,801,501	-	-	2,801,501	-
Capital Assets,					
Not being depreciated	24,834,419	2,939,962	-	27,774,381	-
Being depreciated, net of depreciation	28,731,360	8,985,894	222,131	37,939,385	-
Net capital assets	53,565,779	11,925,856	222,131	65,713,766	-
Noncurrent Assets					
Deferred charges	635,198	-	-	635,198	-
Due from Walton County	378,536	-	-	378,536	-
Due from Walton Water & Sewer	5,534,588	-	-	5,534,588	-
Total noncurrent notes receivable	6,548,322	-	-	6,548,322	-
Total noncurrent assets	62,915,602	11,925,856	222,131	75,063,589	-
Total assets	$ 65,165,076	$ 13,181,618	$ 269,026	$ 78,615,720	$ 469,783

Continued on next page

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

NEWTON COUNTY, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Major Funds		Nonmajor Enterprise Fund	Total	
	Water Fund	Solid Waste Fund			
LIABILITIES					
Current Liabilities					
Accounts payable	$ 376,547	$ 101,184	$ 1,558	$ 479,289	$ 27,878
Accrued expenses	704,123	-	-	704,123	-
Current portion of notes payable	-	47,596	-	47,596	-
Current portion of capital lease obligations	-	88,946	-	88,946	-
Current portion of revenue bonds	1,895,000	-	-	1,895,000	-
Current portion landfill closure	-	72,131	-	72,131	-
Deposits from customers	-	-	5,810	5,810	-
Due to other funds	374,586	1,078,379	1,419	1,454,384	-
Total current liabilities	3,350,256	1,388,236	8,787	4,747,279	27,878
Noncurrent Liabilities					
Notes payable	-	3,633,643	-	3,633,643	-
Revenue bonds	30,510,000	-	-	30,510,000	-
Bond Premium	1,013,283	-	-	1,013,283	-
Deferred loss on advanced refunding	(605,632)	-	-	(605,632)	-
Landfill closure/postclosure	-	4,083,505	-	4,083,505	-
Total noncurrent liabilities	30,917,651	7,717,148	-	38,634,799	-
Total liabilities	34,267,907	9,105,384	8,787	43,382,078	27,878
NET ASSETS					
Invested in capital assets, net of related debt	20,118,117	8,155,671	235,507	28,509,295	-
Restricted for debt service	2,509,165	-	-	2,509,165	-
Unrestricted	8,269,887	(4,079,437)	24,732	4,215,182	441,905
Total net assets	$ 30,897,169	$ 4,076,234	$ 260,239	$ 35,233,642	$ 441,905

Continued from previous page

NEWTON COUNTY, GEORGIA
Statement of Revenues Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Major Funds		Nonmajor Enterprise Fund	Total	
	Water Fund	Solid Waste Fund			
REVENUES					
Sales	$ 6,900,208	$ 1,933,429	$ -	$ 8,833,637	$ 2,720,992
Transportation and wheeling	11,672	-	-	11,672	-
Meter maintenance	29,919	-	-	29,919	-
Sale of recyclables	-	277,302	-	277,302	-
Activity fees	15,942	-	-	15,942	-
Miscellaneous income	2	1,023	24,761	25,786	-
Total operating revenues	6,957,743	2,211,754	24,761	9,194,258	2,720,992
EXPENSES					
Cost of Sales & services	-	841,453	-	841,453	-
Personal services	-	748,793	-	748,793	-
Purchased/Contracted services	1,062,081	1,060,872	27,693	2,150,646	2,752,879
Supplies	1,675,754	266,114	20,722	1,962,590	-
Depreciation	1,323,746	424,916	13,376	1,762,038	-
Other costs	832,042	-	-	832,042	-
Total operating expenses	4,893,623	3,342,148	61,791	8,297,562	2,752,879
Operating income (loss)	2,064,120	(1,130,394)	(37,030)	896,696	(31,887)
NONOPERATING REVENUES (EXPENSES)					
Gain on disposal of capital assets	3,738	8,837	-	12,575	-
Interest earned	321,541	778	175	322,494	1,624
Interest expense & costs	(1,429,283)	(9,852)	-	(1,439,135)	-
Total non-operating revenues (expenses)	(1,104,004)	(237)	175	(1,104,066)	1,624
Income (loss) before Transfers	960,116	(1,130,631)	(36,855)	(207,370)	(30,263)
Transfers in	-	552,233	-	552,233	715,581
Total Contributions & Transfers	-	552,233	-	552,233	715,581
Change in net assets	960,116	(578,398)	(36,855)	344,863	685,318
Net assets - beginning	29,937,053	4,654,632	297,094	34,888,779	(243,413)
Net assets - ending	$ 30,897,169	$ 4,076,234	$ 260,239	$ 35,233,642	$ 441,905

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

NEWTON COUNTY, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Major Funds		Nonmajor Enterprise Fund	Total	
	Water Fund	Solid Waste Fund			
Cash flows from operating activities:					
Cash received from customers	$ 5,763,537	$ 2,339,869	$ 21,860	$ 8,125,266	$ -
Cash received for interfund services provided	-	-	-	-	2,720,992
Cash payments for goods and services	(2,723,135)	(2,309,759)	(46,192)	(5,079,086)	(3,378,963)
Cash payments to employees	-	(748,793)	-	(748,793)	-
Net cash provided by (used for) operating activities	3,040,402	(718,683)	(24,332)	2,297,387	(657,971)
Cash flows from non-capital financing:					
Transfers in (out)	-	552,233	-	552,233	715,581
Repayment of advance others	-	-	-	-	53,068
Repayment of loan other funds	738,063	-	504	738,567	-
Advances from other funds	-	1,042,349	-	1,042,349	-
Net cash from non-capital financing activities	738,063	1,594,582	504	2,333,149	768,649
Cash flows from capital and related financing activities:					
Proceeds of capital debt	-	3,633,643	-	3,633,643	-
Principal payments on long-term debt	(1,592,879)	(182,109)	-	(1,774,988)	-
Interest paid on debt	(1,354,301)	(9,852)	-	(1,364,153)	-
Purchases of property, plant, and equipment	(419,078)	(4,069,657)	-	(4,488,735)	-
Proceeds sale of supplies	-	8,837	-	8,837	-
Net cash (used in) capital and related financing	(3,366,258)	(619,138)	-	(3,985,396)	-
Cash flows from investing activities:					
Interest received	119,558	778	175	120,511	1,624
Purchases of investments	205,721	-	-	205,721	-
Net cash provided by investing activities	325,279	778	175	326,232	1,624
Net increase (decrease) in cash & cash equivalents	737,486	257,539	(23,653)	971,372	112,302
Cash & cash equivalents, beginning	2,948,190	9,273	64,548	3,022,011	295,151
Cash & cash equivalents, ending	$ 3,685,676	$ 266,812	$ 40,895	$ 3,993,383	$ 407,453

Continued on next page

NEWTON COUNTY, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Major Funds		Nonmajor Enterprise Fund	Total	
	Water Fund	Solid Waste Fund			
Cash flows from operating activities:					
Operating income (loss)	$ 2,064,120	$ (1,130,394)	$ (37,030)	$ 896,696	$ (31,887)
Adjustments to reconcile net income to net cash provided by operating activities:					
Landfill closure and postclosure costs	-	782,594	-	782,594	-
Depreciation and amortization	1,323,986	424,916	13,376	1,762,278	-
Changes in operating assets and liabilities:					
Accounts receivable	(362,164)	(764,650)	(3,000)	(1,129,814)	(88,864)
Prepaid expenses	-	(15,000)		(15,000)	-
Interfund receivables/payables	-	-	-	-	62,330
Customer deposits	-	-	960	960	-
Accounts payable	14,460	(15,582)	1,362	240	(599,550)
Accrued expenses	-	(567)	-	(567)	-
Net cash provided by (used for) operating activities	$ 3,040,402	$ (718,683)	$ (24,332)	$ 2,297,387	$ (657,971)

Continued from previous page

NEWTON COUNTY, GEORGIA
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

ASSETS	
Cash	$ 687,195
Receivables	5,605,516
Total assets	$ 6,292,711
LIABILITIES	
Due to others	$ 6,292,711
Total liabilities	$ 6,292,711

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

NEWTON COUNTY, GEORGIA
Statement of Net Assets
Component Units

	June 30, 2011				December 31, 2010		June 30, 2011	
	Library	Senior Services	Health Department	Recreation Commission	Industrial Development Authority	Total Governmental Component Units	Water and Sewerage Authority	Total
ASSETS								
Cash	$ 1,567,018	$ 113,819	$ 2,426,242	$ 246,517	$ 1,229,242	$ 5,582,838	$ 5,000	$ 5,587,838
Investments	54,628	-	-	131,457	-	186,085	-	186,085
Accounts receivable, net	301,743	35,730	12,059	-	22,500	372,032	1,896,484	2,268,516
Restricted assets	-	-	-	-	-	-	7,708,972	7,708,972
Capital assets, net	6,841,521	-	47,996	366,485	1,702,385	8,958,387	97,607,316	106,565,703
Other assets	-	430	-	-	-	430	73,684	74,114
Inventories	-	-	-	-	-	-	154,180	154,180
Prepaid items	20,456	-	-	-	18,227	38,683	22,008	60,691
Total assets	8,785,366	149,979	2,486,297	744,459	2,972,354	15,138,455	107,467,644	122,606,099
LIABILITIES								
Accounts payable	80,816	13,081	224,720	6,614	1,315	326,546	1,057,792	1,384,338
Due to other governments	-	17,264	-	110,214	-	127,478	-	127,478
Deposits	-	-	-	-	-	-	669,278	669,278
Accrued expenses	22,445	-	-	-	-	22,445	250,530	272,975
Deferred revenue	-	-	-	15,426	-	15,426	17,780	33,206
Long-term debt								
Due within one year:	18,844	-	46,000	12,777	340,865	418,486	1,771,000	2,189,486
Due after one year:	28,266	-	40,696	11,323	-	80,285	12,606,000	12,686,285
Total liabilities	150,371	30,345	311,416	156,354	342,180	990,666	16,372,380	17,363,046
NET ASSETS								
Invested in capital assets	6,841,521	-	47,996	342,385	1,361,520	8,593,422	83,230,316	91,823,738
Restricted	391,677	-	1,295,399	12,469	-	1,699,545	198,885	1,898,430
Unrestricted	1,401,797	119,634	831,486	233,251	1,268,654	3,854,822	7,666,063	11,520,885
Total net assets	$ 8,634,995	$ 119,634	$ 2,174,881	$ 588,105	$ 2,630,174	$ 14,147,789	$ 91,095,264	$ 105,243,053

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

NEWTON COUNTY, GEORGIA
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2011
For the Year Ended December 31, 2010 for the Industrial Development Authority

		Program Revenues		
Activities:	**Expenses**	**Fees, Fines and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Component units:				
Newton County Water and Sewerage Authority	$ 12,490,584	$ 13,277,466	$ -	$ 373,878
Newton County Library	2,502,300	135,653	300,340	1,101,391
Newton County Senior Services, Inc.	612,959	348,469	254,506	-
Newton County Health Department	1,915,570	838,177	1,036,244	-
Newton County Recreation Commission	2,437,285	476,505	95,802	55,284
Newton County Industrial Development Authority	51,445	-	-	-
Total component units	$ 20,010,143	$ 15,076,270	$ 1,686,892	$ 1,530,553

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

	Net Revenue (Expense) and Changes in Net Assets						
	Water and Sewerage Authority	**Library**	**Senior Services**	**Health Department**	**Recreation Commission**	**Industrial Development Authority**	**Total**
	$ 1,160,760	$ -	$ -	$ -	$ -	$ -	$ 1,160,760
	-	(964,916)		-	-	-	(964,916)
	-	-	(9,984)	-	-	-	(9,984)
	-	-	-	(41,149)	-	-	(41,149)
	-	-	-	-	(1,809,694)	-	(1,809,694)
	-	-	-	-	-	(51,445)	(51,445)
	1,160,760	(964,916)	(9,984)	(41,149)	(1,809,694)	(51,445)	(1,716,428)
General Revenues:							
Investment earnings	56,525	7,170	-	-	4,063	27,645	95,403
Intergovernmental	33,359	-	-	-	-	85,000	118,359
Miscellaneous	-	-	-	-	25,443	26	25,469
Gain on disposal of equip.	3,418	-	-	-	-	-	3,418
Appropriation from Newton County	-	1,133,852	-	-	1,802,538	-	2,936,390
Special item	-	-	-	28,612	-	-	28,612
Total general revenues	93,302	1,141,022	-	28,612	1,832,044	112,671	3,207,651
Change in net assets	1,254,062	176,106	(9,984)	(12,537)	22,350	61,226	1,491,223
Net assets - beginning as originally reported	89,841,202	8,247,637	129,618	2,187,418	565,755	2,568,948	103,540,578
Prior period adjustment	-	211,252		-	-	-	211,252
Net assets - beginning, as restated	89,841,202	8,458,889	129,618	2,187,418	565,755	2,568,948	103,751,830
Net assets - ending	$ 91,095,264	$ 8,634,995	$ 119,634	2,174,881	$ 588,105	$ 2,630,174	$ 105,243,053

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

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Newton County, Georgia was created in 1821. The County is governed by a six-member Board of Commissioners. Each commissioner is elected to a staggered four-year term. The Chairman serves as the full-time Chief Executive Officer and the other five commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Newton County, Georgia (the 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.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, the financial statements of the reporting entity include those of Newton County (the primary government) and its component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in its own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Discretely Presented Component Units – The component unit columns in the government-wide financial statements include the financial data of the County's non fiduciary component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Newton County Water and Sewerage Authority - The Authority is a corporate and political body created and existing under the laws of the State of Georgia. The Authority was established to acquire, construct, and operate a water and sewerage system to provide service to individuals, public and private corporations, and municipal corporations. The governing board of the Authority consists of eight members, five which are appointed by the Board of Commissioners. The County, by virtue of its appointments, controls a majority of the Authority's governing body position. The County guarantees much of the debt of the Authority.
Newton County Library System - The Library Board consists of eight members; six appointed by the Newton County Board of Commissioners, one appointed by the Covington City Council, and one appointed by the Newton County Board of Education. The Library Board is without authority to determine the amount of its funding, except by submission of budget requests to local governmental units from which the Library receives support and to the State of Georgia for State and Federal funding. Membership in the Library and participation in library services is at the discretion of each participating governmental agency. The Library Board has the power to appoint management, retain unreserved fund balances of local funds for continued operations, and is the lowest level of oversight responsibility for the Library's operations. The County appoints a majority of the Library's Board members and provides a substantial majority of funding for the Library's operations. The County provided appropriations totaling $1,116,452 to the Library System.

Note 1: Summary of Significant Accounting Policies, continued

A. Reporting Entity, continued

Newton County Recreation Commission - The governing board of the Recreation Commission consists of six members; three members appointed by the City of Covington, and three members appointed by the County. The County exercises control over service deliverables, properties, insurance coverage, and personnel policies. The County also provides significant funding to the overall operation of the Recreation Commission. The Recreation Commission reimburses the County for its use of County employees in the Recreation Commission's daily operations. These reimbursements totaled $728,150. Additionally, the County provided appropriations to the Commission totaling $1,834,538.

Newton County Health Department - The governing board of the County Board of Health consists of seven members; County Chairman, County School Superintendent, governing official from the largest city in the county, three members appointed by the County Board of Commissioners, and one member appointed by the largest city. The County provides funding to the Health Department by way of an annual appropriation and by providing building facilities.

Newton County Industrial Development Authority (IDA) – The governing board of the IDA includes the Chairman of Newton County, the Mayor of the City of Covington, the President of the Newton County Chamber of Commerce, and two at large members elected by the other three IDA members. The IDA is a body corporate and politic organized under the laws of the State of Georgia. The IDA exists to foster industrial development within Newton County. The County provides guarantees and funding for various bonds issued for industrial development.

Newton County Senior Services – The Senior Services became a component unit in 2007 after existing as a department of the county. It is now governed by a board of trustees, appointed by the chairman and commissioners, (members of the corporation), who submit their annual budget to the county's chairman and board. The Senior center operates to provide services to the elderly of Newton County, such as nutritional needs, transportation needs and recreational activities.

The Newton County Water and Sewerage Authority (the Authority) has a June 30 year-end. The IDA has a December 31 year end. The other component units included in the report have a June 30 year-end. Due to the differing year-ends between the County (primary government) and its component units, appropriations to component units may not equal appropriations from the primary government.

Complete financial statements of the discretely presented component units can be obtained directly from its administrative office. The address for the administrative offices is a follows:

Newton County Water and Sewerage Authority
11325 Brown Bridge Road
Covington, Georgia 30209

Newton County Recreation Commission
6185 Turner Lake
Covington, Georgia 30014

Newton County Library System
7116 Floyd Street
Covington, Georgia 30014

Newton County Health Department
8203 Hazelbrand Road
Covington, Georgia 30014

Newton County Industrial Development Authority
P.O. Box 1617
Covington, Georgia 30015

Newton County Senior Services
6185 Turner Lake
Covington, Georgia 30014

B. Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

Note 1: Summary of Significant Accounting Policies, continued

B. Basis of Accounting, Basis of Presentation, continued

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses, such as charges for services, costs of services, and administration result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items not meeting these definitions are reported as nonoperating revenues or expenses, and result from nonexchange transactions or activities ancillary to the fund's continuing operations.

The County reports the following major governmental funds:

General Fund – This 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.

2005 SPLOST Capital Projects Fund – This is a capital projects fund established to account for all special local option sales tax revenues as well as the specifically identified projects for which the SPLOST tax was established.

The County reports the following major enterprise funds:

Water Fund – This fund accounts for the operation and maintenance of the Cornish Creek reservoir water system.

Solid Waste Fund – This fund accounts for the operation and maintenance of the County's landfill, disposal sites, and recycling center.

Additionally, the County reports the following internal service fund:

Employee Benefits fund – Internal Service Funds are used to account for the financing of goods or services provided by one department or division to other departments or agencies of the Government on a cost-reimbursement basis. The Employee Benefits fund provides for self-funding health insurance claims and is accounted for as an Internal Service Fund.

The County reports the following fiduciary fund type:

Agency Funds – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. Following are the County's agency funds at June 30, 2011: Tax Commissioner, Sheriff, Probate Court, Clerk of Superior Court, Magistrate Court, and Juvenile Court.

Note 1: Summary of Significant Accounting Policies, continued

Measurement Focus

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting where revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations are reflected in the financial statements on the accrual basis. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

As a general rule, the effect of interfund activity has been eliminated from the government –wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

All business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Budgets and Budgetary Accounting

The County uses GAAP as its budgetary basis of accounting. The County follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to July 1, the Chairman submits to the Commission a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

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

3. The budget is then revised and adopted or amended by the Commission before the first regular meeting in July of the year to which it applies. The legal level of budgetary control is the department level.

4. The budget so adopted may be revised during the year only by formal action of the Commission in a regular meeting and no increase in expenditures shall be made therein without provision also being made for financing the same.

5. Budgeted amounts are as originally adopted, or as amended by the Commission. Individual amendments were not material in relation to the original appropriations.

Note 1: Summary of Significant Accounting Policies, continued

6. Operating budgets are legally adopted each fiscal year for the General Fund, all Special Revenue Funds (Seized Fund has only assets for this year and therefore, no budget required) and the Debt Service Fund on a basis consistent with generally accepted accounting principles. Project length budgets are adopted for all capital project funds. All annual appropriations lapse at fiscal year end.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is used by the County. Encumbrances outstanding at year end are reported as a reservation of fund balance since they do not constitute expenditures nor a liability and are available for expenditure in the subsequent year. Encumbrances lapse at the end of the next fiscal year.

E. Interfund Activity

Expenses allocated to the different programs and funds are recorded as expenses of the program or fund that incurred the expense. Governmental activity purchases of business-type activity services are reported as expenses and revenues in the statement of activities. Interfund transfers between governmental and business-type activities are eliminated. Interfund transfers between governmental and business-type activities are reported in the statement of activities.

F. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. Any bank deposit in excess of FDIC insured amounts must be secured by an equivalent amount of State of Georgia or U.S. obligations or direct loans to the County. General Fund cash balances exceeding amounts required for the County's daily operating activities were invested in the State of Georgia Local Government Investment Pool during the fiscal year. The County classifies amounts in this pool as investments for disclosure purposes.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments are recorded at cost plus accrued interest, which approximates market value.

G. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for doubtful accounts, when material. Any allowance for doubtful accounts is insignificant at year-end. The County uses the specific identification method of estimating doubtful accounts. The results that are reported under this method do not differ significantly from results that would have been reported had the allowance method been used.

H. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes and also taxes for the County School District and certain cities within the county. County property tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes are levied by July 15 of each year and are due in two equal payments. The first payment is due September 20. The second payment is due by December 20, and all payments are delinquent and subject to collection efforts pursuant to the O.C.G.A. on December 21. Motor vehicle taxes are assessed as of January 1 and are levied and collected throughout the year.

A local option sales tax is in force. Proceeds for this tax are remitted to the County monthly and are utilized to give property owners tax relief. Taxes receivable at June 30, 2011 amounted to $1,685,035 while deferred property tax revenue totaled $970,510.

Note 1: Summary of Significant Accounting Policies, continued

I. Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Inventory is valued at cost and consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are used. Reported inventories are equally offset by fund balance reserve, which indicates that they do not constitute available spendable resources.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All land and improvements, and all works of art/historical treasures are capitalized. Building, building improvements and other improvements are recorded as capital assets when either a new building or improvement is constructed or the improvement substantially increases the economic life of an existing building or improvement. All personal property with initial, individual costs that equal or exceed $2,500 are recorded as capital assets.

