SPALDING COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:
Jinna L. Garrison, CPA
Administrative Services Director

SPALDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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I. INTRODUCTORY SECTION

SPALDING COUNTY
BOARD OF COMMISSIONERS

Eddie L. Freeman, CHAIRMAN
Gwen Flowers-Taylor, VICE CHAIRMAN
Samuel C. Gardner
Bob J. Gilreath
Raymond T. Ray, Jr.

COUNTY MANAGER
William P. Wilson, Jr.
COUNTY ATTORNEY
James R. Fortune, Jr.

December 20, 2011

Honorable Eddie L. Freeman, Chairman,
Members of the Board of Commissioners,
and the Citizens of Spalding County, Georgia:

State law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Spalding County, Georgia for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of Spalding County, Georgia. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Spalding County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Spalding County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Spalding County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Spalding County's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Spalding County for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Spalding County's financial statements for the fiscal year ended June 30, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Spalding County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Compliance Section of Spalding County's Comprehensive Annual Financial Report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Spalding County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Spalding County was created in 1851 by an act of the Legislature of the State of Georgia and is geographically located in the middle part of the state, approximately 40 miles south of Atlanta. Its land area encompasses approximately 200 square miles, and serves a population of 64,073. Spalding County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Spalding County is bordered on the north by Clayton and Henry Counties, on the east by Butts County, on the south by Lamar and Pike Counties and on the west by Meriwether, Coweta and Fayette Counties. Three incorporated municipalities are located within Spalding County: Griffin, which is the County seat, Sunny Side and Orchard Hill.

The governing authority of the County is a Board of Commissioners consisting of five members. The commissioners serve on a part-time basis and are elected to staggered terms of four years. The commissioners are responsible, among other things, for passing ordinances, adopting the budget, establishing tax rates, appointing committees and hiring both the County's manager and attorney. In 1992, the General Assembly of Georgia created the position of County Manager for Spalding County. The County Manager is responsible for carrying out the policies and ordinances of the Spalding County Board of Commissioners, for overseeing the day-to-day operations of the County, and for appointing the heads of various departments.

Spalding County provides a full range of services, including law enforcement; corrections; the construction and maintenance of buildings, parks, streets, highways, bridges, storm-water drainage facilities, and other associated infrastructure; parks and recreational activities; 911 emergency communications; voter registration and elections; court systems; tax assessment and collection; building inspections; geographic information systems; planning and zoning; solid waste collection and recycling; and general administrative and support activities. The County also provides fire protection to the unincorporated areas of the County.

This report includes all funds of the County, as well as those component units that have been determined to meet the criteria for inclusion in the County's reporting entity. The Spalding County Water and Sewerage Facilities Authority, the Spalding County Department of Health, and the Griffin-Spalding County Development Authority are all included as an integral part of Spalding County's financial statements. Additional information on all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for Spalding County's financial planning and control. All departments and agencies of Spalding County are required to submit requests for appropriation to the County Manager in March each year. The County Manager uses these requests as the starting point for developing a proposed budget. The County Manager then presents this proposed budget to the Board of Commissioners for review during the month of May. The Board of Commissioners are required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of Spalding County's fiscal year. The appropriated budget is prepared by

fund and department. The County Manager may make transfers of appropriations within a department. Transfers of appropriations between departments and the appropriation of additional funds, however, require the special approval of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Spalding County operates.

Local economy. Spalding County's unique location allows its citizens to enjoy the amenities of the Atlanta metropolitan region along with a quality of life traditionally associated with a suburban environment. Nonetheless, Spalding County's local economic outlook is increasingly influenced by the Atlanta region.

Continuing development trends, both in terms of population and economic growth, are strongly influenced by the ongoing suburbanization of Spalding County. Pulte Homes, Inc. chose Spalding County as the perfect location for Sun City Peachtree, the largest master-planned community in the Atlanta area. This active adult community of over 3,400 planned homes on 1,700 acres is touted to be an "active adult oasis" and the first Sun City branded product in Georgia. These new residents will create a demand for additional retail and commercial services, which will fuel growth in this economic sector of our community.

At the same time that the County has enjoyed a closer affiliation with the rest of the Atlanta region, the traditional economic moorings of Spalding County have changed significantly. While the textile industry is no longer a major member of the County's industrial community, the local economy has diversified substantially in recent years. The University of Georgia Griffin Campus, along with Southern Crescent Technical College, leads the transition from a "mill-town" to a "University Community" into the future. The addition of many new degree programs each year to the UGA Griffin Campus curriculum and the 2011 groundbreaking of a new state-of-the-art Medical Technology Building at Southern Crescent Technical College are working to make Spalding County the higher education destination on the south side of Atlanta.

Leveraging Spalding County's close proximity to Hartsfield-Jackson International Airport, as well as convenient 4 lane access to Interstate 75, the local economy now consists of a healthy mixture of high-tech manufacturing, research and development and skilled product assembly, as well as the growing retail and commercial services sector.

The economic forecast for Spalding County expects a continuation of these evolving trends with a focus on becoming an educational destination south of Atlanta. Spalding County expects to see substantial residential growth in the next decade and beyond. While many of these new residents will commute throughout the Atlanta region, it is expected that a number of these residents will be working in Spalding County. Considerable new commercial and industrial development is anticipated as businesses capitalize on Spalding County's Atlanta metro location, while enjoying the benefits of the County's dedicated, growing, and increasingly sophisticated workforce.

Long term financial planning. Following its annual financial review process of the Spalding County Capital Improvement Plan, the commissioners plan to maintain the unassigned fund balance in the General Fund between 15 and 20 percent of total general fund revenues so as to reduce the amount that will need to be borrowed to finance future acquisition and construction. Any significant changes to this plan can be reviewed on an as-necessary basis.

Major Initiatives. Spalding County was made a part of the Atlanta Regional Commission (ARC) for transportation planning purposes in 2005. The ARC model requires a more comprehensive approach for funding transportation needs than has been required in the past. Over the past 18 months the County has worked in conjunction with other local governments within the Three Rivers Region and has developed a regional transportation plan. Funding for major initiatives within this plan is anticipated from a special T-SPLOST to be voted on later this year. Spalding County contracted with LPA Group in 2009 for the planning, site analysis and environmental studies associated with an Airport relocation study and Public Hearings were held this year. Commuter Rail planning and relocation of the Airport are the major projects in the regional transportation plan. The proposed new airport is located in close proximity to the new Lakes at Green Valley Industrial Park that is in the final steps of completion.

A Special Purpose Local Option Sales Tax, passed by an overwhelming majority in November 2005, showed that the voters have a long-term vision for their county, and that vision included a county-wide 800 MHz communication system to increase interoperability between local emergency services and the state, expansion/renovation or replacement of the Spalding County Senior Citizens Center and construction of a Student Learning Center on the University of Georgia Griffin Campus. The new Student Learning Center opened in 2009 and has several hundred students enrolled in their undergraduate and graduate degree programs. The 800 MHz radio system was completed and made fully operational during 2011, and the County is now pursuing grant funding for an early warning system to enhance our ability to notify citizens of pending emergencies.

The County implemented another Special Purpose Local Option Sales Tax (SPLOST) passed in 2008 to provide funding for acquisition, construction, and development of property for the Griffin Spalding County Industrial Development Authority. This new 680 acre industrial park, called the Lakes at Green Valley, is located on the Big Shanty property in eastern Spalding County and began site development in 2009. Sites for potential industrial prospects are currently available and we are seeing great interest in this “green” industrial park. Other 2008 SPLOST projects included the acquisition, construction and development of additions to the Southern Crescent Technical College campus and infrastructure improvements in the County. These projects are pay-as-you-go projects and are in the planning stages awaiting the collection of SPLOST receipts.

The Spalding County Water Authority’s earlier issuance of additional bonds to expand and improve water service in the County has improved water pressure, fire fighting capabilities, redundancy, and flow rates throughout the County for many years to come. In addition, the recent acquisition of the Springs Waste Water Treatment Plant will make possible provision of sewer lines to Northern Spalding County, opening up new areas of service to previously unavailable areas.

The Spalding County Fire Department finished construction of the new L.B. Norton Fire Station #7 in Fiscal Year 2010. The station is now fully staffed and operational. The station provides improved service and response times in the western region of the county. The new fire station contains the latest technological advances in the fire service industry. A new pumper truck and a rescue vehicle are housed at this location. The L.B. Norton Fire Station is the newest in fire station design for Spalding County and is a prototype for future stations.

Cash management policies and practices. The County has contracted with Branch Banking and Trust Company to provide investment and banking services. All operating funds of the County are carried in interest-bearing checking accounts, which bear interest at the rate of the Target Federal Funds rate minus five basis points. Fees are charged separately. In order to minimize credit and market risks, all deposits of the County are either insured by federal depository insurance or collateralized at 110% of the market value.

Risk management. The Worker's Compensation Trust Fund (Internal Service Fund) records the activity of the County's worker's compensation insurance program. Third party coverage is currently maintained for excess coverage on worker's compensation claims, property and casualty insurance, and general liability insurance. Additionally, as of July 1, 2001, the County began purchasing health insurance from a private carrier. Additional information on Spalding County's risk management activity can be found in the footnotes to the financial statements.

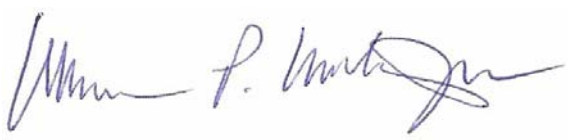
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spalding County for its comprehensive annual financial report for the year ended June 30, 2010. This was the tenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the dedication and contribution of Mauldin & Jenkins, LLC and the cooperation of the various elected officials and appointed management. We express our appreciation to all those who contributed to its preparation. Finally, we would like to thank the Board of Commissioners for their visionary leadership and support in conducting the financial affairs of Spalding County in a responsible manner.

Respectfully submitted,





William P. Wilson, Jr.
County Manager

Jinna L. Garrison, CPA
Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Spalding 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.



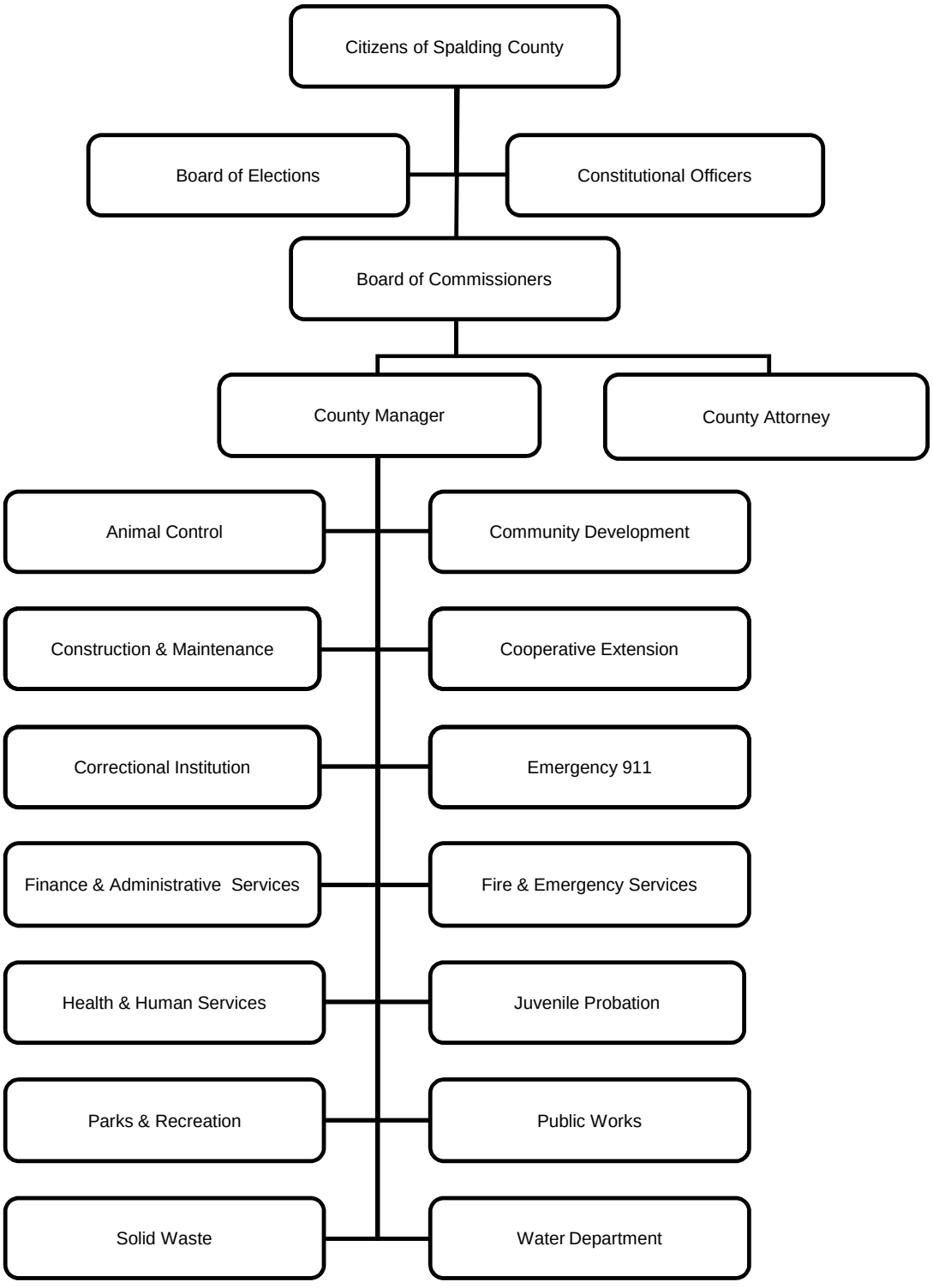
Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

SPALDING COUNTY, GEORGIA
ORGANIZATIONAL CHART



SPALDING COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2011

BOARD OF COMMISSIONERS
Eddie L. Freeman, Chairman
Gwen Flowers-Taylor, Vice-Chairman
Raymond T. Ray, Jr.
Bob J. Gilreath
Samuel “Chipper” Gardner

COUNTY MANAGER
William P. Wilson, Jr.