Capital assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at their 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 materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements under construction are capitalized as costs are incurred. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Lives	
Asset Class	Governmental Activities	Business-Type Activities
Infrastructure	15-50	N/A
Buildings, improvements (Building, site and land)	20-50	25-30
Water distribution system	N/A	40
Vehicles	5	N/A
Furniture and fixtures	10	N/A
Machinery and equipment	7-12	5-12
Computer equipment	5	N/A

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and compensatory time balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 11, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

L. Restricted Assets

Certain proceeds of Enterprise and Capital Projects Funds notes and revenue bonds, as well as certain resources set aside for repayment of the current portion of certain long-term obligations are classified as restricted assets. The County's policy is to first apply restricted assets to expenditures which meet the requirements of the restriction when both restricted and unrestricted assets are available to fund the expenditure.

Note 1: Summary of Significant Accounting Policies, continued

M. Fund Equity

As of June 30, 2011, the County adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of Board of Commissioners. Newton County Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Newton County Board of Commissioners.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through resolution, the Board of Commissioners has authorized the County Administrative Officer and Chief Accounting Officer to assign fund balances.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County has provided otherwise in its commitment or assignment actions.

Note 2: Stewardship, Compliance and Accountability

A. Deficit Fund Balances:

No funds had a deficit fund balance as of June 30, 2011.

B. Excess of Expenditures over appropriations:

The following departments had excess expenditures over appropriations for June 30, 2011.
General Fund

Sheriff - $55,193 Jail Operations - $757,748

Note 3: Cash and Investments

Primary Government

The County adopted the disclosure requirements of GASBS no. 40, *Deposits and Investment Risk Disclosures* during the year ended June 30, 2006.

Custodial credit risk of deposits represents the risk that the County will suffer a loss in the event of a bank failure. All of the County's bank balance of $33,867,849 of deposits are either insured or collateralized by securities that are not held by the pledging financial institution. The securities that secure the County's deposits are held as part of a pool of pledged securities administered under the direction of the Georgia Office of the State Treasurer. Consequently, the County does not face any custodial credit risk over deposits. The County does not have a custodial credit risk policy other than a policy to comply with state law. However, state law requires that any uninsured deposits be collateralized with assets equal to 110% of the bank balance.

Credit Risk - Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County has $4,828,050 invested in the Georgia Fund 1. Georgia Fund 1, created by OCGA 36-83-8, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAm rated money 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 managed by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. 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. Because the average original maturity of the investments in Georgia Fund 1 is less than 90 days, the County classifies this money as a cash equivalent. The County has no investment policy that would further limit its investment choices. The County's investments in U.S. Agencies are rated AAA, as is their investment in the Local Government Investment Pool, by Standard and Poor's.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates may adversely affect an investment's fair value. Since the price of a bond fluctuates with market interest rates, the risk that an investor faces is that the price of a bond held in a portfolio will decline if market interest rates rise. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – The County places no limit on the amount that the County may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. All of the County's investments are in U.S. Treasury and Government agency funds and the Local Government Investment Pool.

Foreign Currency Risk – All deposits and investments are denominated in US dollars. Accordingly, the County is not exposed to foreign currency risk.

Note 3: Cash and Investments, continued

Investment Type	Credit Rating	Investment Maturities (in years) Less than 1	1-5	Total Fair Value
General Fund				
Georgia Fund 1*	AAAm	$ 4,193,468 46 day WAM	$ -	$ 4,193,468
2005 SPLOST Fund				
Georgia Fund 1*	AAAm	634,582	-	634,582
Fixed Income Securities	AAA	10,269,730	-	10,269,730
Capital Project - Capital Improvement Fund				
Fixed Income Securities	AAA	181,261	-	181,261
Debt Service Fund				
Fixed Income Securities	AAA	1,903,486	-	1,903,486
Water Fund				
Fixed Income Securities	Aaa	2,751,110	-	2,751,110
Special Revenue Fund - Law Library				
Certificates of Deposit		103,615	-	103,615
		$ 20,037,252	$ -	$ 20,037,252

* Georgia Fund 1 has a maturity of less than 90 days and, therefore, has been included in Cash balance for financial reporting purposes.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2011is as follows:

Governmental activities:

	Beginning	Additions	Retirements	Ending
Capital assets not being depreciated:				
Land	$ 67,453,987	$ 444,409	$ -	$ 67,898,396
Construction in Progress	9,357,673	813,362	3,261,453	6,909,582
Total capital assets not being depreciated	76,811,660	1,257,771	3,261,453	74,807,978
Capital assets being depreciated:				
Infrastructure	494,500,385	-	-	494,500,385
Buildings and Improvements	78,946,413	3,020,900	-	81,967,313
Equipment, Furniture and Vehicles	19,334,184	725,847	146,246	19,913,785
Total capital assets being depreciated	592,780,982	3,746,747	146,246	596,381,483
Less accumulated depreciation for:				
Infrastructure	393,604,395	9,035,458	-	402,639,853
Buildings and Improvements	18,469,170	2,979,022	-	21,448,192
Equipment, Furniture and Vehicles	13,469,411	1,333,702	146,246	14,656,867
Total accumulated depreciation	425,542,976	13,348,182	146,246	438,744,912
Net governmental capital assets, net	$ 244,049,666	$ (8,343,664)	$ 3,261,453	$ 232,444,549

Note 4: Capital Assets, continued

Total government activities depreciation expense	
General government	$ 1,180,793
Judicial	72,054
Public Safety	2,302,064
Public Works	9,281,839
Culture & Recreation	499,783
Housing & Development	11,649
	$ 13,348,182

Business-type activities:

Water Fund	Beginning	Additions	Retirements	Ending
Capital assets not being depreciated:				
Land	$ 8,121,186	$ -	$ -	$ 8,121,186
Construction in Progress	32,375,126	419,078	16,080,971	16,713,233
Total capital assets not being depreciated	40,496,312	419,078	16,080,971	24,834,419
Capital assets being depreciated:				
Land improvements	250,877	-	-	250,877
Buildings	11,723,667	16,080,731	-	27,804,398
Water distribution system	8,838,064	-	-	8,838,064
Machinery and equipment	4,226,907	-	-	4,226,907
Total capital assets being depreciated	25,039,515	16,080,731	-	41,120,246
Less accumulated depreciation for:				
Land improvements	189,469	8,584	-	198,053
Buildings	3,054,259	710,374	-	3,764,633
Water distribution system	4,367,060	356,660	-	4,723,720
Machinery and equipment	3,454,352	248,128	-	3,702,480
Total accumulated depreciation	11,065,140	1,323,746	-	12,388,886
Total capital assets, depreciated, net	$ 54,470,688	$ 15,176,063	$ 16,080,971	$ 53,565,779

Note 4: Capital Assets, continued

Business-type activities: **Solid Waste Fund**	Beginning	Additions	Retirements	Ending
Capital assets not being depreciated:				
Land	$ 2,899,428	$ -	$ -	$ 2,899,428
Construction in Progress	348,752	3,988,944	4,297,162	40,534
Total capital assets not being depreciated	3,248,180	3,988,944	4,297,162	2,939,962
Capital assets being depreciated:				
Land improvements	5,792,820	4,343,375	-	10,136,195
Buildings	436,591	-	-	436,591
Machinery and equipment	3,098,509	34,500	-	3,133,009
Total capital assets being depreciated	9,327,920	4,377,875	-	13,705,795
Less accumulated depreciation for:				
Land improvements	1,620,140	227,523	-	1,847,663
Buildings	338,279	15,077	-	353,356
Machinery and equipment	2,336,566	182,316	-	2,518,882
Total accumulated depreciation	4,294,985	424,916	-	4,719,901
Total capital assets, depreciated, net	$ 8,281,115	$ 7,941,903	$ 4,297,162	$ 11,925,856

Business-type activities: **Nonmajor Gaithers Plantation Fund**	Beginning	Additions	Retirements	Ending
Capital assets being depreciated:				
Buildings	$ 285,590	$ -	$ -	$ 285,590
Site Improvements	33,035	-	-	33,035
Machinery and equipment	49,073	-	-	49,073
Total capital assets being depreciated	367,698	-	-	367,698
Less accumulated depreciation for:				
Buildings	84,165	10,640	-	94,805
Site Improvements	5,425	992	-	6,417
Machinery and equipment	42,600	1,744	-	44,344
Total accumulated depreciation	132,190	13,376	-	145,566
Total capital assets, depreciated, net	$ 235,508	$ (13,376)	$ -	$ 222,132
Total business-type capital assets, net	$ 62,987,311	$ 23,104,590	$ 20,378,133	$ 65,713,767

Note 5: Interfund Balances and Activity

Balances Due to/from Other Funds
Balances due to/from other funds at June 30, 2011 consist of the following:

	Due To's		
Due From's	**General Fund**	**Nonmajor Governmental Funds**	**Total**
Governmental Funds:			
General	$ -	$ 2,662,876	$ 2,662,876
SPLOST 2005	-	2,790	2,790
Enterprise Funds:			-
Cornish Creek	127,411	247,175	374,586
Solid Waste	1,078,379	-	1,078,379
Nonmajor enterprise	1,419	-	1,419
Nonmajor governmental	950,475		950,475
	$ 2,157,684	$ 2,912,841	$ 5,070,525

The General Fund has amounts due from the Solid Waste Fund $1,078,378 that arose from the General Fund providing the necessary cash to finance operations of the Solid Waste Fund. These amounts are expected to be repaid during the year ended June 30, 2012 due to increased capacity. The E-911 fund has a receivable for amounts that are owed from the General Fund $876,331 as part of regular budgeted transfers to be paid soon after year end.

All of the remaining balances result from timing differences in payments for goods and services by one fund for the benefit of another and reimbursement of those amounts.

Transfers to/from Other Funds
Transfers to/from other funds at June 30, 2011 consist of the following:

	Transfers From			
Transfers To	**General Fund**	**2005 SPLOST Fund**	**Nonmajor Governmental Funds**	**Total**
Governmental Funds:				
General	$ -	$ -	$ 600,000	$ 600,000
SPLOST 2005	-	-	61,241	61,241
Proprietary Funds:				
Solid Waste	552,233	-	-	552,233
Nonmajor enterprise	715,581	-	-	715,581
Nonmajor governmental	1,071,790	1,508,703	215,107	2,795,600
	$ 2,339,604	$ 1,508,703	$ 876,348	4,724,655

The transfer between 2005 SPLOST fund and the Debt Service Fund $1,508,703 was to transfer SPLOST collections to make General Obligation bond payments.

The County routinely records transfers to account for unrestricted amounts that have been either collected in the General Fund and are required to be expended by statutory or budgetary requirement in a different fund or are required to be collected in one fund but required to be disbursed by a different fund.

Note 6: Long-term Obligations
Primary Government
Governmental Activities:

General Obligation Bonds

In July, 2005, the County issued Series 2005 General Obligation Sales Tax Bonds in the amount of $25,700,000. The bonds bear interest at rates ranging from 2.80% to 5.00% and will be repaid in principal installments of $4,835,000 to $5,475,000 beginning in July 2007. The bonds will be repaid from proceeds received from the imposition of a 1% sales and use tax. Proceeds of the issue are designated for certain road improvements, construction of certain facilities, and for paying all expenses incident to the Intergovernmental Agreements between the County and the municipalities of Covington, Mansfield, Newborn, Oxford, and Porterdale. The bonds are subject to federal arbitrage regulations.

COPS

$6,180,000, 2003 Certificates of Participation ACCG Lease Program On June 1, 2003 the County issued Series 2003 Certificates of Participation through the Association of County Commissioners of Georgia Leasing Program to finance the acquisition, construction, and equipping of a jail expansion project. The certificates are payable in annual installments of principal varying from $380,000 - $530,000 through January, 2019. Interest is due semi-annually at rates varying from 1.35% to 3.6%. The Series 2003 Certificates of Participation were issued at a discount of $42,562.

$13,200,000, 2006 Certificates of Participation ACCG Lease Program On August 1, 2006 the County issued Series 2006 Certificates of Participation through the Association of County Commissioners of Georgia Leasing Program to finance the acquisition and construction of a county office complex, and related parking facilities. The certificates are payable in annual installments of principal varying from $395,000 - $1,100,000 through January, 2020. Interest is due semi-annually at rates varying from 3.50% to 5.0%. The Series 2006 Certificates of Participation were issued at a premium of $30,840.

Notes Payable

Georgia Environmental Facilities Authority On several occasions, the County has borrowed funds from the Georgia Environmental Facilities Authority (GEFA) for various water and sewer projects. Also, the County is the originator/guarantor on a GEFA loans for the City of Porterdale. The loan was approved for $1,854,837. Management believes that the City will make all required payments and therefore the County is only a conduit. However, should the County have to make the payments, they have a right to take control of the City's water system. Management believes the system would be valued in excess of the loan. Installment payments are $ 39,360 quarterly.

Purpose	Interest Rate %	Interest Date	Date of Note	Maturity Date	Authorized and Issued	Retired	Outstanding
Porterdale Water/Sewer	4.80%	Quarterly	2/1/2000	3/1/2017	$ 1,854,837	$ 1,094,492	$ 760,345

Library Installment Purchase, Series 2008 Bonds
On September 25, 2008 the County entered into an agreement with Newton County Public Library to purchase Library Bonds, Library Installment Purchase Series 2008. Bonds consisted of total principal value of $3,460,000 with a coupon rate of 3.490%. Payment dates range from June 1, 2009 to December 1, 2015. Total interest for the six year bonds will total $524,000.23 with total debt service amounting to $3,984,000.23. The bonds are subject to federal arbitrage regulations.

Note 6: Long-term Obligations, continued

Georgia Perimeter College – Newton Campus Project, Series 2005 Bonds
On December 29, 2005, Newton County entered into a Memorandum of Understanding with the Newton County Industrial Development Authority for Revenue Bonds (Georgia Perimeter College – Newton Campus Project) Series 2005 with a total principal value of $2,550,000. Payments of interest shall be made on the first business day of each month, commencing February 1, 2006 with a regular interest rate of 5.15%. This bond is issued to assist GPC Foundation Real Estate Newton, LLC, a Georgia limited liability company, the sole member of which is Georgia Perimeter College Foundation, Inc., a Georgia nonprofit corporation to (a) finance or reimburse, in whole or in part, the cost of the acquisition, construction, and improvement of certain land, buildings, and personal property to be used as an academic building containing classrooms, faculty and administrative offices, laboratories, and a student center and related parking located on the Newton County campus of Georgia Perimeter College and (b) pay the costs of issuing the Bonds.

Joint Venture
$3,375,000 Four County Industrial Development Authority As discussed in Note 10, the County is contractually obligated to purchase the Four County Industrial Site. Temporary financing was issued until permanent financing was obtained. The $3,375,000 amount represents the County's 37.5% interest in the property and underlying debt. The permanent financing provided for annual principal payments varying from $150,000 to $262,500 through the year 2020 at .0022% basis point interest rate.

Georgia Environmental Facilities Authority - The Authority has borrowed funds from the Georgia Environmental Facilities Authority for further improvements to the technology park. The Authority obligation will be paid by each member of the Authority according to their respective share. The County's obligation will be in quarterly payments of principal and interest of $11,733.

Capital Leases
The County has entered into various lease-purchase agreements in the General Fund to finance acquisition of machinery, equipment, and vehicles. The leases are for periods of two to five years at interest rates ranging from 3.625% to 5.87%. The leases qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date.

Governmental Activities

	Historical Cost	Accumulated Depreciation
Assets under capital lease as of June 30, 2011	$ 305,000	$ 14,480

Future mimimum lease payments at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	
2011	$ 315,801
Total minimum lease payments	315,801
Less: Interest portion of minimum lease payments	(44,123)
Present value of minimum lease payments	$ 271,678

Note 6: Long-term Obligations, continued

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2011 are as follows:

	June 30, 2010	Increases	Decreases	June 30, 2011	Due within one year
Governmental activities:					
General obligation bonds	$ 10,765,000	$ -	$ 5,290,000	$ 5,475,000	$ 5,475,000
COPS 2003	4,220,000	-	415,000	3,805,000	430,000
COPS 2006	10,260,000	-	1,060,000	9,200,000	1,100,000
GEFA notes payable	876,584	-	116,161	760,345	121,838
2008 Library bonds	3,035,000	-	465,000	2,570,000	480,000
Georgia Perimeter College	1,947,017	-	145,607	1,801,410	153,138
Four County Joint Industrial Development Authority:					
Bonds	2,250,000	-	150,000	2,100,000	150,000
GEFA notes payable	143,331	-	9,141	134,190	9,574
Capital lease obligations	915,420	-	643,742	271,678	53,434
Compensated absences	1,411,931	637,154	537,947	1,511,138	200,000
	$ 35,824,283	$ 637,154	$ 8,832,598	$ 27,628,761	$ 8,172,984

Governmental activities incurred a total of $ 1,188,792.93 of interest costs for the year ended June 30, 2011. Compensated absences have typically been liquidated in prior years through the general fund.

Enterprise Activities:

Notes Payable

Georgia Environmental Facilities Authority - The County has borrowed funds from the Georgia Environmental Facilities Authority for landfill equipment. The Solid Waste Fund obligation will be paid in quarterly payments of principal and interest of $12,240. A new loan was obtained that is still in drawdown as of end of year and no payment schedule has been established.

Project	Interest Rate %	Interest Date	Date of Note	Maturity Date	Borrowed	Retired	Outstanding
Solid Waste Fund							
93-10-SW	4.80%	Quarterly	10/1/1998	3/1/2012	$ 634,445	$ 586,849	$ 47,596
2010-L09-SW	3.81%	Quarterly			$ 3,633,643	$ -	$ 3,633,643

Bonds Payable

Series 2004 Water Revenue Bonds – The County issued serial revenue bonds with a par value of $37,490,000 during the year ended June 30, 2005. The revenue bonds are secured by net revenues produced through the operation of the County's wholesale water system. The County issued the bonds in order to finance a current refunding of the County's outstanding GEFA notes, an advanced refunding of the County's outstanding Series 1996 and 1998 Revenue Bonds, and the construction of the Bear Creek Reservoir. The serial bonds accrue interest at rates varying from 2.35% to 5.25% and mature between July 1, 2005 and July 1, 2024 and are callable at par as of July 1, 2014. Interest on the bonds is payable semiannually in installments ranging from $55,250 to $778,365. Principal is payable annually in installments ranging from $1,843,440 to $2,655,250. The bonds are subject to federal arbitrage regulations. The bonds were issued at a premium of $1,558,897 which is being amortized straight-line over the life of the bonds.

Note 6: Long-term Obligations, continued

The County placed $12,543,049 into an irrevocable trust for the purpose of generating sufficient assets to allow the trust to make all of the debt service payments for the $11,395,000 still outstanding, at the time of the refunding, on the Series 1996 and 1998 Revenue Bonds. Accordingly, these bonds are considered to be defeased, and the bonds have been removed from the balance sheet of the water fund. The difference between the assets placed into the irrevocable trust and the outstanding balance of the bonds plus the net book value of the bonds' deferred issuance costs resulted in a total deferred loss on refunding of $1,235,315. This deferred loss is being amortized straight-line over the remaining life of the refunded bonds, as this period is shorter than the life of the new bonds. The County completed the advanced refunding in order to take advantage of lower interest rates and to manage the County's cash flow to allow it to expand the water system. The following schedule provides information about the remaining outstanding balance of the refunded bonds as of June 30, 2010:

Issued	Purpose	Interest Rate (%)	Interest Date	Date of Bonds	Maturity Date	Authorized and Issued	Retired	Outstanding
12/31/1996	Water Improvement	5.25%	Semi-Annually	1/1/1997	7/1/2017	$ 8,170,000	$ 4,700,000	$ 3,470,000
12/31/1998	Water Improvement	5.35%	Semi-Annually	1/1/1999	6/30/2017	6,405,000	3,670,000	2,735,000
						$ 14,575,000	$ 8,370,000	$ 6,205,000

The County is required to maintain a "Debt Service Coverage", as defined in the Series 2004 & 2010 Revenue Bonds, of 1.15. The County did comply with this requirement.

Capital Leases

The County has entered into various lease-purchase agreements in the Solid Waste Fund to finance the acquisition of machinery, equipment, and vehicles. The leases are for periods of two to four years at interest rates ranging from 4.20% to 6.18%. The leases qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments at their inception dates.