ADMINISTRATIVE SERVICES DIRECTOR
Jinna L. Garrison, CPA

COUNTY ATTORNEY
James R. Fortune, Jr.

DEPUTY COUNTY MANAGER
Virginia Martin

SHERIFF
Wendell Beam

TAX COMMISSIONER
Sylvia W. Hollums

CLERK OF SUPERIOR COURT
Marcia L. Norris

STATE COURT JUDGE
Sidney R. Esary

PROBATE COURT JUDGE
Dewitt W. Simonton, Jr.

MAGISTRATE COURT JUDGE
Rita L. Cavanaugh

DISTRICT ATTORNEY
Scott Ballard

SUPERIOR COURT JUDGES
Christopher C. Edwards
Tommy R. Hankinson
W. Fletcher Sams
Robert Mack Crawford

II. FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Spalding County, Georgia**, as of and for the year ended June 30, 2011, which collectively comprise Spalding County, Georgia'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 Spalding County Department of Public Health or the Griffin-Spalding Development Authority, which statements reflect total assets of $868,781 and $25,808,243, respectively, as of June 30, 2011, and total revenues of $1,758,001 and $4,727,935, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Spalding County Department of Public Health and the Griffin-Spalding Development Authority in the component unit columns is based on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Spalding County, Georgia as of June 30, 2011, and the respective changes in financial position, where applicable, thereof and the budgetary comparisons for the General Fund and major special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of Spalding County, Georgia's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 12) and the Schedule of Funding Progress (on page 64) 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 to 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 Spalding County, Georgia's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Spalding County, Georgia. The accompanying schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 of Spalding County, Georgia. The combining and individual nonmajor fund financial statements, the schedules of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spalding County, Georgia's financial statements as a whole. The introductory section, the statistical section, and continuing disclosure information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Spalding County, Georgia. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Macon, Georgia
December 15, 2011

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SPALDING COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

As management of Spalding County, Georgia (the "County"), we offer readers of Spalding County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the financial statements, and the notes to the financial statements.

Financial Highlights

- The assets of Spalding County exceeded its liabilities at June 30, 2011, by $93,392,753 (net assets).
- At June 30, 2011, the County's governmental funds reported combined ending fund balances of $25,159,735, a decrease of $2,917,673 or 10.39% in comparison with the prior year. Of this amount, $878,154 remains in the various funds as unassigned.
- At June 30, 2011, the County's General Fund reported an unassigned fund balance of $899,412.
- The County's 2008 SPLOST Capital Project Fund closed fiscal year 2011 with a fund balance of $10,054,057. The SPLOST began January 1, 2009 and will be used for various city and county infrastructure projects as well as a new industrial park.

Overview of the Financial Statements

This Discussion and Analysis is intended to serve as an introduction to Spalding County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of Spalding County's finances, in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. It is important to note that this statement, for the first time, consolidates the governmental fund's current financial resources (short-term) with capital assets and long-term liabilities.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, judiciary, transportation, community services, community development, parks and recreation, and tourism.

The government-wide financial statements include not only Spalding County itself (known as the primary government), but also the Spalding County Department of Public Health, the Griffin-Spalding County Development Authority and the Spalding County Water and Sewerage Facilities Authority. These are legally separate entities that are component units of the County due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 13 – 15 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Spalding County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Spalding County maintains governmental funds to account for the following activities: General; Special Revenue (Fire District, Community Services Block Grant, Emergency 911, Confiscated Assets, Law Library, Multiple Grant, Tourism, Local Victims Assistance Program and Griffin Judicial Drug Court); Debt Service (2008 SPLOST Debt Service and GMA Lease Pool) and Capital Projects (2005 SPLOST Capital Projects, 2008 SPLOST Capital Projects, General Capital Projects, Impact Fees, and CDBG EIP Norcom Grant).

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire District, 2008 SPLOST Capital Projects and 2005 SPLOST Capital Projects funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Spalding County adopts an annual appropriated budget for its general, special revenue, and capital projects funds.

A budgetary comparison statement has been provided for the General Fund and Fire District Fund. These statements are found on pages 21 – 24. The basic governmental fund financial statements can be found on pages 16 – 19. Budgetary comparisons have also been included in the combining statements for other governmental funds with legally adopted annual budgets.

Proprietary Funds. Spalding County uses an internal service fund to account for its Workers' Compensation Trust Fund. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Spalding County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The statement of fiduciary assets and liabilities can be found on page 28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 – 64 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Along with the combining statements are budget to actual schedules for all governmental funds. Combining and individual fund statements and schedules can be found on pages 66 – 83 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Spalding County, assets exceed liabilities by $93,392,753 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (88.85%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and intangible assets); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Spalding County's Net Assets – Governmental Activities

	2011	2010
Current and other assets	$ 31,060,692	$ 33,239,605
Capital assets	91,020,072	93,531,926
Total assets	122,080,764	126,771,531
Long-term liabilities outstanding	25,612,819	28,760,679
Other liabilities	3,075,192	2,341,675
Total liabilities	28,688,011	31,102,354
Net assets:		
Invested in capital assets, net of related debt	82,982,348	85,388,780
Restricted	20,114,417	21,882,136
Unrestricted	(9,704,012)	(11,601,739)
Total net assets	$ 93,392,753	$ 95,669,177

An additional portion of Spalding County's net assets (21.54%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a deficit of $9,704,012.

During the current fiscal year restricted net assets decreased $1,767,719. This included a decrease of debt service restrictions by $3,766,929 which was due to scheduled principal payments.

The County's deficit in unrestricted net assets decreased $1,897,727 from the prior year. The County issued $15,500,000 in general obligation bonds during fiscal 2009. The proceeds from these bonds are being used for the acquisition of assets for the Development Authority. Therefore, this debt has reduced the unrestricted net assets of the County.

Governmental Activities. Governmental activities decreased the County's net assets by $2,276,424. Key elements of this increase are as follows:

Spalding County's Changes in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Revenues		
Program revenues:		
Charges for services	$ 9,857,939	$ 10,289,539
Operating grants and contributions	1,954,506	1,601,575
Capital grants and contributions	761,524	829,112
General revenues:		
Property taxes	24,304,835	23,667,798
Other taxes	17,314,819	18,144,811
Investment income	197,308	229,070
Total revenues	54,390,931	54,761,905
Expenses		
General government	7,417,820	7,107,940
Judicial	4,617,323	4,528,384
Public safety	28,442,241	26,524,500
Public works	5,374,364	5,398,943
Health and welfare	934,364	1,095,175
Culture and recreation	2,677,153	2,643,500
Housing and development	6,118,772	4,522,298
Interest on long-term debt	1,085,318	1,145,336
Total expenses	56,667,355	52,966,076
Increase (decrease) in net assets	(2,276,424)	1,795,829
Net assets, beginning of year	95,669,177	93,873,348
Net assets, end of year	$ 93,392,753	$ 95,669,177

- Operating grants and contributions increased $352,931 over the previous fiscal year. The increase is due to reimbursements from FEMA for expenditures resulting from the April 2011 tornado disaster in Spalding County.
- Capital grants and contributions decreased $67,588. The decline in the economy and housing market has contributed to a decline in development and a decline in infrastructure contributed to the County by developers.
- Investment income decreased by $31,762, due to falling interest rates and declining cash balances.
- Sales taxes decreased $884,387 due the continuing decline in the economy.
- Total expenses increased $3,701,279 over the previous year. Land for a new industrial park was purchased for the Development Authority with 2008 SPLOST funds in October 2009 and construction is ongoing. Also, the L.B. Norton fire station which opened in November 2010 was fully staffed during fiscal 2011.