Enterprise Activities

	Historical Cost	Accumulated Depreciation
Assets under capital lease as of June 30, 2011	$ 447,125	$ 195,203

Future mimimum lease payments at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	
2011	$ 93,796
Total minimum lease payments	93,796
Less: Interest portion of minimum lease payments	(4,850)
Present value of minimum lease payments	$ 88,946

Note 6: Long-term Obligations, continued

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2011 are as follows:

Governmental Activities

Year Ending	General Obligation Bonds		COPS - Jail Pods		COPS - Admin Bldg.		GEFA	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 5,475,000	$ 123,625	$ 430,000	$ 116,462	$ 1,100,000	$ 373,862	$ 121,838	$ 35,604
2013	-	-	440,000	104,063	395,000	344,456	127,793	29,649
2014	-	-	450,000	90,933	410,000	329,157	134,038	23,404
2015	-	-	465,000	76,859	425,000	312,765	140,588	16,853
2016	-	-	480,000	61,735	445,000	294,252	147,459	9,983
2017-2021	-	-	1,540,000	74,152	2,550,000	1,137,636	88,629	2,777
2022-2026	-	-	-	-	3,160,000	515,174	-	-
2027-2031	-	-	-	-	715,000	15,730	-	-
	$ 5,475,000	$ 123,625	$ 3,805,000	$ 524,204	$ 9,200,000	$ 3,323,032	$ 760,345	$ 118,270

Joint Venture

Year Ending	Library Bonds		Georgia Perimeter		Four County Industrial Development Authority			
					Notes Payable		GEFA	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 480,000	$ 81,317	$ 156,722	88,940	$ 150,000	$ 91,260	$ 9,574	$ 6,071
2013	495,000	64,303	164,986	80,675	187,500	83,655	10,026	5,618
2014	515,000	46,679	173,687	71,975	187,500	75,205	10,501	5,144
2015	530,000	28,443	182,846	62,816	187,500	66,755	10,998	4,647
2016	550,000	9,598	192,488	53,174	187,500	58,305	11,518	4,126
2017-2021	-	-	930,681	106,083	1,200,000	140,270	66,373	11,923
2022-2026	-	-	-	-	-	-	15,200	445
	$ 2,570,000	$ 230,340	$ 1,801,410	$ 463,663	$ 2,100,000	$ 515,450	$ 134,190	$ 37,974

Note 6: Long-term Obligations, continued

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2011 are as follows:

Enterprise Activities

Year Ending June 30,	Water Fund Revenue Bonds 2004 Principal	Water Fund Revenue Bonds 2004 Interest	Water Fund Revenue Bonds 2010 Principal	Water Fund Revenue Bonds 2010 Interest	Solid Waste Fund GEFA Principal	Solid Waste Fund GEFA Interest
2012	$ 1,650,000	$ 1,290,652	$ 245,000	$ 88,218	$ 3,681,240	$ 1,147
2013	1,715,000	1,238,457	255,000	80,205	-	-
2014	1,775,000	1,182,869	265,000	71,872	-	-
2015	1,840,000	1,114,956	275,000	63,218	-	-
2016	1,905,000	1,035,662	285,000	53,885	-	-
2017-2021	10,965,000	3,686,195	1,550,000	127,399	-	-
2022-2026	9,680,000	929,250	-	-	-	-
	$ 29,530,000	$ 10,478,041	$ 2,875,000	$ 484,797	$ 3,681,240	$ 1,147

Note 6: Long-term Obligations, continued

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2011 are as follows:

Enterprise Activities:	**June 30, 2010**	**Increases**	**Decreases**	**June 30, 2011**	**Due within one year**
Revenue Bonds:					
2004 bonds	$ 31,135,000	$ -	$ 1,605,000	$ 29,530,000	$ 1,650,000
2010 bonds	2,875,000	-	-	2,875,000	245,000
Notes payable:					
Solid Waste Fund-GEFA	108,465	3,633,643	60,868	3,681,240	47,596
Capial lease obligations:					
Solid Waste Fund	210,187	26,500	147,740	88,947	88,947
Landfill postclosure	3,373,042	782,594	-	4,155,636	72,131
	$ 37,701,694	$ 4,442,737	$ 1,813,608	$ 40,330,823	$ 2,103,674

The Cornish Creek Water fund incurred total interest costs of $1,350,693 of which all was expensed. The Solid Waste fund incurred $56,065 of interest costs, of which $46,213 was capitalized and $9,852 was expensed. The total interest incurred for Business-type Activities was $1,460,758, of which $1,360,545 was expensed.

Component Units:

The changes in long-term obligations of the Newton County Water and Sewer Authority are as follows:

	June 30, 2010**	**Increases**	**Decreases**	**June 30, 2011**	**Due within one year**
Notes & Revenue bonds	$ 16,060,381	$ -	$ 1,683,381	$ 14,377,000	$ 1,771,000

The annual debt service requirements for the Newton County Water and Sewer Authority are as follows:

Fiscal Year End	Principal	Interest
2012	$ 1,771,000	$ 520,743
2013	1,831,000	451,465
2014	1,908,000	379,535
2015	1,983,000	304,665
2016	2,060,000	226,885
2017-2021	4,824,000	224,838
	$ 14,377,000	$ 2,108,131

**Change in Prior Year due to Change in Accounting Year.

Of the amounts listed above, the Newton County Board of Commissioners has issued a guarantee of the following debts of the Newton County Water and Sewerage Authority:

	Amount Guaranteed
$11,540,000 Series 1998 revenue bonds due in annual principal installments ranging from $545,000 to $1,310,000 through November 2010; interest rates range from 3.70% to 5.00% and interest is payable semiannually on May 1 and November 1.	$ 3,750,000
$10,000,000 Series 2003A Revenue Bonds due in annual principal Installments ranging from $60,000 to $1,525,000 through November 1, 2017; interest at 3.8% is payable semiannually on May 1, and November 1; the Series 2003A Bonds are subordinate to the Authority's Series 1979 and 1981 Bonds.	$ 9,730,000

Note 6: Long-term Obligations, continued

The changes in long-term liabilities for the Newton County Industrial Development Authority are as follows:

	December 31, 2010	Increases	Decreases	December 31, 2011	Due within one year
Notes & Revenue bonds	$ 712,294	$ -	$ 371,429	$ 340,865	$ 340,865

The annual debt service requirements for the Newton County Industrial Development Authority are as follows:

Fiscal Year End	Principal	Interest
2011	$ 340,865	$ 11,333
	$ 340,865	$ 11,333

Of the amounts listed above the Newton County Board of Commissioners has issued a guarantee to pay one-half of the following debt of the Newton County Industrial Development Authority. The City of Covington has guaranteed the other one-half of the debt payments.

$2,650,000 Series 2004 Industrial Revenue Bonds due in semi-annual interest and principal payments on June 1 and December 1 with a maturity date of June 1, 2014. The bonds were issued to purchase 239 acres of land to be developed into an industrial park.	$1,923,485

Note 7: Retirement Benefits

Defined Benefit Pension Plan

The County provides a defined benefit retirement program for its employees.

Plan Description

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Newton County Employees (The Plan). The Plan, through execution of an adoption agreement, is affiliated with the Association of County Commissioners of Georgia Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan. The County has the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan.

Complete financial statements for The Plan can be obtained directly from the plan administrator at:
GEBCorp
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after five years of service. Participants become eligible to retire at age 65 with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1.0% of average annual compensation up to $10,000 plus 1.5% of average annual compensation in excess of **$**10,000 plus $36 for each year of service, up to 35 years of service, payable as a life annuity. Service Compensation is averaged over a five year period prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Note 7: Retirement Benefits, continued
Defined Benefit Pension Plan, continued

Plan Asset Mix and Accounting Policies

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	74
Terminated plan members entitled to but not receiving benefits	73
Disabled and in Pay Status	2
Active plan members	49
Total	198

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members.

As of the year beginning January 1, 2010 (the most recent actuarial valuation date), the County's total covered payroll for employees was $2,486,665. The required contribution for the plan year is $192,024, which represents 7.7% of covered payroll.

Annual Pension Cost

The County's required and actual employer contribution was $192,024 for the 2010 Plan Year.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation for the year beginning January 1, 2010. Additional information as of the latest actuarial valuation follows.

Valuation date	January 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	5.0%-7.5% based on age
Includes inflation at	3.0%

Note 7: Retirement Benefits, continued
Defined Benefit Pension Plan, continued

Net Pension Obligation

The components of the County's annual pension cost that reconcile the beginning net pension obligation to the ending net pension obligation is as follows:

Three Year Trend Information

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2010	$ 192,140	$ 192,024	100%	$ (21,381)
1/1/2009	174,438	149,072	85%	(46,747)
1/1/2008	102,349	121,409	119%	(27,687)

Net Pension Obligation - beginning	$ (46,747)
Annual Required Contribution (ARC)	174,438
Contribution to Plan	(149,072)
Net Pension Obligation - ending	$ (21,381)

The County has provided assets to fund the obligations caused by its defined benefit pension plan as follows:

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2010	4,107,779	6,004,983	1,897,204	68.4%	2,486,665	76.3%

The required supplementary information immediately following the notes to the financial statements contains multiyear trend information about whether plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Defined Contribution Plan

Plan Description
The Newton County Money Purchase 401 (a) Plan is a defined contribution plan established by the county and administered by Nationwide Insurance in Ohio, with statements provided to employees by GEBCorp. The Plan was established to provide benefits at retirement to Newton County employees. The County is required to contribute 4.0% of the employee's compensation and will contribute an additional 50% of the amount the employee contributes to the 457 Plan. Employees are not required to contribute to the plan. Employer contributions are held in a 401(a) plan administered by GEBCorp. Employees are eligible to join and participate immediately upon employment.

Participants are then fully vested in the County's contributions after five years of service. They are fully vested immediately in their contributions to the plan. Total contributions for the fiscal year ended June 30, 2011 were $1,091,657. Plan provisions and contribution requirements are established and may be amended by the Board of Commissioners.

Note 7: Retirement Benefits, continued
Other Retirement Plans

Tax Commissioners Employees Retirement Plan
Employees of the Newton County Tax Commissioners office are covered under the Employees Retirement System of Georgia. Presently a monthly contribution is made to this pension from the General fund.

Extension Service Employees Retirement Plan
Employees of the Newton County Agricultural Extension Service are covered under the Teachers Retirement System of Georgia. At present, a contribution to their pension fund is made by the General Fund.

Probate Judge's Retirement Fund of Georgia
The Probate Judge is covered under a pension plan that requires certain sums from marriage licenses and fines or forfeitures be remitted to the pension plan before payment of any costs or other claims.

Clerk of Superior Court Retirement Fund
The Clerk of Superior Court is covered under a pension plan which requires certain sums from fees and fines or forfeitures be remitted to the pension plan before the payment of any costs or other claims.

Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund
The Sheriff and deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before payment of any costs or other claims.

Note 8: Risk Management

The County is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Effective July 1, 1991, the County established a self-funded trust for the administration and funding of the County's Health Care and Employee Benefits and Self-funded Medical expense reimbursement internal service fund. This trust shall be the source of funding for claims or expense reimbursement of employees from losses due to death, disability, dental or medical expenses, and other expenses relating to maintenance of the fund by the appointed trustee.

Changes in the balances for the health care plan of claim liabilities during the past 2 years are as follows:

	FYE 2011	FYE 2010
Unpaid Claims, beginning of year	$ 597,068	$ -
Incurred Claims	1,946,776	5,373,770
Claim Payments	(2,543,844)	(4,776,702)
Unpaid Claims, end of year	$ -	$ 597,068

In the aforementioned plans, expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The County is responsible for determining the contributions to the trusts, which is established with an independent fiduciary (trustee) that will hold and manage these contributions.

The County may contract with insurance carriers and others to provide the aforementioned benefits, and the trustee is authorized to make disbursement for such claims. During the year ended June 30, 2011 the County did not reduce insurance coverage from coverage levels in place as of June 30, 2010. No settlements have exceeded coverage levels in place during 2009, 2010, and 2011.

The Government has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

Note 8: Risk Management, continued

As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

Changes in the balances for the worker's compensation insurance plan of claim liabilities during the past 2 years are as follows:

	FYE 2011	FYE 2010
Unpaid Claims, beginning of year	$ 30,360	$ -
Incurred Claims	206,553	450,659
Claim Payments	(209,035)	(420,299)
Unpaid Claims, end of year	$ 27,878	$ 30,360

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

Settled claims in the past three years have not exceeded the coverages.

Note 9: Commitments and Contingencies

Commitments

The County had one construction commitments as of year end for the solid waste fund expansion/mitigation project. The project is expected to be completed in 2012. However, there were encumbrance commitments for the General Fund of $22,292.

Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Litigation

The County is a defendant in several lawsuits which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. County management and legal counsel believe that any lawsuits that the County is a defendant in are without merit. Accordingly, the County has recorded no liability related to any lawsuits.

Note 10: Joint Ventures

Northeast Georgia Regional Commission (RC)

Newton County, Georgia, along with cities and counties in the 12 county Northeast Georgia area, is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia, Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RC's. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. RC Board membership includes the chief elected official of each county

Note 10: Joint Ventures, continued

and a municipal representative from each county. The County Board members and municipal Council members from the same county elect one member of the Board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public Board member from a county.

The Georgia Planning Act of 1989 (OCGA 50-8-34) defines RDC's as "public agencies and instrumentalities of their members". Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (OCGA 50-8-39.1)

Complete financial statements of the Northeast Georgia Regional Development Center can be obtained directly from the RC's administrative office:

Northeast Georgia Regional Commission
305 Research Drive
Athens, Georgia 30610

Four County Industrial Development Authority

During the latter half of 1998, the Four County Industrial Development Authority, a joint venture, was formed for the purpose of purchasing and developing an industrial site. The land was purchased through the Newton County Development Authority with temporary financing from Newton County until such time as the Joint Authority could issue permanent bond financing for the project. The Joint Authority issued $9,000,000 in bonded debt in October 2000 for repayment of the Newton County Development Authority, pay bond issue costs, and to provide initial development costs. The stated percentages of ownership and debt assumption are as follows: Newton County 37.5%, Walton County 37.5%, Morgan County 15%, and Jasper County 10%. The debt will amortize from 2001 and continue through 2020. The County recorded the land investment and resultant long-term debt on its books in the 2000-2001 fiscal year. The Development Authority's activities have principally been limited to making debt service payments and holding the industrial site that was purchased and marketing the site to potential buyers. Because of the limited operations that the Development Authority has engaged in thus far, any accumulated financial resources or responsibilities that the County might benefit from or be responsible for are minimal. Complete financial statements of the Four County Industrial Development Authority can be obtained directly from:

Four County Industrial Development Authority
C/O Madison Chamber of Commerce
115 East Jefferson Street
Madison, GA 30650

Note 11: Landfill Closure and Post Closure Care Cost

State and federal laws and regulations require that the County place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill sites for a period of thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill capacity used during the year. The recorded liability for landfill closure and postclosure care costs for the three landfills as of June 30, 2011 totaled $3,332,199 for the Municipal Solid Waste Landfill (MSWL-1) and Municipal Solid Waste Landfill (MSWL-2) sites, and $823,437 for the Construction and Demolition (C&D) site. These amounts are based on the estimated liability times management's estimate of the percentage of landfill capacity used at June 30, 2011 which is 100% of the MSWL-1 site, 49.00% of the MSWL-2 site, and 100.00% of the C&D site. The estimated life of the MSWL-2 site is 30 years. The County will recognize the remaining estimated cost of closure and postclosure care of $2,606,551 for the MSWL-2 site as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011.

However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The financial assurance requirements are being met through the proper maintenance of cash balances and financial ratios.

Note 12: Due From Other Governments

Business-type Activities

The Cornish Creek fund, which is included in the County's business-type activities, has amounts recorded as due from other governments that will not be collected within one year. These amounts result from the Walton County Board of Commissioners and the Walton County Water and Sewerage Authority (Walton Water and Sewer) purchasing part of the capacity of the Cornish Creek Reservoir. The County will collect the monies from three notes from Walton County and Walton Water and Sewer maturing in 2020 and 2021 and bearing interest rates between 5.5% and 6%. Two notes require monthly payments of $3,043 and $18,307. One note requires annual payments of $22,615.

As described in Note 7, the water fund has issued Series 2004 Water Revenue Bonds. A portion of this borrowing was used to increase the capacity of the County's water system. The County entered into an amendment of the original intergovernmental agreement that provides for Walton Water and Sewer to have the right to purchase 25% of the potable water produced by the County's water system at a reduced rate. The amendment to the intergovernmental agreement provides for Walton Water and Sewer to have the same right to purchase 25% of the water produced by the expansions of the water system that are financed through the Series 2004 Water Revenue Bonds. In exchange for this right, Walton Water and Sewer issued a note to Newton County with an original balance of $4,780,000. The 2004 note receivable accrues interest at rates between 2.8% and 5%. Interest and principal are receivable in monthly installments ranging between $12,174 and $37,483. Principal payments will begin July 2009.

Interest and principal for all notes receivable from Walton County and Walton Water and Sewer is due on the following schedule:

	Walton County		Walton Water and Sewer	
	Principal	Interest	Principal	Interest
2012	$ 36,334	$ 22,804	$ 389,389	$ 277,479
2013	38,454	20,683	406,970	260,336
2014	40,698	18,439	424,978	243,716
2015	242,034	53,653	443,438	226,043
2016	55,347	1,666	457,375	207,274
2017-2021	-	-	2,554,678	656,374
2022-2025	-	-	1,230,000	115,325
	$ 412,867	$ 117,245	$ 5,906,828	$ 1,986,547

Note 13: Subsequent Events

After year end, on July 19, 2011, the Board of Commissioners signed an agreement to enter into a Tax Anticipation Note agreement with JP Morgan Chase for $1,400,000. As of December 31, 2011, the note had been completely repaid.

Required Supplementary Information

NEWTON COUNTY, GEORGIA
Required Supplementary Information
June 30, 2011

RETIREMENT PLAN

GASB 27 Required Supplementary Information-Schedule of Funding Progress

Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
12/31/2010	4,107,779	6,004,983	1,897,204	68.4%	2,486,665	76.3%
12/31/2009	4,426,479	5,880,540	1,454,061	75.3%	2,870,967	50.6%
12/31/2008	4,580,318	5,726,539	1,146,221	80.0%	2,871,190	39.9%
12/31/2007	5,265,145	5,409,800	144,655	97.3%	3,395,719	4.3%
12/31/2006	5,224,191	4,992,277	(231,914)	104.6%	3,652,101	-6.4%
12/31/2005	4,997,972	4,765,446	(232,526)	104.9%	3,668,735	-6.3%
12/31/2004	4,668,694	4,644,703	(23,991)	100.5%	3,490,631	-0.7%
12/31/2003	4,700,519	4,853,476	152,957	96.8%	3,548,972	4.3%
12/31/2002	4,237,030	4,280,855	43,825	99.0%	3,451,413	1.3%
12/31/2001	4,620,992	4,615,431	(5,561)	100.1%	3,454,252	-0.2%
12/31/2000	4,856,128	4,361,396	(494,732)	111.3%	3,577,768	-13.8%
12/31/1999	4,874,159	3,934,726	(939,433)	123.9%	3,561,988	-26.4%

Combining and Individual Fund Statements and Schedules

Major Funds

NEWTON COUNTY, GEORGIA
General Fund
Schedule of Expenditures Compared to Budget (GAAP Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT				
Chief Executive:				
Personal services	$ 1,970,412	$ 1,853,212	$ 1,416,581	$ 436,631
Purchased /Contracted Services	804,405	804,405	780,992	23,413
Supplies	46,450	46,450	35,515	10,935
Capital outlay	4,000	4,000	-	4,000
Interfund Reimbursements	(177,963)	(177,963)	(20,482)	(157,481)
Other	262,000.00	12,000	3,340	8,660
	2,909,304	2,542,104	2,215,946	326,158
Elections:				
Personal services	275,439	275,439	236,672	38,767
Purchased /Contracted Services	333,609	333,624	200,099	133,525
Supplies	6,600	6,585	4,791	1,794
	615,648	615,648	441,562	174,086
Data Processing:				
Personal services	301,254	301,254	272,833	28,421
Purchased /Contracted Services	190,453	210,453	233,446	(22,993)
Supplies	60,550	60,550	65,013	(4,463)
	552,257	572,257	571,292	965
Human Resources:				
Personal services	289,524	289,524	258,589	30,935
Purchased /Contracted Services	9,223	9,260	13,968	(4,708)
Supplies	1,947	1,910	1,683	227
	300,694	300,694	274,240	26,454
Tax Commissioner:				
Personal services	713,151	713,151	722,187	(9,036)
Purchased /Contracted Services	111,800	112,800	98,743	14,057
Supplies	12,100	11,100	10,384	716
	837,051	837,051	831,314	5,737
Tax Assessor:				
Personal services	732,037	732,037	723,137	8,900
Purchased /Contracted Services	109,561	109,561	118,488	(8,927)
Supplies	12,960	12,960	5,868	7,092
	854,558	854,558	847,493	7,065
General Government Buildings & Plant				
Personal services	204,690	204,690	197,328	7,362
Purchased /Contracted Services	249,489	249,489	212,219	37,270
Supplies	341,645	341,645	306,815	34,830
	795,824	795,824	716,362	79,462
TOTAL GENERAL GOVERNMENT	6,865,336	6,518,136	5,898,209	619,927

NEWTON COUNTY, GEORGIA
General Fund
Schedule of Expenditures Compared to Budget (GAAP Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
JUDICIAL				
Superior Court:				
Personal services	$ 294,689	$ 294,689	$ 292,648	$ 2,041
Purchased /Contracted Services	407,760	407,760	366,945	40,815
Supplies	(31,618)	(31,618)	8,921	(40,539)
	670,831	670,831	668,514	2,317
Clerk of Courts:				
Personal services	716,921	716,921	681,764	35,157
Purchased /Contracted Services	267,834	267,834	159,998	107,836
Supplies	26,491	26,491	14,253	12,238
	1,011,246	1,011,246	856,015	155,231
District Attorney:				
Personal services	950,182	950,182	889,301	60,881
Purchased /Contracted Services	47,264	47,664	41,496	6,168
Supplies	26,850	26,450	19,632	6,818
Other	-	-	9,593	(9,593)
	1,024,296	1,024,296	960,022	64,274
Magistrate Court:				
Personal services	211,906	211,906	213,157	(1,251)
Purchased /Contracted Services	22,075	22,075	14,371	7,704
Supplies	7,000	7,000	6,090	910
	240,981	240,981	233,618	7,363
Probate Court:				
Personal services	381,654	381,654	376,196	5,458
Purchased /Contracted Services	44,910	44,910	31,785	13,125
Supplies	6,600	6,600	4,174	2,426
	433,164	433,164	412,155	21,009
Juvenile Court:				
Personal services	580,324	580,324	586,285	(5,961)
Purchased /Contracted Services	209,828	195,156	160,251	34,905
Supplies	10,510	25,182	28,048	(2,866)
	800,662	800,662	774,584	26,078
Public Defender:				
Personal services	314,538	334,538	340,206	(5,668)
Purchased /Contracted Services	25,005	25,305	17,790	7,515
Supplies	8,325	8,025	6,332	1,693
	347,868	367,868	364,328	3,540
TOTAL JUDICIAL	4,529,048	4,549,048	4,269,236	279,812

NEWTON COUNTY, GEORGIA
General Fund
Schedule of Expenditures Compared to Budget (GAAP Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
PUBLIC SAFETY				
Sheriff:				
Personal services	$ 7,657,173	$ 7,657,173	$ 7,813,622	$ (156,449)
Purchased /Contracted Services	850,774	920,274	793,840	126,434
Supplies	955,713	886,213	911,391	(25,178)
	9,463,660	9,463,660	9,518,853	(55,193)
Jail Operations:				
Personal services	4,351,101	4,351,101	5,004,929	(653,828)
Purchased /Contracted Services	1,802,278	1,799,478	1,962,729	(163,251)
Supplies	2,052,716	2,055,516	1,996,185	59,331
	8,206,095	8,206,095	8,963,843	(757,748)
Fire:				
Personal services	3,625,432	3,625,432	3,510,551	114,881
Purchased /Contracted Services	149,075	149,075	164,983	(15,908)
Supplies	41,500	47,700	146,439	(98,739)
	3,816,007	3,822,207	3,821,973	234
Coroner:				
Personal services	39,105	39,105	38,451	654
Purchased /Contracted Services	13,757	13,757	8,961	4,796
Supplies	5,250	5,250	5,687	(437)
	58,112	58,112	53,099	5,013
Other Protective Services:				
Personal services	569,887	569,907	567,680	2,227
Purchased /Contracted Services	52,647	53,427	37,182	16,245
Supplies	75,310	74,510	54,118	20,392
	697,844	697,844	658,980	38,864
TOTAL PUBLIC SAFETY	22,241,718	22,247,918	23,016,748	(768,830)
PUBLIC WORKS				
Public Works Administration:				
Personal services	2,329,644	2,329,644	2,311,809	17,835
Purchased /Contracted Services	747,869	697,680	512,402	185,278
Supplies	1,690,175	1,687,475	1,179,989	507,486
Capital outlay	1,314,106	1,366,995	138,900	1,228,095
	6,081,794	6,081,794	4,143,100	1,938,694
Solid Waste Recycling:				
Personal services	87,901	87,901	44,104	43,797
Purchased /Contracted Services	6,590	6,590	629	5,961
Supplies	6,300	6,300	6,266	34
	100,791	100,791	50,999	49,792
TOTAL PUBLIC WORKS	6,182,585	6,182,585	4,194,099	1,988,486

NEWTON COUNTY, GEORGIA
General Fund
Schedule of Expenditures Compared to Budget (GAAP Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
HEALTH & WELFARE				
Welfare:				
Personal services	$ -	$ -	$ (990)	$ 990
Purchased /Contracted Services	-	-	1,357	(1,357)
Other Costs	801,324	801,324	798,824	2,500
TOTAL HEALTH & WELFARE	801,324	801,324	799,191	2,133
CULTURE & RECREATION				
Recreation:				
Personal services	-	1	36,637	(36,636)
Purchased /Contracted Services	-	-	852	(852)
Debt service	1,832,538	1,903,538	1,864,538	39,000
	1,832,538	1,903,539	1,902,027	1,512
Parks:				
Personal services	69,451	69,451	69,351	100
Purchased /Contracted Services	4,819	4,819	3,906	913
Supplies	9,644	9,644	7,741	1,903
	83,914	83,914	80,998	2,916
Libraries:				
Other Costs	1,164,552	1,116,452	1,116,452	-
	1,164,552	1,116,452	1,116,452	-
TOTAL CULTURE & RECREATION	3,081,004	3,103,905	3,099,477	4,428
HOUSING & DEVELOPMENT				
Water Resources:				
Personal services	-	-	(22,141)	22,141
Purchased /Contracted Services	-	-	21,041	(21,041)
	-	-	(1,100)	1,100
Conservation:				
Personal services	33,107	33,107	33,247	(140)
Purchased /Contracted Services	50,994	50,994	47,378	3,616
Supplies	4,700	4,700	2,895	1,805
	88,801	88,801	83,520	5,281
Planning & Zoning:				
Personal services	778,881	826,982	822,465	4,517
Purchased /Contracted Services	177,760	177,760	155,522	22,238
Supplies	14,353	14,353	9,074	5,279
	970,994	1,019,095	987,061	32,034
Economic Development:				
Other Costs	120,500	120,500	80,167	40,333
	120,500	120,500	80,167	40,333
TOTAL HOUSING & DEVELOPMENT	1,180,295	1,228,396	1,149,648	78,748
GRAND TOTAL	$ 44,881,310	$ 44,631,312	$ 42,426,608	$ 2,204,704

NEWTON COUNTY, GEORGIA
2005 SPLOST Capital Project Fund
Comparative Schedule of Revenues, Expenditures
And Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Budget	Prior Year	Current Year	Total To Date
REVENUES				
Taxes	$ 24,139,000	$ 28,432,544	$ 9,559,178	$ 37,991,722
Intergovernmental	-	241,491	-	241,491
Interest	-	3,034,088	68,274	3,102,362
Miscellaneous	-	2,240	600	2,840
Total Revenues	24,139,000	31,710,363	9,628,052	41,338,415
EXPENDITURES				
Personal services	-	48,236	-	48,236
Purchased/contracted services	-	8,217,942	-	8,217,942
Supplies	-	431,798	-	431,798
Intergovernmental	-	137,956	823,091	961,047
Capital outlay	49,839,000	23,699,601	832,571	24,532,172
Debt service	-	10,337,895	6,983,815	17,321,710
Total Expenditures	49,839,000	42,873,428	8,639,477	51,512,905
Excess of revenues over (under) expenditures	(25,700,000)	(11,163,065)	988,575	(10,174,490)
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds & capital leases	25,700,000	44,901,029	-	44,901,029
Transfers in	-	110,233	61,241	171,474
Transfers (out)	-	(6,830,810)	(1,508,703)	(8,339,513)
Total other financing sources (uses)	25,700,000	38,180,452	(1,447,462)	36,732,990
Excess of revenues and other sources over (under) expenditures and other uses	$ -	$ 27,017,387	(458,887)	$ 26,558,500
Fund balance - beginning			19,950,386	
Fund balance - ending			$ 19,491,499	

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Fire Districts – This fund accounts for the tax revenues approved to help fund the fire protection program of the county.

DARE – This fund is used to account for the collection of DARE fine monies and the subsequent youth education for the Drug Abuse Resistance Education program.

Juvenile Supplemental Services – This fund accounts for certain fines received through juvenile court that are used for juvenile counseling services.

Forfeited Drug – This fund is used to account for the government's share of monies that have been forfeited through the court system that are legally restricted for law enforcement purposes.

Seized Drug – This fund is used to account for monies that have been seized and are awaiting court condemnation.

Industrial Park – This fund is used to facilitate the transactions whereby the county makes bond payments for the industrial park and then receives land sale proceeds.

County Jail Fund – This fund is used to account for the percentage of fines reserved for county jail construction and staffing.

District Attorney – This fund accounts for funds received from certain fines and grants for the operation of a victim assistance program.

Law Library – This fund provides for the operation and maintenance of the County's Law Library.

Real Estate Grant – This fund accounts for grants received from the Clerk's Authority of Georgia for the advancement of reporting within the Clerk of Superior Court.

Emergency 911 – This fund is used to account for the fee collection and the operation of the Emergency 911 system within the County.

Inmate Welfare - This fund is used to account for monies for inmates at the Law Enforcement center.

Multiple Grant – This fund is used to account for various grants received by the government that are not used for general fund operations.

NSP Fund – This fund is used to account for the grant funds received and expended on the Neighborhood Stabilization Program.

Capital Projects Fund

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

1995 SPLOST – This fund is used to account for taxes collected and amounts expended under the County's 1995 SPLOST program.

Capital Improvement Fund – This fund is used to account for amounts that used for various specific capital projects of the County.

Impact Fee Fund – This fund is used to account for amounts that are collected in relation to building permits in the county to fund approved impact fee projects.

FEMA Grant – This fund is used to account for the monies that are received and expended from FEMA for disaster relief.

Debt Service Fund

Debt Service funds are used to account for the accumulation and distribution of money needed to comply with the interest and principal redemption requirements of the governmental fund type debt.

NEWTON COUNTY, GEORGIA
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2011

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 3,432,988	$ 65	$ 7,187,704	$ 10,620,757
Investments	-	1,903,528	181,621	2,085,149
Taxes receivable	81,484	-	-	81,484
Due from other funds	2,910,051	-	2,790	2,912,841
Due from other governments	70,197	760,422	123,294	953,913
Due from others	247,000	-	15,678	262,678
Inventory	60,608	-	-	60,608
Prepaid items	72,711	-	-	72,711
Total assets	$ 6,875,039	$ 2,664,015	$ 7,511,087	$ 17,050,141
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 227,616	$ -	$ 315,633	$ 543,249
Due to other funds	350,475	-	600,000	950,475
Due to other governments	-	-	22,931	22,931
Due to others	110,514	-	-	110,514
Deferred revenue	34,081	-	-	34,081
Total liabilities	722,686	-	938,564	1,661,250
Fund Balance:				
Nonspendable - Prepaid & inventory	133,319	-	-	133,319
Restricted:				
General Government	132,649	-	-	132,649
Judicial	370,115	-	-	370,115
Public Safety	5,588,130	-	-	5,588,130
Public Works	(30,940)	-	-	(30,940)
Culture & recreation	(40,920)	-	-	(40,920)
Debt Service	-	2,664,015	-	2,664,015
Capital projects	-	-	6,572,523	6,572,523
Total fund balances	6,152,353	2,664,015	6,572,523	15,388,891
Total liabilities and fund balances	$ 6,875,039	$ 2,664,015	$ 7,511,087	$ 17,050,141

NEWTON COUNTY, GEORGIA
All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 3,230,629	$ -	$ -	$ 3,230,629
Intergovernmental	1,287,004	41,280	532,173	1,860,457
Charges for services	-	-	249,105	249,105
Fines and forfeitures	582,891	-	-	582,891
Investment income	15,057	192	24,256	39,505
Miscellaneous	51,674	-	50	51,724
Total revenues	5,167,255	41,472	805,584	6,014,311
EXPENDITURES				
Current:				
General government	34,554	-	-	34,554
Judicial	421,873	-	-	421,873
Public safety	3,740,395	-	-	3,740,395
Public works	16,945	-	-	16,945
Health and welfare	167,660	-	-	167,660
Culture and recreation	116,456	-	-	116,456
Housing and development	451,125	-	-	451,125
Debt Service:				
Principal	-	1,653,156	465,000	2,118,156
Interest	-	614,326	97,807	712,133
Capital outlay	-	-	3,189,133	3,189,133
Total expenditures	4,949,008	2,267,482	3,751,940	10,968,430
Excess of revenues over (under) expenditures	218,247	(2,226,010)	(2,946,356)	(4,954,119)
Other financing sources (uses)				
Transfers in	494,497	2,141,488	159,608	2,795,593
Transfers (out)	(215,107)	(61,241)	(600,000)	(876,348)
Total other financing sources (uses)	279,390	2,080,247	(440,392)	1,919,245
Net change in fund balance	497,637	(145,763)	(3,386,748)	(3,034,874)
Fund balance - beginning	5,654,716	2,809,778	9,959,271	18,423,765
Fund balance - ending	$ 6,152,353	$ 2,664,015	$ 6,572,523	$ 15,388,891

Exhibit 6

NEWTON COUNTY, GEORGIA
Special Revenue Funds
Combining Balance Sheet
June 30, 2011

ASSETS	Fire Districts	Drug Rehab/ Education	Juvenile Trust	Forfeited Funds	Seized Funds	Industrial Park	County Jail Fund	District Attorney
Cash	$ 1,746,428	$ 138,440	$ 103,540	$ 156,438	$ 110,514	$ -	$ 12,315	$ 116,644
Taxes receivable	81,484	-	-	-	-	-	-	-
Due from other funds	2,033,720	-	-	-	-	-	-	-
Due from others	-	4,271	524	-	-	-	10,246	-
Due from other governments	-	3,489	-	-	-	-	10,725	-
Inventory	60,608	-	-	-	-	-	-	-
Prepaid items	72,711	-	-	-	-	-	-	-
Total Assets	$ 3,994,951	$ 146,200	$ 104,064	$ 156,438	$ 110,514	$ -	$ 33,286	$ 116,644
LIABILITIES AND FUND BALANCE								
Accounts payable	$ 6,761	$ -	$ 3,076	$ -	$ -	$ -	$ 9,225	$ -
Due to other funds	-	-	-	-	-	-	-	-
Due to others	-	-	-	-	110,514	-	-	-
Deferred revenue	34,081	-	-	-	-	-	-	-
Total Liabilities	40,842	-	3,076	-	110,514	-	9,225	-
Fund Balance:								
Nonspendable:								
Prepaid & inventory	133,319	-	-	-	-	-	-	-
Restricted:								
General Government	-	-	-	-	-	-	-	-
Judicial	-	-	100,988	-	-	-	-	116,644
Public Safety	3,820,790	146,200	-	156,438	-	-	24,061	-
Public Works	-	-	-	-	-	-	-	-
Culture & recreation	-	-	-	-	-	-	-	-
Total Fund Balance	3,954,109	146,200	100,988	156,438	-	-	24,061	116,644
Total Liabilities and Fund Balance	$ 3,994,951	$ 146,200	$ 104,064	$ 156,438	$ 110,514	$ -	$ 33,286	$ 116,644

ASSETS	Law Library	Real Estate Grant	E-911	Sheriff Special Revenue	Multiple Grant	NSP Grant	Totals
Cash	$ 120,237	$ 36,365	$ 425,337	$ 23,373	$ 443,357	$ -	$ 3,432,988
Taxes receivable	-	-	-	-	-	-	81,484
Due from other funds	-	-	876,331	-	-	-	2,910,051
Due from others	-	-	224,667	-	7,292	-	247,000
Due from other governments	-	-	-	-	55,983	-	70,197
Inventory	-	-	-	-	-	-	60,608
Prepaid items	-	-	-	-	-	-	72,711
Total Assets	$ 120,237	$ 36,365	$ 1,526,335	$ 23,373	$ 506,632	$ -	$ 6,875,039
LIABILITIES AND FUND							
Accounts payable	$ -	$ -	$ 122,493	$ -	$ 86,061	$ -	$ 227,616
Due to other funds	-	-	-	-	350,475	-	350,475
Due to others	-	-	-	-	-	-	110,514
Deferred revenue	-	-	-	-	-	-	34,081
Total Liabilities	-	-	122,493	-	436,536	-	722,686
Fund Balance:							
Nonspendable:							
Prepaid & inventory	-	-	-	-	-	-	133,319
Restricted:							
General Government	-	-	-	-	132,649	-	132,649
Judicial	120,237	36,365	-	-	(4,119)		370,115
Public Safety	-	-	1,403,842	23,373	13,426	-	5,588,130
Public Works	-	-	-	-	(30,940)	-	(30,940)
Culture & recreation	-	-	-	-	(40,920)	-	(40,920)
Total Fund Balance	120,237	36,365	1,403,842	23,373	70,096	-	6,152,353
Total Liabilities and Fund Balance	$ 120,237	$ 36,365	$ 1,526,335	$ 23,373	$ 506,632	$ -	$ 6,875,039

Exhibit 7

NEWTON COUNTY, GEORGIA
Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

REVENUES	**Fire Districts**	**Drug Rehab/ Education**	**Juvenile Trust**	**Forfeited Funds**	**Seized Funds**	**Industrial Park**	**County Jail Fund**	**District Attorney**
Taxes	$ 1,588,046	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines & forfeitures	-	79,491	33,309	129,553	-	-	203,502	89,651
Investment income	6,751	678	400	114	-	544	511	70
Miscellaneous	625	-	-	11,415	-	-	-	-
Total Revenues	1,595,422	80,169	33,709	141,082	-	544	204,013	89,721
EXPENDITURES								
General government	-	-	-	-	-	-	-	-
Judicial	-	-	62,899	-	-	-	-	118,459
Public safety	968,550	184,813	-	37,456	-	-	283,798	-
Public works	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-
Total Expenditures	968,550	184,813	62,899	37,456	-	-	283,798	118,459
Revenues over (under) expenditures	626,872	(104,644)	(29,190)	103,626	-	544	(79,785)	(28,738)
OTHER FINANCING SOURCES (USES)								
Transfer in	-	-	-	-	-	94,497	-	-
Transfer (out)	(55,499)	-	-	-	-	-	-	-
	(55,499)	-	-	-	-	94,497	-	-
Revenues and other sources over (under) expenditures	571,373	(104,644)	(29,190)	103,626	-	95,041	(79,785)	(28,738)
Fund Balance - Beginning	3,382,736	250,844	130,178	52,812	-	(95,041)	103,846	145,382
Fund Balance - Ending	$ 3,954,109	$ 146,200	$ 100,988	$ 156,438	$ -	$ -	$ 24,061	$ 116,644

REVENUES	Law Library	Real Estate Grant	E-911	Sheriff Special Revenue	Multiple Grant	NSP Grant	Totals
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,588,046
Intergovernmental	-	6,348	-	-	721,065	559,591	1,287,004
Charges for services	-	-	1,642,583	-	-	-	1,642,583
Fines & forfeitures	47,385	-	-	-	-	-	582,891
Investment income	1,723	-	2,988	-	1,278	-	15,057
Miscellaneous	-	-	42	25,657	13,935	-	51,674
Total Revenues	49,108	6,348	1,645,613	25,657	736,278	559,591	5,167,255
EXPENDITURES							
General government	-	-	-	-	34,554	-	34,554
Judicial	69,663	692	-	-	170,160	-	421,873
Public safety	-	-	1,995,161	118,184	152,433	-	3,740,395
Public works	-	-	-	-	16,945	-	16,945
Health and welfare	-	-	-	-	167,660	-	167,660
Culture and recreation	-	-	-	-	116,456	-	116,456
Housing and development	-	-	-	-	41,166	409,959	451,125
Total Expenditures	69,663	692	1,995,161	118,184	699,374	409,959	4,949,008
Revenues over (under) expenditures	(20,555)	5,656	(349,548)	(92,527)	36,904	149,632	218,247
OTHER FINANCING SOU							
Transfer in	-	-	400,000	-	-	-	494,497
Transfer (out)	-	-	-	-	-	(159,608)	(215,107)
	-	-	400,000	-	-	(159,608)	279,390
Revenues and other sources over (under) expenditures	(20,555)	5,656	50,452	(92,527)	36,904	(9,976)	497,637
Fund Balance - Beginning	140,792	30,709	1,353,390	115,900	33,192	9,976	5,654,716
Fund Balance - Ending	$ 120,237	$ 36,365	$ 1,403,842	$ 23,373	$ 70,096	$ -	$ 6,152,353

NEWTON COUNTY, GEORGIA
Fire Districts Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 1,746,428
Taxes receivable	81,484
Inventory	60,608
Prepaid items	72,711
Due from other funds	2,033,720
Total Assets	$ 3,994,951
LIABILITIES AND FUND BALANCE	
Accounts payable	$ 6,761
Deferred revenue	34,081
Total Liabilities	40,842
Fund Balance-	
Nonspendable - Prepaid and inventory	133,319
Restricted - Public Safety	3,820,790
Total Liabilities and Fund Balance	$ 3,994,951

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 1,515,361	$ 1,600,000	$ 1,588,046	$ (11,954)
Interest	-	-	6,751	6,751
Other	-	-	625	625
Total Revenues	1,515,361	1,600,000	1,595,422	(4,578)
EXPENDITURES				
Public safety	1,349,601	1,000,000	968,550	31,450
Total Expenditures	1,349,601	1,000,000	968,550	31,450
Revenues over (under) expenditures	165,760	600,000	626,872	26,872
Other Financing Sources and uses:				
Transfer (out)	(190,000)	(190,000)	(55,499)	(134,501)
	(190,000)	(190,000)	(55,499)	(134,501)
Revenues over (under) expenditures and other financing sources (uses)	$ (24,240)	$ 410,000	571,373	$ 161,373
Fund Balance - Beginning			3,382,736	
Fund Balance - Ending			$ 3,954,109	

NEWTON COUNTY, GEORGIA
Drug Rehab/Education Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 138,440
Accounts receivable	4,271
Due from other governments	3,489
Total Assets	$ 146,200
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Public Safety	$ 146,200
Total Liabilities and Fund Balance	$ 146,200

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines & law enforcement	$ 56,000	$ 190,000	$ 79,491	$ (110,509)
Interest	-	-	678	678
Total Revenues	56,000	190,000	80,169	(109,831)
EXPENDITURES				
Public safety	56,000	190,000	184,813	5,187
Total Expenditures	56,000	190,000	184,813	5,187
Revenues over (under) expenditures	$ -	$ -	(104,644)	$ (104,644)
Fund Balance - Beginning			250,844	
Fund Balance - Ending			$ 146,200	