Financial Analysis of the Government's Funds

As noted earlier, Spalding County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of Spalding County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $25,159,735, a decrease of $2,917,673 in comparison with the prior year. Approximately 3.5% of this total amount ($878,154) constitutes unassigned fund balance, which is available for spending at the government's discretion. Of the remainder of fund balance, $21,353,846 is restricted for public safety, capital projects, and debt service and $2,927,735 is assigned for various intended purposes.

The General Fund is the chief operating fund of Spalding County. At the end of the current fiscal year, unassigned fund balance of the general fund was $899,412, while total fund balance reached $3,522,163. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.36% of total general fund expenditures, while total fund balance represents 9.24% of that same amount.

The fund balance of the County's General Fund decreased by $981,517 during the current fiscal year. Lower than anticipated revenues contributed to this decrease.

The 2005 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2005 General Obligation Sales Tax Bonds and the 2005 1% Special Purpose Local Option Sales Tax approved by voters in November 2005. These resources must be used to finance the acquisition of capital projects, including a County-wide eight hundred megahertz radio system for law enforcement, fire and rescue, and public works personnel, a Student Learning Center on the University of Georgia Griffin campus, and a Spalding County Senior Citizens Center expansion and renovation or the purchase of a new facility. At the end of the 2011 fiscal year, the 2005 SPLOST Capital Projects fund had a restricted fund balance of $4,092,518, which is a decrease of $138,510, or 3.27% from the previous year. The eight hundred megahertz radio system is in operation and construction is complete on the Student Learning Center on the University of Georgia Griffin campus. Construction on the new Senior Citizens Center is scheduled to begin in the spring of 2012.

Spalding County voters approved a continuation of the 1% sales tax in November 2008. The 2008 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2008 General Obligation Sales Tax Bonds and the 2008 1% Special Purpose Local Option Sales Tax. The 2008 SPLOST will fund a new industrial park, a continuing education building on the local Southern Crescent Technical College campus and various infrastructure and capital improvements for Spalding County and the cities of Griffin, Orchard Hill and Sunny Side. At the end of fiscal year 2011 the 2008 SPLOST Capital Projects fund had a restricted fund balance of $10,054,057, which is an increase of $106,308 from the previous year.

Proprietary Funds. Spalding County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The Workers' Compensation Trust Fund is the only proprietary fund of the County.

General Fund Budgetary Highlights

The net differences between the expenditures original budget and the final amended budget were $1,751,646 and can be summarized as follows:

- Increase in general government activities - $571,170, due primarily to the April 28, 2011 tornado disaster;
- Increase in public safety functions - $729,020, due primarily to an increase in capital asset purchases;
- Increase in public works services - $49,185, due primarily to an increase in capital asset purchases;
- Increase in health and welfare services - $269,110, due to increased funding of a dental clinic and medical clinic at the health department;
- Increase in culture and recreation activities - $133,161, due to construction of a new pocket park and park pavillions;

Of these increases, $243,680 was funded by a grant from the Griffin Spalding Hospital Authority, $39,175 was funded by a grant from the Spalding County Health Department, $236,530 was funded by capital lease proceeds, $94,960 was funded by contributions and donations, $52,500 was funded by Griffin Main Street and $607,269 was funded through the use of fund balance. The remaining budget increase was to be funded by reimbursements from FEMA and GEMA for the tornado disaster.

Actual General Fund revenues of $37,453,914 were less than final budgeted revenues by $2,131,587. The economic recession in Spalding County has resulted in reduced property tax and sales tax collections. Building permits, court fines and fees, and interest earnings have also been affected negatively by the downturn in the economy.

Actual General Fund expenditures of $38,111,206 were less than final budgeted expenditures of $40,214,915 by $2,103,709. In anticipation of an economic downturn, Spalding County implemented a hiring freeze for all departments with the exception of public safety in February of 2008. This savings in salaries and benefits coupled with a united effort by Spalding County elected officials, department heads and employees to reduce operating expenditures resulted in this large variance.

Capital Asset and Debt Administration

Capital Assets. Spalding County's investment in capital assets for its governmental activities as of June 30, 2011, amounts to $91,020,072 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Spalding County's Capital Assets
(Net of Depreciation)

	Governmental Activities 2011	Governmental Activities 2010
Land	$ 3,132,527	$ 3,132,857
Construction in progress	10,978,440	10,906,054
Land improvements	5,373,321	5,516,402
Buildings and improvements	26,040,139	26,884,956
Machinery and equipment	3,508,791	3,992,766
Furniture and fixtures	8,044	10,490
Intangibles	532,579	583,864
Infrastructure (roads)	41,446,231	42,504,537
Total	$ 91,020,072	$ 93,531,926

Overall, governmental capital assets decreased by a net amount of $2,511,854 during 2011 due to depreciation. Total governmental capital assets added during 2011 amounted to $941,747. Major projects consisted of the following:

- $579,686 in Public Safety vehicles and equipment;
- $217,900 in donated subdivision roads were accepted by the County; and
- New computer hardware in the amount of $51,590 to aid Public Safety.

Additional information on the County's capital assets can be found in Note 6 on pages 45 – 47 of this report.

Long-term Debt. At the end of the current fiscal year, Spalding County, as the primary government, had total bonded debt outstanding in the form of general obligation bonds of $12,600,000.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the County is $155,352,360.

Spalding County maintains a "AAA" rating from Standard & Poor's and a "Aa3" rating from Moody's for general obligation debt. Additional information regarding the County's long-term debt can be found in Note 7 on pages 48 – 54 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Spalding County is currently 13.3%, which is an increase from a rate of 12.5% one year ago. The unemployment rate for the State of Georgia at June 30, 2011, is 10.5%.
- Spalding County lost three major industries with the closing of Nacom and Cooper Standard during fiscal 2008, and Springs Industries during fiscal 2009. This has greatly impacted property tax revenues.
- Spalding County began experiencing an economic downturn during fiscal 2008. Monthly sales taxes have decreased and revenues associated with building permits, interest income, and state funded programs have steadily declined. In response, the County initiated a hiring freeze in February 2008 which is anticipated to continue through the end of fiscal 2012.

All of these factors were taken into consideration when preparing the 2012 budget. During the current fiscal year, unassigned fund balance in the general fund decreased to $899,412. A total of $1,386,450 has been appropriated for spending in the 2012 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of Spalding County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Director, Spalding County, P.O. Box 1087, Griffin, Georgia 30224.

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BASIC FINANCIAL STATEMENTS

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government	Component Units		
	Governmental Activities	Health Department	Development Authority	Water Authority
ASSETS				
Cash and cash equivalents	$ 22,293,576	$ 766,506	$ 836,201	$ 5,237,198
Investments	2,233,323	-	2,080,000	-
Property taxes receivable	1,869,643	-	-	-
Accounts receivable	452,871	40,471	540	803,198
Interest receivable	29	-	23,404	-
Due from other governments	3,115,107	57,060	161,193	-
Deferred charges	153,400	-	-	326,419
Restricted assets:				
Bond sinking fund	-	-	-	1,122,410
Debt service reserve fund	-	-	-	988,000
Construction fund	-	-	-	5,868,239
Fair value of interest rate swap	438,635	-	-	-
Capital assets, non-depreciable	14,110,967	-	22,252,341	6,268,333
Capital assets, depreciable (net of accumulated depreciation)	76,909,105	4,744	454,564	14,397,251
Other noncurrent asset	504,108	-	-	-
Total assets	122,080,764	868,781	25,808,243	35,011,048
LIABILITIES				
Accounts payable	1,416,340	-	153,976	556,816
Accrued liabilities	430,152	15,644	4,225	2,792
Accrued interest payable	259,907	-	-	255,867
Due to other governments	439,541	45,949	-	-
Unearned revenue	529,252	-	-	-
Liabilities payable from restricted assets	-	-	-	990,000
Claims payable due within one year	644,086	-	-	-
Claims payable due in more than one year	146,324	-	-	-
Capital leases due within one year	521,538	-	-	-
Capital leases due in more than one year	2,596,536	-	-	-
Bonds payable due within one year	3,000,000	-	-	-
Bonds payable due in more than one year	9,671,796	-	-	13,266,069
Notes payable due in more than one year	-	-	3,793,120	-
Compensated absences due within one year	802,532	22,454	-	8,356
Compensated absences due in more than one year	535,021	86,410	-	5,570
Certificates of participation due within one year	369,642	-	-	-
Certificates of participation due in more than one year	5,867,663	-	-	-
Landfill due within one year	99,333	-	-	-
Landfill due in more than one year	1,101,521	-	-	-
Net OPEB obligation due in more than one year	256,827	-	-	-
Total liabilities	28,688,011	170,457	3,951,321	15,085,470
NET ASSETS				
Invested in capital assets, net of related debt	82,982,348	4,744	18,913,785	12,277,754
Restricted for:				
Grant purposes	40,553	-	-	-
Judicial	326,460	-	-	-
Public safety	1,837,561	-	-	-
Culture and recreation	368,890	-	-	-
Capital projects	15,516,222	-	-	-
Debt service	2,024,731	-	-	864,543
Other purposes	-	492,173	-	-
Unrestricted	(9,704,012)	201,407	2,943,137	6,783,281
Total net assets	$ 93,392,753	$ 698,324	$ 21,856,922	$ 19,925,578

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

SPALDING COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
General government	$ 7,417,820	$ 1,956,814	$ 83,815	$ 67
Judicial	4,617,323	1,890,553	614,022	-
Public safety	28,442,241	5,656,679	571,727	280
Public works	5,374,364	183,394	-	217,900
Health and welfare	934,364	-	508,741	-
Culture and recreation	2,677,153	156,692	95,538	-
Housing and development	6,118,772	13,807	80,663	543,277
Interest on long-term debt	1,085,318	-	-	-
Total primary government	$ 56,667,355	$ 9,857,939	$ 1,954,506	$ 761,524
Component units:				
Health Department	$ 1,850,534	$ 550,018	$ 1,204,558	$ -
Development Authority	494,309	-	-	4,672,404
Water Authority	6,779,847	7,416,324	-	-
Total component units	$ 9,124,690	$ 7,966,342	$ 1,204,558	$ 4,672,404
General revenues:				
Property taxes				
Alcoholic beverage taxes				
Vehicle taxes				
Sales taxes				
Intangible taxes				
Insurance premium taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Other				
Total general revenues				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government	Component Units		
Governmental Activities	Health Department	Development Authority	Water Authority
$ (5,377,124)	$ -	$ -	$ -
(2,112,748)	-	-	-
(22,213,555)	-	-	-
(4,973,070)	-	-	-
(425,623)	-	-	-
(2,424,923)	-	-	-
(5,481,025)	-	-	-
(1,085,318)	-	-	-
(44,093,386)	-	-	-
-	(95,958)	-	-
-	-	4,178,095	-
-	-	-	636,477
-	(95,958)	4,178,095	636,477
24,304,835	-	-	-
342,638	-	-	-
1,758,346	-	-	-
12,772,683	-	-	-
197,775	-	-	-
1,648,929	-	-	-
96,106	-	-	-
498,342	-	-	-
197,308	3,425	46,331	5,672
-	-	9,200	-
41,816,962	3,425	55,531	5,672
(2,276,424)	(92,533)	4,233,626	642,149
95,669,177	790,857	17,623,296	19,283,429
$ 93,392,753	$ 698,324	$ 21,856,922	$ 19,925,578

SPALDING COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General	Fire District	Capital Projects 2008 SPLOST	Capital Projects 2005 SPLOST
Cash and cash equivalents	$ 2,709,174	$ 555,848	$ 9,547,434	$ 4,092,500
Investments	-	-	-	-
Property taxes receivable	1,569,049	300,594	-	-
Accounts receivable	243,549	1,659	-	-
Interest receivable	-	-	11	18
Due from other governments	1,369,897	-	1,435,377	-
Due from other funds	40,513	-	-	-
Total assets	$ 5,932,182	$ 858,101	$ 10,982,822	$ 4,092,518
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 527,950	$ 18,077	$ 489,224	$ -
Accrued liabilities	352,609	62,130	-	-
Due to other governments	-	-	439,541	-
Due to other funds	3,548	-	-	-
Deferred revenue	1,525,912	280,465	-	-
Total liabilities	2,410,019	360,672	928,765	-
FUND BALANCES				
Fund balances:				
Restricted for:				
Grant purposes	-	-	-	-
Judicial	-	-	-	-
Public safety	-	497,429	-	-
Culture and recreation	-	-	-	-
Capital projects	-	-	10,054,057	4,092,518
Debt service	-	-	-	-
Assigned for:				
General government	26,702	-	-	-
Public safety	37,981	-	-	-
Culture and recreation	1,150	-	-	-
Capital projects	-	-	-	-
Sales taxes	1,157,146	-	-	-
Tricentennial Celebration	1,983	-	-	-
Memorial Gifts	11,339	-	-	-
Next year's budget	1,386,450	-	-	-
Unassigned	899,412	-	-	-
Total fund balances	3,522,163	497,429	10,054,057	4,092,518
Total liabilities and fund balances	$ 5,932,182	$ 858,101	$ 10,982,822	$ 4,092,518

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.