NEWTON COUNTY, GEORGIA
Juvenile Trust Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 103,540
Accounts receivable	524
Total Assets	$ 104,064
LIABILITIES AND FUND BALANCE	
Accounts payable	$ 3,076
Total Liabilities	3,076
Fund Balance:	
Restricted - Judicial	100,988
Total Liabilities and Fund Balance	$ 104,064

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fines & law enforcement	$ 50,000	$ 65,000	$ 33,309	$ (31,691)
Interest	-	-	400	400
Total Revenues	50,000	65,000	33,709	(31,291)
EXPENDITURES				
Judicial	50,000	65,000	62,899	2,101
Total Expenditures	50,000	65,000	62,899	2,101
Revenues over (under) expenditures	$ -	$ -	(29,190)	$ (29,190)
Fund Balance - Beginning			130,178	
Fund Balance - Ending			$ 100,988	

NEWTON COUNTY, GEORGIA
Forfeited Drug Seizure Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 156,438
Total Assets	$ 156,438
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Public Safety	$ 156,438
Total Liabilities and Fund Balance	$ 156,438

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines & law enforcement	$ 65,000	$ 65,000	$ 129,553	$ 64,553
Interest	-	-	114	114
Other	-	-	11,415	11,415
Total Revenues	65,000	65,000	141,082	76,082
EXPENDITURES				
Public safety	65,000	65,000	37,456	27,544
Total Expenditures	65,000	65,000	37,456	27,544
Revenues under expenditures	$ -	$ -	103,626	$ 103,626
Fund Balance - Beginning			52,812	
Fund Balance - Ending			$ 156,438	

NEWTON COUNTY, GEORGIA
Seized Funds Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 110,514
Total Assets	$ 110,514
LIABILITIES AND FUND BALANCE	
Due to others	$ 110,514
Total Liabilities and Fund Balance	$ 110,514

NEWTON COUNTY, GEORGIA
Industrial Park Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ -
Total Assets	$ -
Liabilities and Fund Balance	
Due to other funds	$ -
Total Liabilities	-
Fund Balance	$ -
Total Liabilities and Fund Balance	$ -

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Interest	$ 500	$ 500	$ 544	$ 44
Total Revenues	500	500	544	44
Other Financing Sources (uses):				
Transfers in	-	-	-	-
Transfers in (out)	-	-	94,497	94,497
Revenues over (under) expenditures and other financing sources (uses)	$ 500	$ 500	95,041	$ 44
Fund Balance - Beginning			(95,041)	
Fund Balance - Ending			$ -	

NEWTON COUNTY, GEORGIA
County Jail Fund Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 12,315
Due from others	10,246
Due from other governments	10,725
Total Assets	$ 33,286
LIABILITIES AND FUND BALANCE	
Accounts payable	$ 9,225
Total Liabilities	9,225
Fund Balance:	
Restricted - Public Safety	$ 24,061
Total Liabilities and Fund Balance	$ 33,286

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines & law enforcement	$ 210,000	$ 285,000	$ 203,502	$ (81,498)
Interest	-	-	511	511
Total Revenues	210,000	285,000	204,013	(80,987)
EXPENDITURES				
Public safety	210,000	285,000	283,798	1,202
Total Expenditures	210,000	285,000	283,798	1,202
Revenues under expenditures and other financing uses	$ -	$ -	(79,785)	$ (79,785)
Fund Balance - Beginning			103,846	
Fund Balance - Ending			$ 24,061	

NEWTON COUNTY, GEORGIA
District Attorney Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 116,644
Total Assets	$ 116,644
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Judicial	$ 116,644
Total Liabilities and Fund Balance	$ 116,644

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines & law enforcement	$ 100,000	$ 120,000	$ 89,651	$ (30,349)
Interest	-	-	70	70
Total Revenues	100,000	120,000	89,721	(30,279)
EXPENDITURES				
Judicial	100,000	120,000	118,459	1,541
Total Expenditures	100,000	120,000	118,459	1,541
Revenues over (under) expenditures	$ -	$ -	(28,738)	$ (28,738)
Fund Balance - Beginning			145,382	
Fund Balance - Ending			$ 116,644	

NEWTON COUNTY, GEORGIA
Law Library Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 120,237
Total Assets	$ 120,237
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Judicial	$ 120,237
Total Liabilities and Fund Balance	$ 120,237

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Fines & law enforcement	$ 69,000	$ 69,000	$ 47,385	$ (21,615)
Interest	1,000	1,000	1,723	723
Total Revenues	70,000	70,000	49,108	(20,892)
EXPENDITURES				
Judicial	70,000	70,000	69,663	337
Total Expenditures	70,000	70,000	69,663	337
Revenues over (under) expenditures	$ -	$ -	(20,555)	$ (20,555)
Fund Balance - Beginning			140,792	
Fund Balance - Ending			$ 120,237	

NEWTON COUNTY, GEORGIA
Real Estate Grant Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 36,365
Total Assets	$ 36,365
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Judicial	$ 36,365
Total Liabilities and Fund Balance	$ 36,365

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental	$ 5,000	$ 5,000	$ 6,348	$ 1,348
Total Revenues	5,000	5,000	6,348	1,348
EXPENDITURES				
Judicial	5,000	5,000	692	4,308
Total Expenditures	5,000	5,000	692	4,308
Revenues over (under) expenditures	$ -	$ -	5,656	$ 5,656
Fund Balance - Beginning			30,709	
Fund Balance - Ending			$ 36,365	

NEWTON COUNTY, GEORGIA
E-911 Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 425,337
Accounts receivable	224,667
Due from other funds	876,331
Total Assets	$ 1,526,335
LIABILITIES AND FUND BALANCE	
Accounts payable	$ 122,493
Total Liabilities	122,493
Fund Balance:	
Restricted - Public Safety	1,403,842
Total Liabilities and Fund Balance	$ 1,526,335

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Charges for services	$ 1,750,000	$ 1,750,000	$ 1,642,583	$ (107,417)
Interest	5,000	5,000	2,988	(2,012)
Other	-	-	42	42
Total Revenues	1,755,000	1,755,000	1,645,613	(109,387)
EXPENDITURES				
Public safety	2,000,000	2,000,000	1,995,161	4,839
Total Expenditures	2,000,000	2,000,000	1,995,161	4,839
Revenues under expenditures	(245,000)	(245,000)	(349,548)	(104,548)
Other Financing Sources				
Transfers in	725,000	725,000	400,000	(325,000)
Revenues and other financing sources under expenditures	$ 480,000	$ 480,000	50,452	$ (429,548)
Fund Balance - Beginning			1,353,390	
Fund Balance - Ending			$ 1,403,842	

NEWTON COUNTY, GEORGIA
Sheriff Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 23,373
Total Assets	$ 23,373
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Public Safety	$ 23,373
Total Liabilities and Total Liabilities and Fund Balance	$ 23,373

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Other	$ 100,000	$ 120,000	$ 25,657	$ (94,343)
Total Revenues	100,000	120,000	25,657	(94,343)
EXPENDITURES				
Public safety	100,000	120,000	118,184	1,816
Total Expenditures	100,000	120,000	118,184	1,816
Revenues over (under) expenditures	$ -	$ -	(92,527)	$ (92,527)
Fund Balance - Beginning			115,900	
Fund Balance - Ending			$ 23,373	

NEWTON COUNTY, GEORGIA
Multiple Grant Special Revenue Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 443,357
Accounts receivable	7,292
Due from other governments	55,983
Total Assets	$ 506,632
LIABILITIES AND FUND BALANCE	
Accounts payable	$ 86,061
Due to other funds	350,475
Total Liabilities	436,536
Fund Balance:	
Restricted:	
General Government	132,649
Judicial	(4,119)
Public Safety	13,426
Public Works	(30,940)
Culture & recreation	(40,920)
Total Liabilities and Fund Balance	$ 506,632

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 722,000	$ 722,000	$ 721,065	$ (935)
Other	-	-	13,935	13,935
Interest	-	-	1,278	1,278
Total Revenues	722,000	722,000	736,278	14,278
EXPENDITURES				
General	35,000	35,000	34,554	446
Judicial	172,000	172,000	170,160	1,840
Public safety	155,000	155,000	152,433	2,567
Public works	20,000	20,000	16,945	3,055
Health and welfare	170,000	170,000	167,660	2,340
Culture and recreation	120,000	120,000	116,456	3,544
Housing and development	50,000	50,000	41,166	8,834
Total Expenditures	722,000	722,000	699,374	22,626
Revenues over expenditures and other financing sources	$ -	$ -	36,904	$ 36,904
Fund Balance - Beginning			33,192	
Fund Balance - Ending			$ 70,096	

NEWTON COUNTY, GEORGIA
NSP Grant
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ -
Total Assets	$ -
LIABILITIES AND FUND BALANCE	
Fund Balance	$ -
Total Liabilities and Fund Balance	$ -

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Intergovernmental	$ 500,000	$ 500,000	$ 559,591	$ 59,591
Total Revenues	500,000	500,000	559,591	59,591
EXPENDITURES				
Housing and development	500,000	500,000	409,959	90,041
Total Expenditures	500,000	500,000	409,959	90,041
Revenues over (under) expenditures	-	-	149,632	149,632
Other financing uses:				
Transfers (out)	-	-	(159,608)	(159,608)
Revenues over expenditures and other financing sources	$ -	$ -	(9,976)	$ (9,976)
Fund Balance - Beginning			9,976	
Fund Balance - Ending			$ -	

NEWTON COUNTY, GEORGIA
Capital Project Funds
Combining Balance Sheet
June 30, 2011

	1995 SPLOST Fund	Impact Fee Fund	Capital Improvement Fund	FEMA Grant Fund	Totals
ASSETS					
Cash	$ 37,143	$ 4,625,433	$ 2,362,882	$ 162,246	$ 7,187,704
Investments	-	-	181,621	-	181,621
Due from others	-	-	15,678	-	15,678
Due from other funds	2,790	-	-	-	2,790
Due from other governments	-	-	123,294	-	123,294
Total Assets	$ 39,933	$ 4,625,433	$ 2,683,475	$ 162,246	$ 7,511,087
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	$ -	$ -	$ 175,282	$ 140,351	$ 315,633
Due to other funds	-	-	600,000	-	600,000
Due to other governments	22,931	-	-	-	22,931
Total Liabilities	22,931	-	775,282	140,351	938,564
Fund Balance					
Restricted - Capital projects	17,002	4,625,433	1,908,193	21,895	6,572,523
Total Fund Balance	17,002	4,625,433	1,908,193	21,895	6,572,523
Total Liabilities and Fund Balance	$ 39,933	$ 4,625,433	$ 2,683,475	$ 162,246	$ 7,511,087

NEWTON COUNTY, GEORGIA
Capital Project Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
For the Fiscal Year Ended June 30, 2011

	1995 SPLOST Fund	Impact Fee Fund	Capital Improvement Fund	FEMA Grant Fund	Totals
REVENUES					
Intergovernmental	$ -	$ -	$ 394,942	$ 137,231	$ 532,173
Impact fees	-	249,105	-	-	249,105
Interest	172	13,559	10,525	-	24,256
Miscellaneous	-	-	50	-	50
Total Revenues	172	262,664	405,517	137,231	805,584
EXPENDITURES					
Capital outlay	-	1,237,696	1,796,791	154,493	3,188,980
Debt service	-	562,960	-	-	562,960
Total Expenditures	-	1,800,656	1,796,791	154,493	3,751,940
Excess of revenues over (under) expenditures	172	(1,537,992)	(1,391,274)	(17,262)	(2,946,356)
Other financing uses:					
Transfers in	-	-	159,608	-	159,608
Transfers (out)	-	-	(600,000)	-	(600,000)
Excess of revenues over (under) expenditures and other uses	172	(1,537,992)	(1,831,666)	(17,262)	(3,386,748)
Fund balance - beginning	16,830	6,163,425	3,739,859	39,157	9,959,271
Fund balance - ending	$ 17,002	$ 4,625,433	$ 1,908,193	$ 21,895	$ 6,572,523

NEWTON COUNTY, GEORGIA
1995 SPLOST Capital Project Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 37,143
Due from other funds	2,790
Total Assets	$ 39,933
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to other governments	$ 22,931
Total Liabilities	$ 22,931
Fund Balance	
Restricted - Capital projects	17,002
Total Fund Balance	17,002
Total Liabilities and Fund Balance	$ 39,933

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

	Project Budget	Prior Year	Current Year	Total To Date
REVENUES				
Taxes	$ 28,000,000	$ 25,460,942	$ -	$ 25,460,942
Intergovernmental	-	4,628,130	-	4,628,130
Interest	-	20,441	172	20,613
Miscellaneous	3,629,983	138,912	-	138,912
Total Revenues	31,629,983	30,248,425	172	30,248,597
EXPENDITURES				
Capital outlay	31,629,983	30,407,674	-	30,407,674
Total Expenditures	31,629,983	30,407,674	-	30,407,674
Excess of revenues over (under) expenditures and other uses	$ -	$ (159,249)	172	$ (159,077)
Fund balance - beginning			16,830	
Fund balance - ending			$ 17,002	

NEWTON COUNTY, GEORGIA
Capital Improvement Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 2,362,882
Investments	181,621
Due from other governments	123,294
Due from others	15,678
Total Assets	$ 2,683,475
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	$ 175,282
Due to other funds	600,000
Total Liabilities	775,282
Fund Balance	
Restricted - Capital projects	1,908,193
Total Fund Balance	1,908,193
Total Liabilities and Fund Balance	$ 2,683,475

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

	Project Budget	Current Year
REVENUES		
Intergovernmental	$ -	$ 394,942
Interest	-	10,525
Donations	-	50
Total Revenues	-	405,517
EXPENDITURES		
Capital outlay	1,200,000	1,796,791
Total Expenditures	1,200,000	1,796,791
Excess of revenues (under) expenditures	(1,200,000)	(1,391,274)
Other financing sources (uses):		
Transfers in	1,200,000	159,608
Transfers (out)	-	(600,000)
Excess of revenues under expenditures and other financing sources (uses)	$ -	(1,831,666)
Fund balance - beginning		3,739,859
Fund balance - ending		$ 1,908,193

NEWTON COUNTY, GEORGIA
Impact Fee Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 4,625,433
Total Assets	$ 4,625,433
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to other funds	$ -
Total Liabilities	-
Fund Balance	
Restricted - Capital projects	4,625,433
Total Fund Balance	4,625,433
Total Liabilities and Fund Balance	$ 4,625,433

Schedule of Revenues, Expenditures
And Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Project Budget	Current Year
REVENUES		
Charges for services	$ 250,000	$ 249,105
Interest	15,000	13,559
Total Revenues	265,000	262,664
EXPENDITURES		
Personal services	-	153
Capital outlay	1,430,000	1,237,696
Debt service	570,000	562,807
Total Expenditures	2,000,000	1,800,656
Excess of revenues over (under) expenditures and other uses	$ (1,735,000)	$ (1,537,992)
Fund balance - beginning		6,163,425
Fund balance - ending		4,625,433

NEWTON COUNTY, GEORGIA
FEMA Grant
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 162,246
Total Assets	$ 162,246
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to other governments	$ -
Accounts payable	140,351
Total Liabilities	$ 140,351
Fund Balance	
Restricted - Capital projects	21,895
Total Fund Balance	21,895
Total Liabilities and Fund Balance	$ 162,246

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

	Project Budget	Prior Year	Current Year	Total To Date
REVENUES				
Intergovernmental	$ 50,000	$ 98,884	$ 137,231	$ 236,115
Total Revenues	50,000	98,884	137,231	236,115
EXPENDITURES				
Capital outlay	50,000	59,727	154,493	214,220
Total Expenditures	50,000	59,727	154,493	214,220
Excess of revenues over (under) expenditures and other uses	$ -	$ 39,157	(17,262)	$ 21,895
Fund balance - beginning			39,157	
Fund balance - ending			$ 21,895	

NEWTON COUNTY, GEORGIA
Debt Service Fund
Balance Sheet
June 30, 2011

ASSETS	
Cash	$ 65
Investments	1,903,528
Due from other governments	760,422
Total assets	$ 2,664,015
LIABILITIES AND FUND BALANCE	
Fund Balance:	
Restricted - Debt Service	$ 2,664,015
Total liabilities and fund balances	$ 2,664,015

Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenue	$ 20,000	$ 20,000	$ 41,280	$ 21,280
Interest income	1,000	1,000	192	(808)
Total Revenues	21,000	21,000	41,472	20,472
EXPENDITURES				
Economic development				
Principal payments	1,750,000	1,750,000	1,653,156	96,844
Interest payments	650,000	650,000	614,326	35,674
Total Expenditures	2,400,000	2,400,000	2,267,482	132,518
Excess of revenues over (under) expenditures	(2,379,000)	(2,379,000)	(2,226,010)	152,990
Other financing sources (uses):				
Transfers in	2,379,000	2,379,000	2,141,488	(237,512)
Transfers (out)	-	-	(61,241)	(61,241)
Total Other financing sources (uses)	2,379,000	2,379,000	2,080,247	(298,753)
Excess of revenues over (under) expenditure	$ -	$ -	(145,763)	$ (145,763)
Fund balance - beginning			2,809,778	
Fund balance - ending			$ 2,664,015	

Nonmajor Business-type Funds

Enterprise Fund

Gaither's Plantation Enterprise Fund – Established to account for operation and maintenance as well as rental of histories Gaither's Plantation located in the county.

NEWTON COUNTY, GEORGIA
Nonmajor Enterprise Fund
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Gaither's Plantation Fund
ASSETS	
Current Assets	
Cash and cash equivalents	$ 40,895
Accounts receivable	6,000
Total current assets	46,895
Capital Assets,	
Being depreciated, net of depreciation	222,131
Net capital assets	222,131
Total noncurrent assets	222,131
Total assets	$ 269,026
LIABILITIES	
Current Liabilities	
Accounts payable	$ 1,558
Deposits	5,810
Due to other funds	1,419
Total current liabilities	8,787
Total liabilities	8,787
NET ASSETS	
Invested in capital assets, net of related debt	235,507
Unrestricted	24,732
Total net assets	$ 260,239

NEWTON COUNTY, GEORGIA
Nonmajor Enterprise Fund
Statement of Revenues Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Gaither's Plantation Fund
REVENUES	
Rental income	$ 23,900
Miscellaneous income	861
Total operating revenues	24,761
EXPENSES	
Purchased/Contracted services	27,693
Supplies	20,722
Depreciation & amortization	13,376
Total operating expenses	61,791
Operating income (loss)	(37,030)
Nonoperating revenues (expenses):	
Interest earned	175
Total non-operating revenues (expenses)	175
Income (loss) before Transfers	(36,855)
Other Financing Sources (uses):	
Transfers in	-
Total other financing sources (uses)	-
Net income	(36,855)
Net assets - beginning	297,094
Net assets - ending	$ 260,239

NEWTON COUNTY, GEORGIA
Nonmajor Enterprise Fund
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Gaither's Plantation Fund
Cash flows from operating activities:	
Cash received from customers	$ 21,860
Cash payments for goods and services	(46,192)
Net cash provided by (used for) operating activities	(24,332)
Cash flows from non-capital financing:	
Repayment of loan other funds	504
Net cash from non-capital financing activities	504
Cash flows from investing activities:	
Interest received	175
Net cash provided by investing activities	175
Net increase (decrease) in cash & cash equivalents	(23,653)
Cash & cash equivalents, beginning	64,548
Cash & cash equivalents, ending	$ 40,895
Cash flows from operating activities:	
Operating income (loss)	$ (37,030)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	13,376
Changes in operating assets and liabilities:	
Accounts receivable	(3,000)
Customer deposits	960
Accounts payable	1,362
Net cash provided by (used for) operating activities	$ (24,332)

Fiduciary Funds

NEWTON COUNTY, GEORGIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
TAX COMMISSIONER				
Assets				
Cash	$ 373,453	$ 94,726,097	$ 94,919,532	$ 180,019
Receivables	6,354,535	106,276	855,295	5,605,516
	$ 6,727,988	$ 94,832,373	$ 95,774,827	$ 5,785,535
Liabilities				
Due to other governments	$ -	$ 63,841,491	$ 63,841,491	$ -
Due to others	6,727,988	155,778	1,098,231	5,785,535
	$ 6,727,988	$ 63,997,269	$ 64,939,722	$ 5,785,535
SHERIFF				
Assets				
Cash	$ 104,649	$ 581,830	$ 590,318	$ 96,161
Liabilities				
Due to others	$ 104,649	$ 581,830	$ 590,318	$ 96,161
CLERK OF SUPERIOR COURT				
Assets				
Cash	$ 626,599	$ 3,684,881	$ 3,945,183	$ 366,297
	$ 626,599	$ 3,684,881	$ 3,945,183	$ 366,297
Liabilities				
Due to other governments	$ -	$ 1,988,146	$ 1,988,146	$ -
Due to other funds	-	975,111	975,111	-
Due to others	626,599	721,623	981,925	366,297
	$ 626,599	$ 3,684,880	$ 3,945,182	$ 366,297
PROBATE COURT				
Assets				
Cash	$ 12,274	$ 1,114,697	$ 1,114,687	$ 12,284
	$ 12,274	$ 1,114,697	$ 1,114,687	$ 12,284
Liabilities				
Due to other funds	$ -	$ 893,604	$ 893,604	$ -
Due to other governments	-	221,083	221,083	-
Due to others	12,274	10	-	12,284
	$ 12,274	$ 1,114,697	$ 1,114,687	$ 12,284

NEWTON COUNTY, GEORGIA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
MAGISTRATE COURT				
Assets				
Cash	$ 30,018	$ 1,037,669	$ 1,035,253	$ 32,434
	$ 30,018	$ 1,037,669	$ 1,035,253	$ 32,434
Liabilities				
Due to other funds	$ -	$ 521,978	$ 521,978	$ -
Due to other governments	-	120,173	120,173	-
Due to others	30,018	395,518	393,102	32,434
	$ 30,018	$ 1,037,669	$ 1,035,253	$ 32,434
JUVENILE COURT				
Assets				
Cash	$ -	$ 41,884	$ 41,884	$ -
	$ -	$ 41,884	$ 41,884	$ -
Liabilities				
Due to other funds	$ -	$ 36,224	$ 36,224	$ -
Due to other governments	-	337	337	-
Due to others	-	5,323	5,323	-
	$ -	$ 41,884	$ 41,884	$ -
TOTALS				
Assets				
Cash	$ 1,146,993	$ 97,747,106	$ 98,206,905	$ 687,195
Receivables	6,354,535	106,276	855,295	5,605,516
	$ 7,501,528	$ 97,853,382	$ 99,062,200	$ 6,292,711
Liabilities				
Due to other funds	$ -	$ 3,439,952	$ 3,439,952	$ -
Due to other governments	-	65,158,195	65,158,195	-
Due to others	7,501,528	1,860,082	3,068,899	6,292,711
	$ 7,501,528	$ 70,458,229	$ 71,667,046	$ 6,292,711

STATISTICAL SECTION

This part of Newton County, Georgia's Comprehensive Annual Financial Report presents detained information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents ***Page***

Financial Trends *84*

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

Revenue Capacity *91*

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

Debt Capacity *96*

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

Demographic and Economic Information *101*

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

Operating Information *105*

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

Note: Unless otherwise noted, the information in the schedules is derived from the financial report for the relevant year. Information is presented only for those years for which information was available, due mostly to implementation of GASB 34 in 2003 or implementation of State of Georgia Uniform Chart of Accounts in 2001.

NEWTON COUNTY, GEORGIA
Net Assets By Component
Last Nine Fiscal Years

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Governmental activities				
Invested in capital assets, net of related debt	$ 34,443,665	$ 54,442,871	$ 64,053,318	$ 68,403,950
Restricted	25,491,668	13,251,719	17,691,839	39,206,729
Unrestricted	8,150,870	10,888,580	8,725,985	11,213,782
Total governmental activities net assets	$ 68,086,203	$ 78,583,170	$ 90,471,142	$ 118,824,461
Business-Type activities				
Invested in capital assets, net of related debt	$ 21,544,995	$ 23,480,743	$ 23,361,117	$ 22,096,696
Restricted	-	-	-	1,705,692
Unrestricted	1,281,655	2,447,149	6,886,765	7,602,060
Total Business-Type activities net assets	$ 22,826,650	$ 25,927,892	$ 30,247,882	$ 31,404,448
Primary governmental activities				
Invested in capital assets, net of related debt	$ 55,988,660	$ 77,923,614	$ 87,414,435	$ 90,500,646
Restricted	25,491,668	13,251,719	17,691,839	40,912,421
Unrestricted	9,432,525	13,335,729	15,612,750	18,815,842
Total primary government net assets	$ 90,912,853	$ 104,511,062	$ 120,719,024	$ 150,228,909

Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

2007	2008	2009	2010	2011
$ 210,229,657	$ 220,817,075	$ 224,550,879	$ 226,907,846	$ 229,429,752
45,692,277	41,260,824	27,748,381	27,682,733	24,610,659
16,336,769	10,133,716	12,223,069	2,674,908	(920,756)
$ 272,258,703	$ 272,211,615	$ 264,522,329	$ 257,265,487	$ 253,119,655
$ 22,291,496	$ 10,597,547	$ 25,267,253	$ 27,486,287	$ 28,509,295
1,689,353	-	1,813,422	2,096,353	2,509,165
8,462,662	21,409,868	4,495,456	5,306,139	4,215,182
$ 32,443,511	$ 32,007,415	$ 31,576,131	$ 34,888,779	$ 35,233,642
$ 232,521,153	$ 231,414,622	$ 249,818,132	$ 254,394,133	$ 257,939,047
47,381,630	41,260,824	29,561,803	29,779,086	27,119,824
24,799,431	31,543,584	16,718,525	7,981,047	3,294,426
$ 304,702,214	$ 304,219,030	$ 296,098,460	$ 292,154,266	$ 288,353,297

NEWTON COUNTY, GEORGIA
Change in Net Assets
Last Nine Fiscal Years
Fiscal Year

	2003	2004	2005	2006
Expenses				
Governmental activities				
General Government	$ 5,002,647	$ 5,892,553	$ 6,317,127	$ 7,642,996
Judicial	3,623,991	4,092,049	3,906,924	4,452,606
Public Safety	12,148,907	15,665,238	18,026,705	21,336,932
Public Works	5,280,968	6,885,843	6,572,121	7,881,238
Health and Welfare	1,833,549	1,856,097	1,786,249	1,622,767
Culture and Recreation	2,787,111	3,123,449	3,715,989	2,855,180
Housing and Development	1,486,363	1,771,224	2,097,144	2,443,816
Interest and fiscal charges	2,025,966	1,683,245	1,924,373	1,417,499
Total governmental activities expenses	34,189,502	40,969,698	44,346,632	49,653,034
Business-Type activities				
Water	3,538,502	3,733,216	5,198,763	5,543,089
Special Facilities	60,442	62,094	57,653	56,194
Recreation	106,947	-	-	-
Solid Waste	2,143,611	2,287,218	2,740,954	2,678,292
Total business-type activities expenses	5,849,502	6,082,528	7,997,370	8,277,575
Total primary government expenses	$ 40,039,004	$ 47,052,226	$ 52,344,002	$ 57,930,609
Program Revenue				
Governmental activities				
Charges for Services:				
General Government	$ 1,927,422	$ 1,981,639	$ 2,790,899	$ 1,707,369
Judicial	2,186,547	2,243,738	2,205,118	2,539,912
Public Safety	1,474,583	1,786,132	2,408,575	3,940,426
Public Works	358,740	456,097	49,703	47,136
Health and Welfare	113,406	275,187	95,055	130,007
Culture and Recreation	4,078	24,112	4,355	1,540,769
Housing and Development	-	550	493,534	3,270,865
Operating Grants and contributions	1,334,443	615,883	921,055	852,563
Capital Grants and contribution	6,874,008	8,476,614	4,218,111	14,251,473
Total governmental activities program revenue	14,273,227	15,859,952	13,186,405	28,280,520
Business-type activities				
Charges for Services	5,167,084	5,800,034	6,251,038	7,639,712
Operating Grants and contributions	26,973	16,500	6,062	-
Capital Grants and contribution	-	-	4,397,385	-
Total business-type activities program revenue	5,194,057	5,816,534	10,654,485	7,639,712
Total primary government program revenue	$ 19,467,284	$ 21,676,486	$ 23,840,890	$ 35,920,232
Net (Expenses-Revenue)				
Governmental activities	$ 19,916,275	$ 25,109,746	$ 31,160,227	$ 21,372,514
Business-type activities	655,445	265,994	(2,657,115)	637,863
Total primary government net expense	$ 20,571,720	$ 25,375,740	$ 28,503,112	$ 22,010,377

Continued on next page

2007	2008	2009	2010	2011
$ 7,203,748	$ 7,885,552	$ 9,597,133	$ 7,820,693	$ 7,176,209
4,506,466	5,035,278	4,950,906	5,258,579	4,810,228
24,302,575	28,100,553	30,762,320	29,855,552	29,000,715
23,326,115	21,140,055	18,758,993	14,965,616	15,207,675
1,259,847	1,210,742	1,107,591	1,067,316	941,975
3,150,799	3,895,993	3,931,480	5,151,820	4,792,433
2,799,304	2,294,850	1,968,084	2,359,872	1,558,620
2,066,995	2,767,978	1,985,376	1,840,681	1,007,034
68,615,849	72,331,001	73,061,883	68,320,129	64,494,889
5,547,549	5,710,453	4,954,067	4,603,439	6,322,906
61,508	103,608	62,724	46,968	61,791
-	-	-	-	-
4,192,121	4,133,062	3,986,608	2,832,068	3,419,227
9,801,178	9,947,123	9,003,399	7,482,475	9,803,924
$ 78,417,027	$ 82,278,124	$ 82,065,282	$ 75,802,604	$ 74,298,813
$ 1,251,571	$ 1,275,694	$ 1,479,348	$ 1,231,861	$ 1,032,524
2,882,107	2,803,600	2,695,742	2,723,312	2,846,198
3,132,614	2,679,502	3,041,326	2,725,913	2,878,341
655,090	824,186	857,225	844,183	919,777
-	-	-	-	-
4,824	5,789	5,723	5,896	6,303
3,793,917	1,404,929	588,768	283,973	463,721
1,039,520	649,682	3,424,559	1,904,285	2,196,896
11,764,799	3,684,683	5,643,195	1,095,884	255,278
24,524,442	13,328,065	17,735,886	10,815,307	10,599,038
9,032,984	8,559,544	7,944,467	7,799,459	9,194,258
-	-	-	-	-
-	-	8,500	-	-
9,032,984	8,559,544	7,952,967	7,799,459	9,194,258
$ 33,557,426	$ 21,887,609	$ 25,688,853	$ 18,614,766	$ 19,793,296
$ 44,091,407	$ 59,002,936	$ 55,325,997	$ 57,504,822	$ 53,895,851
768,194	1,387,579	1,050,432	(316,984)	609,666
$ 44,859,601	$ 60,390,515	$ 56,376,429	$ 57,187,838	$ 54,505,517

NEWTON COUNTY, GEORGIA
Change in Net Assets
Last Nine Fiscal Years
Fiscal Year

	2003	2004	2005	2006
General Revenue and Other Changes in Net Assets:				
Governmental activities:				
Property Tax	$ 19,889,090	$ 20,418,817	$ 22,323,920	$ 25,252,661
Sales Tax	13,590,107	14,325,573	15,499,386	16,781,671
Franchise Fees	151,752	160,930	183,385	211,882
Business Tax	1,888,160	2,066,708	2,598,015	2,777,222
Other Tax	317,948	1,363,680	1,226,364	1,627,113
Intergovernmental Revenue	242,499	609,231	218,163	579,943
Investment Earnings	665,021	357,238	515,370	2,141,990
Joint Venture Equity	-	-	-	680,834
Miscellaneous	131,717	265,064	319,384	311,462
Gain(loss) and other	(170,860)	114,348	(65,197)	49,363
Transfers	(665,189)	(2,678,062)	(405,194)	(918,721)
Total governmental activities	36,040,245	37,003,527	42,413,596	49,495,420
Business-type activities				
Investment Earnings	299,188	211,379	1,257,681	1,004,673
Gain(loss) and other	(13,236)	-	-	18,882
Transfers	665,189	2,678,062	405,194	770,876
Total business-type activities	951,141	2,889,441	1,662,875	1,794,431
Total primary government	$ 36,991,386	$ 39,892,968	$ 44,076,471	$ 51,289,851
Change in Net Assets				
Governmental activities	$ 16,123,970	$ 11,893,781	$ 11,253,369	$ 28,122,906
Business-type activities	295,696	2,623,447	4,319,990	1,156,568
Total primary government	$ 16,419,666	$ 14,517,228	$ 15,573,359	$ 29,279,474

Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

2007	2008	2009	2010	2011
$ 27,771,506	$ 32,065,418	$ 29,892,395	$ 29,206,096	$ 28,579,308
19,252,918	18,261,189	15,504,707	16,662,197	16,510,540
239,928	3,264,277	3,423,152	3,525,758	3,433,638
2,910,394	-	-	-	-
1,521,574	1,040,674	619,703	491,438	376,272
1,015,802	915,306	132,842	1,942,075	936,616
3,137,592	2,718,509	643,660	270,505	78,010
217,211	257,714	589,940	44,185	73,854
131,393	1,112,156	300,190	736,759	298,005
794,422	33,109	308,813	-	16,008
(775,208)	(849,060)	(230,484)	(2,631,033)	(552,233)
56,217,532	58,819,292	51,184,918	50,247,980	49,750,018
1,025,368	925,091	425,370	364,631	322,494
-	296	(36,706)	-	79,802
781,889	849,060	230,484	2,631,033	552,233
1,807,257	1,774,447	619,148	2,995,664	954,529
$ 58,024,789	$ 60,593,739	$ 51,804,066	$ 53,243,644	$ 50,704,547
$ 12,126,125	$ (183,644)	$ (4,141,079)	$ (7,256,842)	$ (4,145,833)
1,039,063	386,868	(431,284)	3,312,648	344,863
$ 13,165,188	$ 203,224	$ (4,572,363)	$ (3,944,194)	$ (3,800,970)

NEWTON COUNTY, GEORGIA
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Amounts expressed in thousands)

	Fiscal Year									
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011***
General Fund										
Reserved	$ -	$ 580	$ 69	$ 2,592	$ 474	$ 549	$ 244	$ 589	$ 709	$ -
Unreserved	10,126	11,350	8,111	7,382	12,374	13,923	11,642	5,857	3,676	-
Nonspendable	-	-	-	-	-	-	-	-	-	524
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	5,938
Total general fund	$ 10,126	$ 11,930	$ 8,180	$ 9,974	$ 12,848	$ 14,472	$ 11,886	$ 6,446	$ 4,385	$ 6,462
All Other Governmental Funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 39	$ -
Unreserved, reported in:										
Special revenue funds	2,577	2,337	3,090	644	3,919	4,515	6,506	4,827	5,616	-
Capital projects funds	31,478	6,079	1,106	1,805	5,218	6,435	6,782	12,733	9,959	-
SPLOST fund	-	14,251	12,460	13,478	29,227	32,185	25,448	20,077	19,950	-
Debt service funds	2,237	2,310	2,036	1,897	1,748	2,600	2,525	2,708	2,810	-
Nonspendable	-	-	-	-	-	-	-	-	-	133
Restricted	-	-	-	-	-	-	-	-	-	34,747
Total all other governmental funds	$ 36,292	$ 24,977	$ 18,692	$ 17,824	$ 40,113	$ 45,736	$ 41,261	$ 40,345	$ 38,374	$ 34,880
Total Governmental Funds	$ 46,418	$ 36,906	$ 26,872	$ 27,798	$ 52,960	$ 60,208	$ 53,147	$ 46,791	$ 42,759	$ 41,342

Source: Newton County Financials
* Prior year amounts have not been restated for the implementation of GASB 54.

NEWTON COUNTY, GEORGIA
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years

	Fiscal Year 2003	2004	2005	2006
Revenue				
Taxes	$ 36,158,496	$ 37,817,000	$ 42,862,562	$ 48,394,915
Licenses. fees and permits	1,127,210	1,165,566	1,374,869	1,556,855
Intergovernmental	1,807,149	3,006,220	1,840,557	1,799,792
Charges for services	2,916,583	3,089,206	4,556,880	9,110,603
Fines and penalties	879,930	911,788	878,329	990,611
Investment earnings	720,712	1,152,130	699,997	1,940,764
Contribution and donation	1,423	898	692	941
Miscellaneous	441,896	370,868	272,719	353,948
Total revenue	44,053,399	47,513,676	52,486,605	64,148,429
Expenditure				
General government	4,846,782	5,673,108	6,298,502	9,346,203
Judicial	3,508,517	3,861,780	3,873,205	4,351,791
Public Safety	12,770,709	13,294,500	15,271,095	18,535,356
Public Works	5,282,738	9,440,474	7,956,485	7,056,462
Health and welfare	1,840,235	1,333,942	1,816,286	942,094
Culture and recreation	2,864,073	3,148,206	3,466,013	3,260,554
Housing and development	1,548,044	2,060,732	2,449,895	2,474,451
Intergovernmental	-	-	-	-
Capital outlay	18,711,269	7,555,189	856,804	8,228,127
Debt service				
Interest	2,243,238	1,670,368	1,422,972	1,257,116
Principal	5,281,582	7,178,716	7,965,772	14,890,131
Total expenditures	58,897,187	55,217,015	51,377,029	70,342,285
Excess of revenue over (under expenditures)	(14,843,788)	(7,703,339)	1,109,576	(6,193,856)
Other Financing Sources (Uses)				
Capital lease financing	243,206	1,097,528	192,000	4,829,205
Certificates of participation	6,180,000	-	-	-
Premium on debt issued	(42,561)	-	-	-
Issuance of debt	-	-	-	26,917,389
Loan proceeds	-	-	-	-
Proceeds from sale of assets		77,635	28,960	-
Transfers in	8,598,652	9,217,353	13,496,655	14,899,175
Transfers (out)	(9,263,842)	(12,723,151)	(13,901,849)	(15,519,900)
Total other financing sources (uses)	5,715,455	(2,330,635)	(184,234)	31,125,869
Net change in fund balance	$ (9,128,333)	$ (10,033,974)	$ 925,342	$ 24,932,013
Debt Service as a percentage of noncapital expenditures	18.73%	18.57%	18.58%	26.00%

Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

2007	2008	2009	2010	2011
$ 53,309,413	$ 55,547,413	$ 50,393,166	$ 51,669,478	$ 51,228,233
1,531,939	830,414	450,235	315,412	309,427
2,279,022	1,524,801	3,520,650	3,609,262	3,150,134
7,558,003	5,646,176	4,915,450	4,326,821	4,671,267
897,736	980,973	1,719,841	1,778,997	1,882,297
3,048,257	2,655,670	629,733	269,150	144,659
3,713	1,579	2,664	6,172	1,724
387,356	1,381,198	849,246	954,003	481,851
69,015,439	68,568,224	62,480,985	62,929,295	61,869,592
13,038,277	7,965,996	7,663,767	6,426,697	5,932,763
4,747,655	4,923,842	4,808,037	5,064,680	4,691,109
20,935,943	23,465,185	30,038,668	27,165,996	26,757,143
9,515,014	9,175,700	4,818,371	4,193,556	4,211,044
1,123,846	1,419,320	1,163,435	1,084,048	966,851
3,060,204	3,286,413	3,286,732	4,749,364	3,215,933
2,413,904	2,355,767	2,227,411	2,515,250	1,600,773
-	-	137,956	337,263	823,091
17,299,040	12,276,953	6,474,886	3,162,645	4,584,511
882,531	7,464,801	2,205,264	7,729,235	1,111,888
2,815,238	2,628,540	7,971,741	2,588,150	8,139,409
75,831,652	74,962,517	70,796,268	65,016,884	62,034,515
(6,816,213)	(6,394,293)	(8,315,283)	(2,087,589)	(164,923)
648,975	316,854	-	-	-
-	-	-	-	-
30,840	33,499	-	-	-
952,714	-	3,460,000	-	-
-	-	-	-	-
-	-	16,967	11,916	16,008
6,553,851	7,217,390	6,730,496	5,084,036	3,456,834
(7,335,740)	(8,066,449)	(6,960,980)	(7,041,927)	(4,724,655)
850,640	(498,706)	3,246,483	(1,945,975)	(1,251,813)
$ (5,965,573)	$ (6,892,999)	$ (5,068,800)	$ (4,033,564)	$ (1,416,736)
6.32%	16.10%	15.82%	16.46%	15.23%

NEWTON COUNTY, GEORGIA
Tax Revenue by Source
Last Nine Fiscal Years

Fiscal Year	Tax Source: Property Tax	Sales and Use Tax	Occupancy Tax	Franchise Tax	Other Tax	Total Tax
2003	$ 19,889,090	$ 13,590,107	$ 1,888,160	$ 151,752	$ 317,948	$ 35,837,057
2004	20,418,817	14,325,573	2,066,708	160,930	1,363,680	38,335,708
2005	22,323,920	15,499,386	2,250,016	183,385	1,226,364	41,483,071
2006	25,252,661	16,781,671	2,777,222	211,882	1,627,113	46,650,549
2007	27,771,506	19,252,918	2,910,394	239,928	1,521,574	51,696,320
2008	32,065,418	18,261,189	3,068,495	195,782	1,040,674	54,631,558
2009	29,892,395	15,504,707	3,092,366	330,786	619,703	49,439,957
2010	29,206,096	16,662,197	3,021,314	504,444	491,438	49,885,489
2011	28,579,308	16,510,540	2,970,771	462,867	376,272	48,899,758

Note: Sales and Use Tax includes Special and Local Option Sales Tax
Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

NEWTON COUNTY, GEORGIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

	Real Property			Personal Property					
Fiscal year	Residential Property 40% Value	Commercial Property 40% Value	Industrial Property 40% Value	Motor Vehicle 40% Value	Timber 100%	Less Tax-Exempt Property M&O	Estimated Actual Total Value	Total Taxable Assessed Value	Total Direct Tax Rate
2001	$ 861,464	$ 192,583	$ 282,591	$ 147,115	$ 1,513	$ 226,114	$ 3,695,685	$ 1,259,152	9.730
2002	994,546	220,911	312,278	175,393	1,436	243,556	4,244,847	1,461,008	9.730
2003	1,163,538	254,743	312,963	188,452	1,975	273,009	4,781,465	1,648,662	9.730
2004	1,324,953	274,677	315,258	198,238	1,774	278,503	5,266,844	1,836,397	9.730
2005	1,550,206	290,860	319,003	209,083	2,044	314,209	5,904,484	2,056,987	9.730
2006	1,774,600	311,506	347,606	209,694	2,131	347,841	6,613,843	2,297,696	9.730
2007	1,978,584	324,943	384,805	203,169	953	367,636	7,231,130	2,524,818	9.730
2008	2,235,580	353,550	394,789	226,011	694	377,795	8,036,678	2,832,829	9.730
2009	2,399,543	331,213	380,948	236,559	711	393,619	8,372,440	2,955,355	9.730
2010	2,159,419	365,333	495,870	242,535	454	416,302	8,159,026	2,847,308	9.730
2011	2,159,419	365,333	495,870	242,535	454	416,302	8,159,026	2,847,308	10.730