Net OPEB obligations are not due and payable in the current period and, therefore, are not reported in the funds.

Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Net assets of governmental activities

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

Other Governmental Funds	Total Governmental Funds
$ 5,376,141	$ 22,281,097
1,551,033	1,551,033
-	1,869,643
190,028	435,236
-	29
309,833	3,115,107
3,548	44,061
$ 7,430,583	$ 29,296,206
$ 381,089	$ 1,416,340
15,413	430,152
-	439,541
40,513	44,061
-	1,806,377
437,015	4,136,471
40,553	40,553
326,460	326,460
1,261,906	1,759,335
368,890	368,890
2,687,302	16,833,877
2,024,731	2,024,731
-	26,702
-	37,981
-	1,150
304,984	304,984
-	1,157,146
-	1,983
-	11,339
-	1,386,450
(21,258)	878,154
6,993,568	25,159,735
$ 7,430,583	
	91,020,072
	1,277,125
	(24,233,454)
	504,108
	(256,827)
	(78,006)
	$ 93,392,753

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General	Fire District	Capital Projects 2008 SPLOST	Capital Projects 2005 SPLOST
REVENUES				
Property taxes	$ 20,096,238	$ 3,818,677	$ -	$ -
Alcoholic beverage taxes	342,638	-	-	-
Vehicle taxes	1,758,346	-	-	-
Sales taxes	4,916,461	-	6,807,532	-
Other taxes	668,309	1,676,737	-	-
Licenses and permits	189,650	-	-	-
Intergovernmental	1,421,410	34,252	-	-
Charges for services	4,897,248	-	-	-
Court fees, fines and forfeitures	1,334,207	-	-	-
Interest	19,200	758	237	280
Contributions and donations	94,960	-	-	-
Rentals	212,040	-	-	-
Other	1,503,207	74,955	-	-
Total revenues	37,453,914	5,605,379	6,807,769	280
EXPENDITURES				
Current:				
General government	4,893,770	-	750	-
Judicial	4,370,738	-	-	-
Public safety	20,370,361	4,961,800	-	-
Public works	3,901,205	-	-	-
Health and welfare	705,244	-	-	-
Culture and recreation	2,488,999	-	-	-
Housing and development	716,299	-	-	-
Intergovernmental	-	-	2,037,115	-
Capital outlay	-	-	4,662,632	138,790
Debt service:				
Principal	447,378	250,696	-	-
Interest	217,212	81,888	964	-
Total expenditures	38,111,206	5,294,384	6,701,461	138,790
Excess (deficiency) of revenues over (under) expenditures	(657,292)	310,995	106,308	(138,510)
OTHER FINANCING SOURCES (USES)				
Transfers in	236,530	-	-	-
Transfers out	(560,755)	(15,000)	-	-
Total other financing sources (uses)	(324,225)	(15,000)	-	-
Net change in fund balances	(981,517)	295,995	106,308	(138,510)
FUND BALANCES, beginning of year	4,503,680	201,434	9,947,749	4,231,028
FUND BALANCES, end of year	$ 3,522,163	$ 497,429	$ 10,054,057	$ 4,092,518

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

Other Governmental Funds	Total Governmental Funds
$ -	$ 23,914,915
-	342,638
-	1,758,346
1,415,162	13,139,155
96,106	2,441,152
-	189,650
871,391	2,327,053
1,211,600	6,108,848
510,483	1,844,690
145,331	165,806
-	94,960
-	212,040
82	1,578,244
4,250,155	54,117,497
55,686	4,950,206
223,929	4,594,667
1,753,348	27,085,509
-	3,901,205
218,763	924,007
-	2,488,999
131,547	847,846
-	2,037,115
543,040	5,344,462
3,049,274	3,747,348
813,742	1,113,806
6,789,329	57,035,170
(2,539,174)	(2,917,673)
575,755	812,285
(236,530)	(812,285)
339,225	-
(2,199,949)	(2,917,673)
9,193,517	28,077,408
$ 6,993,568	$ 25,159,735

SPALDING COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	(2,917,673)
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 exceeded capital outlay in the current period.		(2,723,082)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		211,228
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		23,448
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.		3,777,231
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.		(5,626)
Internal service funds are used by management to charge costs of various services and benefits to individual funds. The net revenue (expense) of certain activities of internal service funds is reported with governmental activities.		(641,950)
	$	(2,276,424)

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

SPALDING COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 22,573,076	$ 21,593,498	$ 20,096,238	$ (1,497,260)
Alcoholic beverage taxes	341,000	341,000	342,638	1,638
Vehicle taxes	34,000	1,734,000	1,758,346	24,346
Sales taxes	5,200,000	5,200,000	4,916,461	(283,539)
Other taxes	780,750	780,750	668,309	(112,441)
Licenses and permits	302,700	302,700	189,650	(113,050)
Intergovernmental	626,750	1,055,625	1,421,410	365,785
Charges for services	5,115,372	5,115,372	4,897,248	(218,124)
Court fees, fines and forfeitures	1,660,000	1,680,000	1,334,207	(345,793)
Interest	6,000	6,000	19,200	13,200
Contributions and donations	-	105,934	94,960	(10,974)
Rentals	212,280	212,280	212,040	(240)
Other	1,397,491	1,458,342	1,503,207	44,865
Total revenues	38,249,419	39,585,501	37,453,914	(2,131,587)
EXPENDITURES				
Current:				
General government:				
Board of commissioners	256,790	272,450	262,237	10,213
Board of elections	202,454	202,454	168,417	34,037
Administration	346,221	350,721	348,723	1,998
Finance	103,630	103,630	106,394	(2,764)
Information systems	190,399	190,399	150,838	39,561
Human resources	176,047	176,047	170,118	5,929
Tax commissioner	793,729	793,729	725,689	68,040
Tax assessors	645,658	645,658	515,693	129,965
Construction and maintenance	340,099	340,099	346,775	(6,676)
Janitorial services	117,503	128,013	122,860	5,153
General appropriations	1,992,285	2,082,785	1,902,280	180,505
Tornado disaster	-	450,000	73,746	376,254
Total general government	5,164,815	5,735,985	4,893,770	842,215
Judicial:				
Superior court	149,590	149,590	146,917	2,673
Griffin judicial circuit	905,739	905,739	876,997	28,742
Clerk of court	783,323	783,323	735,873	47,450
District attorney	428,623	428,623	427,848	775
State court	649,042	649,042	611,552	37,490
Solicitor	174,230	174,230	181,382	(7,152)
Magistrate court	705,917	705,917	691,639	14,278
Probate court	260,024	260,024	267,455	(7,431)
Public defender	39,700	39,700	45,470	(5,770)
Public defender circuit	385,605	385,605	385,605	-
Total judicial	4,481,793	4,481,793	4,370,738	111,055

(Continued)