Source: Georgia Department of Revenue Property Tax Division - County Digest Section - Newton County
Source for 2005 - 2010 Newton County Tax Assessors Office
The county assesses property at approximately 40% of actual value.
Residential includes - Historical, Agricultural, Perferential,Conservation use, Mobile Homes,
Commercial includes - Utilities and Heavy Equipment

NEWTON COUNTY, GEORGIA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

		County Direct Rates					
Fiscal Year	**State of Georgia**	**General**	**Hospital**	**Emergency Medical Services**	**Fire Service**	**School District**	**Total**
2002	0.250	9.730	1.060	0.000	0.960	18.210	30.210
2003	0.250	9.730	1.033	0.000	0.924	18.210	30.147
2004	0.250	9.730	1.007	0.513	0.902	18.210	30.612
2005	0.250	9.730	1.200	0.496	0.863	18.210	30.749
2006	0.250	9.730	1.200	0.478	0.831	19.210	31.699
2007	0.250	9.730	1.200	0.466	0.815	19.210	31.671
2008	0.250	9.730	1.200	0.451	0.792	19.210	31.633
2009	0.250	9.730	1.200	0.451	0.792	19.210	31.633
2010	0.250	9.730	1.200	0.451	0.792	19.210	31.633
2011	0.250	10.910	1.200	0.451	0.792	21.000	34.603

Source: Summary of Proposed operating budget for County
Amount shown for years that information was available

City and Town Rates

	Mansfield	**Newborn**	**Oxford**	**Porterdale**	**Social Circle ***	**City of Covington**
2002	5.310	-	4.640	7.820	20.230	5.790
2003	5.338	4.000	4.581	7.755	21.490	6.790
2004	5.186	3.786	4.581	7.695	22.420	6.792
2005	5.283	3.843	4.581	9.695	22.417	8.790
2006	5.286	1.920	5.580	9.263	22.256	8.518
2007	5.280	1.920	5.538	8.899	23.524	8.513
2008	5.316	1.819	5.331	8.776	23.199	8.208
2009	5.316	1.799	5.510	9.156	23.180	8.208
2010	5.316	1.799	5.510	9.156	23.180	8.208
2011	5.580	1.935	6.280	17.518	23.460	8.208

Source: Georgia Department of Revenue
Amount shown for years that information was available

* The City of Social Circle's tax rate includes the tax rate to fund the Social Circle City Board of Education

NEWTON COUNTY, GEORGIA
Ten Larget Taxpayers of the County
Ten Years Ago to Current

	2011			2002		
Komatsu Forklift USA **Taxpayer**	**Taxable Assessed Value (1)**	**Rank**	**Percentage of Total County Taxable Assessed**	**Taxable Assessed Value (1)**	**Rank**	**Percentage of Total County Taxable Assessed**
General Mills, Inc.	$ 41,881,832	1	1.42%	$		
SKC Inc.	38,964,841	2	1.32%			
Pactive/Tenneco	31,503,491	3	1.07%	27,054,148	1	2.15%
Snapping Shoals EMC	23,065,800	4	0.78%	14,415,658	2	1.14%
Nisshinbo	22,039,134	5	0.75%	3,632,540	6	0.29%
C.R. Bard, Inc.	35,607,050	6	1.20%	10,128,744	4	0.80%
Firberco Inc./Fibervision Inc.	19,391,457	7	0.66%	12,394,090	3	0.98%
Georgia Power	15,264,760	8	0.52%	7,762,265	5	0.62%
Wal-Mart	11,598,666	9	0.39%	262,297	8	0.02%
AT&T	11,931,720	10	0.40%	3,413,940	7	0.27%
Total	$ 170,402,078.0		5.77%	$ 79,063,682.0		6.28%

Note:
(1) Taxable assessed value included freeport exemption.
(2) Total assessed value for Tax Year 2011 2,365,756,439
(3) Total assessed value for tax year 2002 1,648,662,832

NEWTON COUNTY, GEORGIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year of Levy (1)	Total Tax Levy (2)	Current Tax Collection (3)	Percent of Levy Collected	Delinquent Tax Collection (2)	Total Tax Collections (2)	Percent of Total Tax Collections to Total Levy
2002	$ 11,139,834	$ 11,061,364	99.3%	$ 69,484	$ 11,130,848	99.9%
2003	12,398,359	12,044,291	97.1%	342,537	12,386,828	99.9%
2004	13,932,807	13,540,156	97.2%	375,887	13,916,043	99.9%
2005	15,882,283	15,427,882	97.1%	442,142	15,870,024	99.9%
2006	18,634,768	17,817,357	95.6%	812,270	18,629,627	100.0%
2007	20,886,936	20,528,262	98.3%	347,220	20,875,482	99.9%
2008	23,088,405	22,059,908	96.1%	972,257	23,032,165	97.8%
2009	24,058,178	22,817,304	94.8%	1,004,449	23,821,753	99.0%
2010	25,302,008	23,141,779	91.5%	1,784,230	24,926,009	98.5%
2011	23,398,585	22,506,797	96.2%	98,961	22,605,758	96.6%

(1) Relates to prior calendar year's tax digest
(2) Information from Newton County Tax Commissioner
(3) Through June 30th of each year.

NEWTON COUNTY, GEORGIA
Legal Debt Margin Information
Last Nine Fiscal Years

Fiscal Year	Assessed Value	Debt Limit 10% of Assessed Value (1)	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Net Debt Applicable to the Limit as a Percentage of Debt Limit
2003	$ 1,921,672,141	$ 192,167,214	$ 26,000,000	$166,167,214	13.53%
2004	2,114,897,993	211,489,799	20,000,000	191,489,799	9.46%
2005	2,371,196,984	237,119,698	13,000,000	224,119,698	5.48%
2006	2,645,536,530	264,553,653	25,700,000	238,853,653	9.71%
2007	2,892,452,326	289,245,233	25,700,000	263,545,233	8.89%
2008	3,214,671,432	321,467,143	25,700,000	295,767,143	7.99%
2009	3,348,975,554	334,897,555	25,700,000	309,197,555	7.67%
2010	3,263,610,581	326,361,058	25,700,000	300,661,058	7.87%
2011	2,365,756,439	236,575,644	25,700,000	210,875,644	10.86%

The governmental reporting of 9 years was due to implementation of the GASB 34 element.

NEWTON COUNTY, GEORGIA
Ratio of Outstanding Debt by Type
Last Nine Fiscal Years

	Direct Governmental					Direct Business-type				
Fiscal Year	General Obligation Bonds	Capital Leases and GEFA Notes	Certificate of Participation	Tax Anticipation Notes	Intergovern-mental Contacts	Revenue Bonds	Capital Leases and GEFA Notes	Total Primary Government	Percentage of Personal Income	Per Capita
2003	$ 26,000,000	$ 4,175,923	$ 6,180,000	$ -	$ 3,150,000	$ 7,247,500	$ 5,423,753	$ 52,177,176	3.5%	$ 732.39
2004	20,000,000	4,230,372	6,180,000	2,200,000	3,037,500	11,395,000	5,079,720	52,122,592	3.3%	688.42
2005	13,000,000	3,569,117	6,180,000	-	2,925,000	37,490,000	587,662	63,751,779	3.9%	790.23
2006	25,700,000	7,375,656	5,800,000	-	2,812,500	36,020,000	622,652	78,330,808	4.6%	914.04
2007	25,700,000	7,333,857	18,615,000	-	2,700,000	37,075,463	274,574	91,698,894	5.1%	1,012.39
2008	20,865,000	7,219,523	17,280,000	-	2,550,000	33,495,000	846,589	82,256,112	4.4%	859.31
2009	15,890,000	5,498,701	15,905,000	-	5,860,000	32,370,000	641,534	76,165,235	3.9%	772.92
2010	10,765,000	3,882,352	14,480,000	-	5,285,000	34,010,000	315,652	68,738,004	3.4%	687.77
2011	5,475,000	1,039,077	13,005,000	-	18,792,123	32,405,000	47,596	70,763,796	3.1%	707.94

Note: See Demographic and Economic Statistics
Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

NEWTON COUNTY, GEORGIA
Ratios of General Bonded Debt Outstanding
Last Nine Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	$ 26,000,000	1.58%	$ 365
2004	20,000,000	1.09%	264
2005	13,000,000	0.63%	161
2006	25,700,000	1.12%	300
2007	25,700,000	1.02%	284
2008	20,865,000	0.74%	218
2009	15,890,000	0.54%	161
2010	10,765,000	0.38%	108
2011	5,475,000	0.19%	55

Source: Newton County Financials
The governmental reporting of 9 years was due to implementation of the GASB 34 element.

NEWTON COUNTY, GEORGIA
Direct and Overlapping Debt
Current Fiscal Year

Governmental Unit	Debt Outstanding
Direct	
Newton County	
General Obligation Bonds	$ 5,475,000
Certificate of Participation	13,005,000
Impact Fee bonds	2,570,000
Capital Leases	278,654
Intergovernmental Contracts(1)	
Newton County Water and Sewerage Authority	14,377,000
Industrial Development Authority	382,859
Georgia Perimeter	1,798,147
GEFA Notes	760,423
Four County Industrial Development	2,234,117
Total Newton County	40,881,200
Overlapping	
Newton County Board of Education General Obligation Bonds	45,290,000
Newton County Hospital Authority	23,260,000
Total Overlapping	68,550,000
Cities and towns	
City of Covington	17,545,425
City of Oxford (Business activities only)	592,531
City of Porterdale (Business activities only)	845,749
Total cities and towns	18,983,705
Total Direct and Overlapping Debt	**$ 128,414,905**

(1) The above revenue bonds are secured by separate intergovernmental contracts with the respective Authorities, which contracts are general obligations of Newton to which its full faith and credit and taxing power are pledged. These obligations do not constitute debt of the County for purposes of the constitutional debt limit and do not count against the County's debt limitation. The revenue bonds issued by the Water and Sewerage Authority and the Hospital Authority have historically been paid from revenues of the respective enterprises and the County has never made payments under the related intergovernmental contracts.

NEWTON COUNTY, GEORGIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Water Revenue Bonds					
				Debt Service		
Fiscal Year	**Gross Revenues**	**Less Operating Expenses**	**Net Available Revenues**	**Principal**	**Interest**	**Coverage**
2002	$ 3,895,926	$ 2,426,853	$ 1,469,073	$ 540,000	$ 698,053	118.66%
2003	3,849,030	2,974,276	874,754	570,000	669,293	70.58%
2004	4,274,678	3,211,593	1,063,085	600,000	639,716	85.75%
2005	4,445,880	3,649,351	796,529	518,910	-	153.50%
2006	5,538,021	4,167,103	1,370,918	1,470,000	1,534,680	45.63%
2007	5,928,243	4,326,573	1,601,670	1,320,000	1,492,830	56.94%
2008	5,293,265	4,622,928	670,337	1,205,000	1,454,955	25.20%
2009	5,028,027	4,200,844	827,183	1,125,000	1,436,880	32.29%
2010	5,645,586	3,922,035	1,723,551	1,235,000	1,385,742	65.77%
2011	6,957,743	4,829,637	2,128,106	1,605,000	1,388,227	71.10%

Notes: Details regarding the government's outstanding debt can be found in the notes to the financial statements.

NEWTON COUNTY, GEORGIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2001	62,884	$ 1,574,021	$ 23,410	0.0%
2002	66,946	1,646,145	22,922	5.5%
2003	71,242	1,718,776	22,458	5.7%
2004*	75,713	1,796,121	22,271	4.8%
2005*	80,675	1,876,946	22,778	5.7%
2006*	85,697	1,961,409	23,159	5.5%
2007*	90,577	2,049,672	23,576	5.2%
2008*	95,723	2,267,585	23,616	6.2%
2009*	98,542	2,104,000	**21,879	7.6%
2010*	99,944	2,200,784	**19,317	11.7%
2011*	99,958	2,200,785	22,158	12.2%

Note: *For Fiscal Years 2004 thru 2011 the numbers were estimated from Georgia Department of Labor Workforce_info@dol.state.ga.us

Note:** Per capita income is estimated by the inflation - adjusted dollars

Population is found on http://www.census.gov/popest/counties/counties.html

NEWTON COUNTY, GEORGIA
Principal Employers
Current and Ten Years Ago

		2011			2002		
Employer	**Business**	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Newton County Board of Education	School system	2000	1	4.8%	1800		8.3%
C.R. Bard, Inc.	Urological and medical supplies	600	2	1.4%	570	2	2.6%
Newton County Government	County government	554	3	1.3%	371	4	1.7%
Newton Medical Center	Medical Center	545	4	1.3%	450		2.1%
Pactiv (Tenneco packaging, Inc.)	Rigid & flexible packaging prod.	500	5	1.2%	650	1	3.0%
General Mills	Dry Cereal	400	6	1.0%	275	8	1.3%
City of Covington	City government	340	7	0.8%	322	6	1.5%
SKC	Polymer and polyester film	320	8	0.8%	200	10	0.9%
SRG	Decorative Automotive Trim	291	9	0.7%	290	7	1.3%
Nisshinbo Automotive	Auto Brake Pads & Linings	270	10	0.7%	200	9	0.9%
Fibervisions	Olefin fiber	216	11	0.5%	360	3	1.7%
Beaver Manufacturing	Hose Reinforcing Yarns	185	12	0.4%	190	12	0.9%
Clairon Metals	Metal stamping, tool & die	177	13	0.4%	125	13	0.6%
Specialty Yarn & Converting	Engineered textiles	120	14	0.3%	300	5	1.4%
Komatsu Forklift USA	Forklift manufacturer	0		0.0%	180	11	0.8%
Total		6,518			6,283		

Source: Newton County Chamber of Commerce as of November, 2010 (Web Site)
Source: Georgia Power Workforce for 2009 & Chamber Workforce for 2000
* Information unavailable

NEWTON COUNTY, GEORGIA
Full-time Equivalent County Government Employees by Function/Program.
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30								
Function/Program	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
General Government									
Management Services	5	6	5	5	5	6	5	4	4
Finance	6	5	7	9	9	9	9	8	9
Purchasing	2	2	2	3	3	3	3	3	0
Personnel	2	2	2	2	2	3	3	3	4
Data Processing/MIS	6	6	9	9	9	9	10	10	9
Tax Commissioners	14	14	14	14	15	14	16	16	16
Tax Assessors	15	15	15	16	16	16	16	15	15
Elections	2	2	3	3	5	5	6	4	4
Superior Court	1	2	2	2	2	2	3	2	2
Juvenile	10	10	10	9	11	12	12	12	12
Magistrate Court	3	3	3	3	3	6	6	4	4
Probate Court	5	5	6	6	6	6	6	5	5
Clerk of Superior Court	14	17	16	16	17	17	16	17	17
District Attorney	4	4	6	7	12	23	15	15	15
Public Defender	7	7	7	4	5	6	6	7	7
Maintenance	6	6	6	6	6	6	6	6	6
Sheriff									
Officers (including SRO)	70	74	76	78	78	90	111	126	126
Civilians	9	9	9	9	16	16	16	13	13
Detention									
Officers	33	33	58	84	85	86	95	96	96
Admin (Other)	1	1	10	14	15	15	15	21	21
Fire									
Firefighters and Officers	37	43	54	55	55	73	88	72	72
Civilians	2	3	3	5	5	8	9	8	6
Coroner	1	1	1	1	1	1	1	1	1
Emergency Management	1	1	1	1	2	2	2	2	2

NEWTON COUNTY, GEORGIA
Full-time Equivalent County Government Employees by Function/Program.
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30								
Function/Program	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Solid Waste Disposal & Recycling	17	17	18	18	18	20	19	19	18
Public Works	47	49	48	48	51	51	55	54	53
Water resources	0	0	0	0	0	0	11	12	8
Library	0	0	0	0	0	0	0	0	0
Animal Control	10	10	10	10	9	10	10	9	9
Engineering	1	2	5	5	4	6	5	5	5
Redevelopment	20	23	23	25	25	33	21	13	11
Parks and Recreation	20	20	23	23	24	24	25	21	21
TOTAL	371	392	452	490	514	578	621	603	591

Source: County's Payroll Office

NEWTON COUNTY, GEORGIA
Operating Indicators by Functions
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental:									
Public Safety									
Sheriff Department									
Physical Arrests	4,017	5,244	5,919	5,586	7,258	5,746	6,970	6540	7950
Traffic Violations	-	1,608	1,803	1,050	2,328	2,189	1,826	1920	1745
Fire Department									
Fire Extinguished									
Structures	186	180	121	121	147	148	172	227	125
Vehicles	109	97	99	128	95	104	96	96	80
Emergency Responses	3,655	3,294	3,900	4,592	4,416	3,451	4,976	5365	4728
Fire Inspections	517	390	430	658	927	938	1,267	67	85
Parks and Recreation									
Recreation Participants									
Youth	2,958	2,783	2,905	3,035	3,157	3,409	3,410	3485	3485
Adults	1,387	1,402	1,412	1,436	1,525	1,664	1,665	1435	1435
Athletic Fields	23	23	26	26	26	26	27	27	27
Business Type:									
Landfill									
Refuse Collection (tons/day)	182	174	184	217	240	273	252	271	261
Recyclables Centers	9	10	10	11	10	11	12	12	11
Newspapers Collections (tons)	787	889	898	860	747	731	737	559	413
Scrap metal Collections (tons)	1,143	*	1,204	1,508	1,217	1,302	1,083	939	850
Glass Collections (tons)	117	212	144	162	168	187	180	166	192
Cardboard Collections (tons)	883	729	830	927	829	781	787	546	585

Source: Various government departments
Note: 1 Solid Waste implemented recycling initiative in 1998
Note: 2 Solid Waste record not available
Note: 3 Traffic violations not available for years 2001 thru 2002

NEWTON COUNTY, GEORGIA
Gallons used and Sales
Current Fiscal Year

Total number of customers **Nine**

Customers	FY 2011 Total Gallons	Total Sales
Alcovy	6,900	$ 16,146
City of Covington	1,071,815	1,900,328
Jasper	18,001	31,322
Mansfield	25,781	45,710
Newborn	23,080	40,921
Newton County Water & Sewer Authority	1,748,646	3,100,349
Oxford	76,006	134,759
Porterdale	47,160	83,615
Walton County	1,578,783	1,537,735
Total	4,596,172	$ 6,890,885

NEWTON COUNTY, GEORGIA
General Governmental Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Property Taxes	Licenses and Permits	Inter-governmental	Charges for Services	Court Fees, Fines and Forfeitures	Interest	Contributions & Donations	Misc-ellaneous	Total
2002	$ 33,163,295	$ 1,212,312	$ 2,557,308	$ 3,054,638	$ 854,965	$ 1,683,866	$ -	$ 333,165	$ 42,859,549
2003	36,158,496	1,127,210	1,807,149	2,916,583	879,930	720,712	1,423	441,896	44,053,399
2004	37,817,000	1,165,566	3,006,220	3,089,206	911,788	1,152,130	898	370,868	47,513,676
2005	42,862,562	1,374,869	1,840,557	4,556,880	878,329	699,997	692	272,719	52,486,605
2006	48,394,915	1,556,855	1,862,412	9,110,603	990,661	1,858,642	92,726	353,948	64,220,762
2007	53,309,413	1,531,939	2,279,022	7,558,003	897,736	3,048,257	3,713	387,356	69,015,439
2008	55,547,413	830,414	1,524,801	5,646,176	980,973	2,655,670	1,579	1,381,198	68,568,224
2009	50,255,210	450,235	3,520,650	4,915,450	1,719,841	629,733	2,664	849,246	62,343,029
2010	51,332,215	315,412	3,609,262	4,326,821	1,778,997	269,150	6,172	954,003	62,592,032
2011	51,228,233	309,427	3,150,134	4,671,267	1,882,297	144,659	1,724	481,851	61,869,592

NEWTON COUNTY, GEORGIA
Eight Year General Fund History

	2011	2010	2009	2008
REVENUES				
Taxes	$ 38,438,426	$ 38,694,860	$ 38,034,490	$ 42,015,287
Licenses and permits	309,427	315,412	450,235	830,414
Intergovernmental revenue	1,289,677	1,214,850	2,909,211	278,086
Charges for services	4,422,162	4,258,177	4,677,737	4,971,009
Fines and forfeitures	1,299,406	1,222,384	1,135,936	507,244
Investment income	36,880	31,489	126,666	649,382
Contributions and donations	1,724	4,172	2,664	1,579
Miscellaneous	429,527	711,739	420,865	880,264
Total revenues	46,227,229	46,453,083	47,757,804	50,133,265
EXPENDITURES				
Current:				
General government	5,898,209	6,407,641	7,622,258	7,876,458
Judicial	4,269,236	4,642,944	4,490,640	4,584,046
Public safety	23,016,748	23,511,104	25,420,722	23,389,416
Public works	4,194,099	4,164,861	4,534,044	4,832,884
Health and welfare	799,191	885,045	1,044,898	1,093,940
Culture and recreation	3,099,477	2,923,490	3,086,493	3,144,585
Housing and development	1,149,648	1,177,474	1,856,052	1,989,601
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	42,426,608	43,712,559	48,055,107	46,910,930
Excess (deficiency) of revenues over (under) expenditures	3,800,621	2,740,524	(297,303)	3,222,335
OTHER FINANCING SOURCES (USES)				
Capital lease financing	-	-	-	148,577
Proceeds from sale of assets	16,008	11,916	16,967	33,499
Transfers in	600,000	190,000	496,801	(80,184)
Transfers (out)	(2,339,604)	(5,003,799)	(4,564,764)	(5,910,760)
Total other financing sources (uses)	(1,723,596)	(4,801,883)	(4,050,996)	(5,808,868)
Net change in fund balances	2,077,025	(2,061,359)	(4,348,299)	(2,586,533)
Fund balances - beginning	4,384,720	6,446,079	11,892,310	14,472,148
Prior period adjustment	-	-	(1,097,932)	-
Fund balance - beginning, as restated	4,384,720	6,446,079	10,794,378	-
Fund balances - ending	$ 6,461,745	$ 4,384,720	$ 6,446,079	$ 11,885,615

Source: Newton County Financials
The governmental reporting of 8 years was due to implementation of the GASB 34 element.