SPALDING COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current: (Continued)				
Public safety:				
Sheriff	$ 602,152	$ 653,742	$ 672,364	$ (18,622)
Victim services	130,228	130,228	142,424	(12,196)
Warrant division	977,722	977,722	951,695	26,027
Criminal investigation division	856,722	878,655	891,338	(12,683)
Uniform patrol division	2,898,806	3,227,812	3,083,928	143,884
Jail	6,735,792	6,735,792	6,849,182	(113,390)
Narcotics task force	936,648	941,542	919,320	22,222
Correctional institution	6,024,694	6,024,694	5,678,942	345,752
Juvenile probation	469,182	469,182	470,379	(1,197)
Coroner	51,683	51,683	53,060	(1,377)
800 MHz communication	-	245,501	254,070	(8,569)
Animal control	315,666	356,712	364,431	(7,719)
Emergency management	7,380	42,430	39,228	3,202
Total public safety	20,006,675	20,735,695	20,370,361	365,334
Public works:				
Public works	3,117,150	3,166,335	2,704,717	461,618
Solid waste collection	923,840	923,840	927,610	(3,770)
Garage	266,188	266,188	268,878	(2,690)
Total public works	4,307,178	4,356,363	3,901,205	455,158
Health and welfare:				
Health	394,486	663,596	666,969	(3,373)
Welfare	88,860	88,860	38,275	50,585
Total health and welfare	483,346	752,456	705,244	47,212
Culture and recreation:				
Recreation	585,730	586,730	529,785	56,945
Senior citizens' bus	57,659	57,659	20,394	37,265
Parks	1,639,349	1,762,135	1,751,345	10,790
Libraries	178,101	187,476	187,475	1
Total culture and recreation	2,460,839	2,594,000	2,488,999	105,001
Housing and development:				
Cooperative extension service	155,273	155,273	124,436	30,837
Community development	481,194	481,194	433,609	47,585
Code enforcement	116,153	116,153	107,764	8,389
Enrichment of young minds	49,503	49,503	50,490	(987)
Total housing and development	802,123	802,123	716,299	85,824

(Continued)

SPALDING COUNTY, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Debt service:				
Principal	$ 505,500	$ 505,500	$ 447,378	$ 58,122
Interest	251,000	251,000	217,212	33,788
Total debt service	756,500	756,500	664,590	91,910
Total expenditures	38,463,269	40,214,915	38,111,206	2,103,709
Deficiency of revenues under expenditures	(213,850)	(629,414)	(657,292)	(27,878)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	582,900	236,530	(346,370)
Transfers out	(425,000)	(560,755)	(560,755)	-
Total other financing sources (uses)	(425,000)	22,145	(324,225)	(346,370)
Net change in fund balances	(638,850)	(607,269)	(981,517)	(374,248)
FUND BALANCES, beginning of year	4,503,680	4,503,680	4,503,680	-
FUND BALANCES, end of year	$ 3,864,830	$ 3,896,411	$ 3,522,163	$ (374,248)

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

SPALDING COUNTY, GEORGIA

FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 4,036,305	$ 4,036,305	$ 3,818,677	$ (217,628)
Other taxes	1,731,000	1,731,000	1,676,737	(54,263)
Intergovernmental	34,500	34,500	34,252	(248)
Interest	1,000	1,000	758	(242)
Other	-	71,768	74,955	3,187
Total revenues	5,802,805	5,874,573	5,605,379	(269,194)
EXPENDITURES				
Current:				
Public safety	5,455,449	5,455,449	4,961,800	493,649
Capital outlay	100,000	100,000	-	100,000
Debt service:				
Principal	343,000	343,000	250,696	92,304
Interest	116,000	116,000	81,888	34,112
Total expenditures	6,014,449	6,014,449	5,294,384	720,065
Excess (deficiency) of revenues over (under) expenditures	(211,644)	(139,876)	310,995	450,871
OTHER FINANCING SOURCES (USES)				
Transfers in	125,815	125,815	-	(125,815)
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	110,815	110,815	(15,000)	(125,815)
Net change in fund balances	(100,829)	(29,061)	295,995	325,056
FUND BALANCES, beginning of year	201,434	201,434	201,434	-
FUND BALANCES, end of year	$ 100,605	$ 172,373	$ 497,429	$ 325,056

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

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Governmental Activities - Internal Service Funds
	Workers' Compensation
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 12,479
Investments	682,290
Accounts receivable	17,635
Total current assets	712,404
Total assets	712,404
LIABILITIES	
CURRENT LIABILITIES	
Current portion of claims payable	644,086
Total current liabilities	644,086
NONCURRENT LIABILITIES	
Claims payable, net of current portion	146,324
Total noncurrent liabilities	146,324
Total liabilities	790,410
NET ASSETS	
Unrestricted	(78,006)
Total net assets	$ (78,006)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Funds
	Workers' Compensation
OPERATING REVENUES	
Contributions	$ 420,795
Total operating revenues	420,795
OPERATING EXPENSES	
Claims paid	884,651
Administration and other costs	210,180
Total operating expenses	1,094,831
Operating loss	(674,036)
NON-OPERATING REVENUES	
Interest income	32,086
Total non-operating revenues	32,086
Change in net assets	(641,950)
NET ASSETS, beginning of year	563,944
NET ASSETS, end of year	$ (78,006)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Funds
	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employees	$ 420,795
Payments for insurance claims	(391,541)
Payments to suppliers for services provided	(210,180)
Net cash used in operating activities	(180,926)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	128,019
Interest received	32,086
Net cash provided by investing activities	160,105
Net decrease in cash and cash equivalents	(20,821)
Cash and cash equivalents, beginning of year	33,300
Cash and cash equivalents, end of year	$ 12,479
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (674,036)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Increase in accounts receivable	(17,635)
Increase in claims payable	510,745
Net cash used in operating activities	$ (180,926)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2011

	Agency Funds
ASSETS	
Cash	$ 832,906
Taxes receivable	3,398,800
Accounts receivable	23,090
Total assets	$ 4,254,796
LIABILITIES	
Due to others	$ 4,254,796

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

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Spalding County, Georgia (the "County") was created by a legislative act in the State of Georgia in 1851. The County operates under a Commission-County Manager form of government and has budgetary authority over the following functional areas: judicial and court systems, public safety, roads and bridges, health and welfare, water, landfill and general administrative services.

The financial statements of the County and its discretely presented component units, the Spalding County Water and Sewerage Facilities Authority (the "Water Authority"), the Griffin-Spalding Development Authority (the "Development Authority") and the Spalding County Department of Public Health (the "Health Department"), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the County are described below.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. In conformity with accounting principles generally accepted in the United States of America, as set forth in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the component units' financial statements have been included as discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based upon the application of these criteria, the following is a brief review of each component unit addressed in defining the County's reporting entity.

The Water Authority is governed by a nine-member board which is appointed by the governing authority of the County. The Water Authority provides water and related services to the citizens of Spalding County. The Water Authority is a means to issue revenue bonds and has the ability to finance, construct, equip and expand water transmission facilities throughout the County. The County approves the annual budget and provides substantially all funding of the Water Authority. The Water Authority is presented as an enterprise fund type component unit. There are no separately issued financial statements available for the Water Authority.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Health Department is governed by a seven-member board, four members of which are appointed by the governing authority of the County. The County approves the required local match portion of the budget requested by the Health Department which is administered by the appointed Board of the Health Department. The Health Department is presented as a governmental fund type component unit.