2007	2006	2005	2004	2003
$ 39,328,667	$ 36,094,558	$ 31,567,581	$ 27,226,481	$ 26,444,413
1,531,939	1,556,855	1,374,869	1,165,566	1,127,210
396,955	392,414	336,890	1,814,369	861,863
5,279,025	5,839,738	4,063,346	3,089,206	2,916,583
428,599	581,622	449,695	432,120	435,731
886,910	494,641	206,435	138,676	189,976
3,713	941	692	898	1,423
280,940	231,921	114,330	221,290	104,815
48,136,748	45,192,690	38,113,838	34,088,606	32,082,014
6,219,576	7,220,173	6,208,693	5,547,045	4,799,183
4,230,170	3,848,623	3,448,655	3,409,617	3,215,262
20,880,168	18,532,599	15,266,189	13,055,192	10,566,952
4,799,879	3,965,303	3,796,242	3,931,634	3,411,630
1,112,786	939,639	1,041,645	1,092,201	1,346,296
2,986,100	2,875,320	2,797,432	2,479,103	2,448,618
2,401,404	2,408,633	2,084,472	1,990,030	1,548,044
-	-	226,079	594,403	-
-	20,533	46,669	46,135	-
42,630,083	39,810,823	34,916,076	32,145,360	27,335,985
5,506,665	5,381,867	3,197,762	1,943,246	4,746,029
179,025	-	192,000	540,658	243,205
952,714	45,558	28,960	77,635	-
9,131	103,169	2,200,000	-	-
(5,237,385)	(2,442,712)	(3,824,799)	(6,311,133)	(3,185,942)
(4,096,515)	(2,293,985)	(1,403,839)	(5,692,840)	(2,942,736)
1,410,150	3,087,882	1,793,923	(3,749,594)	1,803,292
13,061,998	9,974,116	8,180,192	11,929,786	10,126,494
-	-	-	-	-
-	-	-	-	-
$ 14,472,148	$ 13,061,998	$ 9,974,115	$ 8,180,192	$ 11,929,786

NEWTON COUNTY, GEORGIA
Insurance Coverage in Force
Current Fiscal Year

General Liability	
General	
Each Occurrence	$ 1,000,000
Annual Aggregate	2,000,000
Deductible	10,000
Fire	
Each Occurrence	1,000,000
Annual Aggregate	2,000,000
Deductible	
Public Officials' Liability	
Each Occurrence	1,000,000
Annual Aggregate	1,000,000
Deductible	10,000
Commercial Automobile Liability	
Liability Limit	1,000,000
Deductible	5,000
Uninsured Motorist	300,000
Commercial Property	
Building & contents - General & Fire	129,809,865
Deductible	10,000
Deductible - Fire	500
Co-insurance	90%
Equipment & Inland Marine	
Limit	10,487,574
Employers Practices	
Each Occurrence	1,000,000
Annual Aggregate	1,000,000
Fire Departments	
Umbrella	3,000,000
Equipment	Blanket
Automobile liability	1,000,000
Employers practices	1,000,000

NEWTON COUNTY, GEORGIA
Miscellaneous Statistical Information
Current Fiscal Year

Newton County was created by legislative act December 24, 1821.

Form of Government – Five-member Board of Commissioners and Administrative Assistant.

2000 Population			62,001
Population gain since 2000 estimated			61%
Registered Voters			62,161
Total County Precinct			22
Area in Square Miles			276.4
Miles of Road:	Paved		932
	Unpaved		80
Building Permits:	Issued Residentials		76
	Issued Commercial		6
	Estimated Valuation Cost	$	33,424,328
Fire Protection:	Number of Paid Stations		7
	Number of Employees		80
	Number of Volunteer Stations		6
	Number of Volunteers		65
	Number of Vehicles		40
Public Safety: (Law & Correctional)			
	Number of Employees		232
	Number of Vehicles		176
Recreation:	Number of Park Sites		17
	Total Acreage of Parks		322
	Number of Basketball Fields		3
	Number of Softball Fields		7
	Number of Football Fields		3
	Number of Recreation Centers		1
	Number of Senior Centers		1
	Number of Playgrounds		8
Number of County Employees F/PT			554

COMPLIANCE SECTION

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650
Ph: (706) 342-1040

2470 Daniell's Bridge Rd, Ste 151103
Athens, Georgia 30606
Ph: (706) 353-3120

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

To the Honorable Commissioners of Newton County, Georgia
Newton County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Newton County, Georgia, as of and for the year ended June 30, 2011, which collectively comprise Newton County, Georgia's basic financial statements and have issued our report thereon dated March 30, 2012. We did not audit the financial statements of the Newton County Health Department, the Newton County Water and Sewer Authority or the Newton County Library System. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements insofar as it relates to the amounts included for the Newton County Health Department, the Newton County Water and Sewer Authority and the Newton County Library System, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2011-1, 2011-2, 2011-3, 2007-4, 2007-5, 2007-6, and 06-3.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency. 2007-1.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of Newton County, Georgia in a separate letter dated March 30, 2012

Newton County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Newton County, Georgia's response and, accordingly, we express no opinion on it.

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

Treadwell, Tamplin & Company, CPA's

Madison, Georgia
March 30, 2012

Treadwell, Tamplin & Co.
Certified Public Accountants
A Limited Liability Partnership

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Commissioners of Newton County, Georgia
Newton County, Georgia

Compliance

We have audited Newton County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Newton County, Georgia's major federal programs for the year ended June 30, 2011. Newton County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Newton County, Georgia's management. Our responsibility is to express an opinion on Newton County, Georgia's compliance based on our audit.

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

In our opinion, Newton County, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of Newton County, Georgia, 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 Newton County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Newton County, Georgia's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

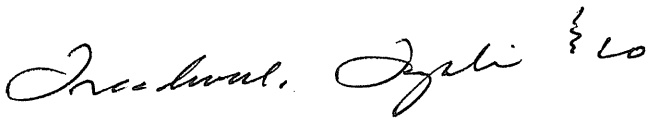
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be

deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Newton County, Georgia's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Newton County, Georgia's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Commissioner, others within the entity, 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.

Treadwell, Tamplin & Company, CPA's



Madison, Georgia
March 30, 2012

NEWTON COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
US Dept. of Health and Human Services -Cluster			
Passed through:			
Georgia Department of Human Resources			
Community Services Block Grant	93.569	42700-040-0000-3681	$ 25,978
Community Services Block Grant		427-93-07070694-99	84,267
ARRA-Community Services Block Grant		42700-040-00000-517	57,415
			167,660
Northeast Georgia Regional Development Center			
Special Programs for the Aging Title III, Part B	93.044	Cluster program	26,284
Special Programs for the Aging Title III, Part C	93.045	Cluster program	83,444
Nutrition Services Incentive Program	93.053	Cluster program	20,696
			130,424
Total US Dept. of Health and Human Services-Cluster			298,084
US Dept. of Health and Human Services			
Passed through:			
Children and Youth Coordinating Council			
Abstinence Education Program-REACH	93.235	AE-10-012	647
Georgia Department of Human Resources			
Promoting Safe and Stable Families	93.556	927-3372	9,459
Northeast Georgia Regional Development Center			
National Family Caregiver Support, Title III, Part E	93.052	427-93-09090185-99	4,000
Total US Dept. of Health and Human Services			14,106
US Dept. of Housing and Urban Development-Cluster			
Passed through:			
Georgia Department of Human Resources			
Community Development Block Grant			
Neighborhood Stabilization Program	14.228	08-ns-5068	$ 222,658

NEWTON COUNTY, GEORGIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures
US Dept. of Justice -			
Direct:			
Bulletproof Vest Partnership Program			
ARRA-Bulletproof vest replacement	16.607	210-DJ-BX-1283	$ 28,771
Edward Byrne Memorial Justice Assistance			
ARRA-Grants to Units of Local Government	16.803	B82-8-069	8,090
		2009-SU-B9-003/066	64,238
			72,328
Total Direct:			101,099
Passed through:			
Edward Byrne Memorial Justice Assistance			
Georgia Judicial Council-Drug Court	16.585	FY 2011-25129	18,751
Georgia Department of Human Resources-	16.738	FY 2010-2011	64,086
Office of the Governor Criminal Justice Coordinating Council			
Purchase of Services	16.523	07-B-ST-0001	100,099
Office of Justice Programs			
State Criminal Alien Assistance Program	16.606	2005-F0677-GA-AP	7,696
Total Passed Through:			190,632
Total US Dept. of Justice			291,731
US Department of the Interior			
Passed through:			
Georgia Department of Natural Resources			
Outdoor Recreation	15.916	LDF-06-R1-26	401
US Department of Homeland Security			
Federal Emergency Management Agency			
Passed through Georgia Emergency Management			
Flood Disaster	97.036	Disaster 1858	189,169
US Department of Transportation-Cluster			
Passed through:			
Georgia Department of Transportation			
Highway Planning and Construction	20.205	PI#0008186	39,736
Total Federal Assistance			$ 1,055,885

NEWTON COUNTY, GEORGIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Newton County, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements

NEWTON COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	*Unqualified*	
Internal control over financial reporting:		
Material weakness (es) identified?	X Yes	___ No
Significant deficiency(ies) identified not considered to be material weakness(es)?	X Yes	___ None noted
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness (es) identified?	___ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	___ Yes	X None noted
Type of auditor's report issued on compliance for major programs:	*Unqualified*	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	___ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	HUD – Pass thru GA DCA-Community Development Block Grant/ State's Program & Non-Entitlement Grant
16.803	DoJ – Edward Byrne Memorial Justice Assistance – ARRA
97.036	DoHS – Pass thru GA Emergency Management Agency
93.569	DoHHS – Pass thru GA Department of Human Resources CSBG - ARRA

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low-risk auditee?	___ Yes	X No

NEWTON COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
June 30, 2011

Section II—Findings Related to the Audit of the Financial Statements
Material Weakness

2011-1

Statement of Condition: Purchase orders should be used for any purchases over $1000. Purchases of items less than $1000 should be accompanied by a purchase requisition from the County. We identified purchases that did not have official county purchase orders. For items less than $1000, we noted that currently a purchase requisition is being attached with what appears to be proper approval from that department, but the purchase requisition should come from finance department of the board of commissioners office.

Criteria: Proper purchasing procedures should be followed in accounts maintained by Sheriff's department.

Effect: The failure to utilize the centralized purchasing function causes a certain loss of control and efficiency. Lack of adherence to established policies could allow for unauthorized purchases because of inadequate approval documentation on purchase order requisition/quotes. There is also the potential for legal liability issues to occur. The opportunity for not accurately including all capital item purchases or not properly meeting all IRS reporting requirements is greatly increased by not centralizing such transactions with the personnel that understands the necessary requirements.

Cause: Controls were not in place to ensure that purchasing procedures were followed by elected offices.

Recommendation: We recommend the County provide additional training and understanding to provide the skills to set up proper controls to review, prevent and detect material misstatements.

Views of officials: Management concurs with the above finding, and will work with the affected offices to devise better internal controls over the accounting functions.

2011-2

Statement of Condition: In the major funds there were several substantial non-routine adjusting entries required to correct balances at year end .

Criteria: Management is responsible for the proper inclusion of all items that could have a material effect on the financial statements of the County.

Effect: A control deficiency exists when the County does not have controls over the preparation of the financial statements that could prevent or detect a misstatement in the financial statements.

Cause: Even though non-routine transactions are infrequent in nature, controls were not in place to ensure that such transactions are properly recorded either with assistance from outside inquiry or research.

Recommendation: We recommend the County provide and encourage additional training to provide the skills to set up proper controls to review, prevent and detect material misstatements, and if necessary to seek outside assistance, and training to appropriate personnel regarding such necessary year end transactions.

Views of officials: Management concurs with the above finding, and is in the process of completing a corrective action plan.

2011-3

Statement of Condition:	Three major bank accounts were not timely reconciled to ensure adequate cash management procedures.
Criteria:	All bank accounts should be reconciled on a timely basis.
Condition:	As a part of the audit procedures, several instances of bank accounts not being timely reconciled were found, which would have identified numerous adjustments among several funds.
Effect:	The lag in the time that bank accounts are reconciled and balanced with the accounting records could result in improperly informed management decisions, as well as the missed opportunity for other financial benefits.
Recommendation:	We recommend that management emphasize the timely reconciliation of all bank accounts, including balancing with the accounting records to ensure all necessary adjustments are made.
Views of officials:	Management concurs with the above finding, and is in the process of completing a corrective action plan.

Prior Year
Material Weakness

2007-4

Statement of Condition:	In the 2005 SPLOST Fund, the activity related to the various investment accounts related to the debt issues were incorrectly posted in the financial records.
Criteria:	Management is responsible for the properly recording of the activity related to debt issues including receipts and disbursements of all funds related to the issue.
Effect:	A control deficiency exists when the County does not have controls over to ensure that the bond receipts and disbursements are accurately recorded in the financial records.
Cause:	Controls were not in place to ensure that proper recording of the bond activity.
Recommendation:	We recommend the County provide additional training to provide the skills to set up proper controls to review, prevent and detect material misstatements.
Views of officials:	Management concurs with the above finding, and is in the process of completing a corrective action plan.

2007-5

Statement of Condition:	In the Debt Service Fund, the County failed to record accurately the activity related to receipts and disbursements in the fund.
Criteria:	Management is responsible for establishing controls to ensure that all debt service fund activity has been properly recorded in the financial records.
Effect:	A control deficiency exists when the County does not have controls in place to ensure that all debt service entries have been properly recorded in the financial records.
Cause:	Controls were not in place to ensure that all debt service activity has been accurately recorded in the financial records.
Recommendation:	We recommend the County provide additional training to provide the skills to set up proper controls to review, prevent and detect material misstatements.
Views of officials:	Management concurs with the above finding, and is in the process of completing a corrective action plan.

2007-6

Statement of Condition:	In the Water & Sewer fund, there were adjusting entries required to properly state the activity in the bond investment and bond liability accounts of the fund.
Criteria:	Management is responsible for the inclusion of all items that could have a material effect on the financial statements of the County.
Effect:	A control deficiency exists when the County does not have controls over the preparation of the financial statements that could prevent or detect a misstatement as it relates to the Water & Sewer bond investment and liability accounts.
Cause:	Controls were not in place to ensure proper recording of the activity in the bond accounts.
Recommendation:	We recommend the County provide additional training to provide the skills to set up proper controls to review, prevent and detect material misstatements.
Views of officials:	Management concurs with the above finding, and is in the process of completing a corrective action plan.

06-3 – Segregation of duties

Criteria: To maintain an adequate segregation of duties, the County should have multiple persons involved in any accounting process. The same person should not be responsible for making deposits, reconciling the bank statement, preparing checks, and preparing reports.

Condition: In planning and performing our audit and our consideraion of the internal controls of Newton County, we found various offices that had only one person responsible for almost the entire accounting function. The following offices had a single person appointed to perform the accounting function: Juvenile Court, Probate Court, Magistrate Court and Clerk of Superior Court.

Effect: The failure to segregate out the accounting duties among multiple persons presents the opportunity for misappropriation of assets, mainly cash.

Recommendation: We recommend that for most offices someone other than the accounting clerk gather monies collected and compile, prepare and remit the deposits at a minimum of once a week if not daily. This person can document their procedures and submit to the accounting clerk for recording into the accounting systems of the various offices.

Views of officials: Management concurs with the above finding, and will work with the effected offices to devise better internal controls over the accounting functions.

Significant Deficiency

2007-1
Statement of
Condition: At present, management is not preparing the financial statements, they are being assisted by auditors. The intent of SAS 115 is not to prevent auditors from preparing the client's financial statements. Instead, the issue to be considered when determining if a significant deficiency or material weakness exists is whether the client is capable of preparing the financial statements and has the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Criteria: Management is responsible for the financial statements, including the preparation of such statements. A system of internal control over financial reporting does not stop at the general ledger. It includes controls over financial statement preparation, including footnote disclosure.

Effect: A control deficiency exists when the County does not have controls over the preparation of the financial statements that could prevent or detect a misstatement in the financial statements.

Cause: The size of the County's accounting staff prevents them from having the time to prepare the financial statements. As a matter of convenience and efficiency, the auditors are preparing the financial statements. This is a condition found in most small governments in Georgia.

Recommendation: We recommend the County provide additional training to provide the skills to set up proper controls to review, prevent, and detect material misstatements.

Views of officials: Management concurs with the above finding, and is continuing to strive for addtional education and training.

NEWTON COUNTY, GEORGIA
Schedule of Findings and Questioned Costs
June 30, 2011

Section III—Findings and Questioned Costs - Major Federal Award Programs Audit
Compliance

There were no reported findings related to federal awards.

NEWTON COUNTY, GEORGIA
Summary Schedule of Prior Audit Findings
June 30, 2011

There were no reported findings related to federal award in the prior year.

NEWTON COUNTY, GEORGIA
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2011

2005 SPLOST

Project	Original Estimated Cost	Other Estimated Funding Sources	Total Estimated Project Costs	Expenditures		
				As Restated Prior Years	Current Year	Total
Roads	$ 20,000,000	$ -	$ 20,000,000	$ 14,443,650	$ 131,577	$ 14,575,227
Mechanic shop	2,000,000	-	2,000,000	2,009,732	-	2,009,732
Landfill	3,700,000	-	3,700,000	3,580,452	-	3,580,452
Civic Center	5,000,000	-	5,000,000	-	-	-
Radio Communication	6,000,000	-	6,000,000	5,320,833	96,962	5,417,795
Data Communication	1,625,000	-	1,625,000	1,636,159	-	1,636,159
Detention Center	3,600,000	-	3,600,000	3,329,415	-	3,329,415
County Office Complex	5,000,000	13,200,000	18,200,000	13,541,543	-	13,541,543
Community Building	500,000	-	500,000	555,683	3,620	559,303
Judicial Center Parking	265,000	-	265,000	300,843	-	300,843
Cousins Gym	500,000	-	500,000	196,140	280,464	476,604
Historic Jail	500,000	-	500,000	116,974	319,938	436,912
Land Acquisition	1,000,000	-	1,000,000	1,264,089	-	1,264,089
City Projects-						
Oxford	605,168	-	605,168	514,457	90,711	605,168
Porterdale	909,736	-	909,736	773,388	136,405	909,793
Newborn	166,325	-	166,325	141,396	24,929	166,325
Covington	3,693,385	-	3,693,385	3,139,785	553,600	3,693,385
Mansfield	125,384	-	125,384	106,589	18,795	125,384
Administration	3,610,002	-	3,610,002	2,999,053	-	2,999,053

Add: Amounts paid for debt repayment for early funding of projects	6,982,466
Amounts paid for referendum projects that involved transfer to debt service fund	1,508,703
	$ 10,148,170

NEWTON COUNTY, GEORGIA
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2010

Project	Original Estimated Cost	Other Estimated Funding Sources	Total Estimated Project Costs	Expenditures		
				Prior Years	Current Year	Total
1995 SPLOST						
Road & Bridge Improvements	$ 10,000,000	$ 881,930	$ 10,881,930	$ 11,979,327 ***	$ -	$ 11,979,327
Facilities	8,400,000	1,075,500	9,475,500	10,551,000	-	10,551,000
Recreation	5,000,000	1,164,000	6,164,000	7,328,000	-	7,328,000
Library	3,100,000	-	3,100,000	3,100,000	-	3,100,000
Landfill	1,500,000	209,106	1,709,106	1,918,212	-	1,918,212
Administrative	-	299,447	299,447	598,894	-	598,894

*** As restated for properly calculated amounts.

NEWTON COUNTY, GEORGIA
Schedule of State Contractual Assistance
For the Fiscal Year Ended June 30, 2011

Program Title	Contract Number	Receipt Recognized Fiscal Year	Expend-itures	Amount Due to/from State
Family Connection	427-93-11110105-99	$ 31,689	$ 31,689	$ -
	427-93-10100357-99	10,437	10,437	-
Community Services Block Grant				
Contract for FY Oct 08-Sept 10	427-93-07070694-99	84,267	84,267	-
Contract for FY Oct 10-Sept 11	427-00-0400000003681	25,978	25,978	-
Contract for ARRA FY Oct 10-Sept 11	427-00-0400000000517	57,415	57,415	-
Total State Assistance		$ 209,786	$ 209,786	$ -