The Health Department's financial statements have been presented separately and can be obtained by writing to the Spalding County Department of Public Health, P.O. Box 129, Griffin, Georgia 30224.

The Development Authority is responsible for promoting industrial and commercial development within the City of Griffin and Spalding County. The Development Authority is responsible for making its own operating decisions. The Development Authority's budget must be approved by Spalding County. Spalding County provides substantially all funding for the Development Authority's annual budget and has contractually obligated itself to use its taxing powers to guarantee repayment of principal and interest on certain revenue bonds issued by the Development Authority. The Development Authority cannot issue bonded debt without approval by Spalding County; therefore, the Development Authority is fiscally dependent on Spalding County. The Development Authority is presented as a governmental type component unit.

The Development Authority's financial statements have been presented separately and can be obtained by writing to the Griffin-Spalding County Development Authority, P. O. Box 1009, Griffin, Georgia 30224.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements (agency funds do not have a measurement focus, but use the accrual basis of accounting). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

The ***fire district fund*** accounts for the operations and maintenance of fire protection services for all County taxpayers residing in unincorporated Spalding County. This fund also accounts for the acquisition and construction of fire stations and fire fighting vehicles and equipment. Financing is provided through a specific annual property tax levy, charges for services, and interest income.

The ***capital projects 2008 SPLOST fund*** accounts for the financial resources provided and subsequently expended from the 2008 General Obligation Sales Tax Bonds and the 2008 1% Special Purpose Local Option Sales Tax.

The ***capital projects 2005 SPLOST fund*** accounts for the financial resources provided and subsequently expended from the 2005 General Obligation Sales Tax Bonds and the 2005 1% Special Purpose Local Option Sales Tax.

Additionally, the County reports the following fund types:

The ***internal service fund*** accounts for the County's self-insured Workers' Compensation program.

The ***agency funds*** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. Agency funds account for Tax Commissioner, Magistrate Court, Probate Court, Clerk of Superior Court, Correctional Institution, and Sheriff.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 and of the County's internal service funds are charges for goods and services provided. Operating expenses of the enterprise funds and internal service funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Cash, Cash Equivalents and Investments

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

State statutes authorize the County and discretely presented component units to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the Georgia Fund 1. Investments are stated at fair value.

E. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Prepaid Items

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The County has retroactively reported major general infrastructure assets. In this case, the County chose to include all items regardless of their acquisition date. The County was able to estimate the historical cost for the initial reporting of these assets through backtrending.

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 are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight line method over the following useful lives:

Asset Category	Years
Land improvements	30-50
Buildings and improvements	15-100
Machinery and equipment	5-15
Furniture and fixtures	10
Intangibles	50
Infrastructure	50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when the employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Fund Equity

The County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity (Continued)

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Commission through the adoption of a resolution. Only the County Commission may modify or rescind the commitment.

- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the County Commission has authorized the County Manager to assign fund balances.

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use of Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $24,233,454 difference are as follows:

Capital leases payable	$	(3,118,074)
General obligation bonds payable		(12,600,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		153,400
Plus: Issuance premium (to be amortized against interest expense)		(71,796)
Certificates of participation		(6,237,305)
Less: Fair value of interest rate swap		438,635
Landfill postclosure costs		(1,200,854)
Compensated absences		(1,337,553)
Accrued interest		(259,907)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(24,233,454)

Another element of this reconciliation explains that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $1,277,125 difference are as follows:

Deferred property tax revenue	$	1,715,760
Deferred fair value of interest rate swap		(438,635)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	1,277,125

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this $2,723,082 difference are as follows:

Capital outlay	$	723,847
Depreciation expense		(3,446,929)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(2,723,082)

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets." The details of this $211,228 difference are as follows:

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.	$	217,900
In the statement of activities, only the *loss* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(6,672)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	211,228

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $3,777,231 difference are as follows:

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Debt incurred:		
Landfill postclosure costs	$	(61,430)
Principal repayments:		
Capital leases		501,291
Bonds payable		2,900,000
Certificates of participation		346,057
Landfill postclosure costs		91,313
Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net assets - governmental activities*	$	3,777,231

Another element of that reconciliation states that “Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.” The details of this $5,626 difference are as follows:

Compensated absences	$	(17,526)
Amortization of issuance costs		(41,837)
Amortization of premium on general obligation bonds		19,581
Accrued interest		50,744
Net OPEB obligation		(120,681)
Net pension asset		104,093
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(5,626)

NOTE 3. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the County Manager submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following July 1.

2. In June, the Board of Commissioners holds three public hearings on the proposed budget to obtain citizen comments.

3. The budget is legally adopted by the Board of Commissioners before the end of June. The legal level of budgetary control is the department level.

4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts between object categories within departments requires the approval of the County Manager. Revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.

5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds. Annual operating budgets are prepared for each Internal Service Fund for planning, control, and evaluation purposes.

   The supplementary budgetary appropriations made were not material.

   All appropriations, except for items encumbered at year end, lapse. Encumbrances for items not lapsing at year end are reappropriated in the ensuing year's budget. Budget information for expenditures and encumbrances represents the operating budget as approved by the Board of Commissioners.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2011, expenditures exceeded budget, as follows:

Fund or Department	Excess
General Fund:	
Finance	$ 2,764
Construction and maintenance	6,676
Solicitor	7,152
Probate court	7,431
Public defender	5,770
Sheriff	18,622
Victim services	12,196
Criminal investigation division	12,683
Jail	113,390
Juvenile probation	1,197
Coroner	1,377
800 MHz communication	8,569
Animal control	7,719
Solid waste collection	3,770
Garage	2,690
Health	3,373
Enrichment of young minds	987
Community Services Block Grant Fund	52,788
Confiscated Assets Fund	151,829
Multiple Grant Fund	10,652
Griffin Judicial Circuit Drug Court Fund	16,291
2008 SPLOST Debt Service Fund	67

The overexpenditures in the General Fund were funded by underexpenditures in other departments. The overexpenditures in the Community Services Block Grant Fund were funded by additional revenues. The overexpenditures in the Confiscated Assets Fund and the Multiple Grant Fund were funded by additional revenues and fund balance. The overexpenditures in the Griffin Judicial Circuit Drug Court Fund and 2008 SPLOST Debt Service Fund were funded by fund balance.

C. Deficit Fund Equity

The Multiple Grant Fund had a deficit fund balance of $14,947 as of June 30, 2011. The Griffin Judicial Circuit Drug Court Fund had a deficit fund balance of $6,311 as of June 30, 2011. These deficits will be eliminated through future grant reimbursement proceeds.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2011 are summarized as follows:

Balances per statement of net assets:		
Cash and cash equivalents - Primary government	$	22,293,576
Cash and cash equivalents - Health Department		766,506
Cash and cash equivalents - Development Authority		836,201
Cash and cash equivalents - Water Authority		5,237,198
Investments - Primary government		2,233,323
Investments - Development Authority		2,080,000
Restricted assets:		
Water Authority - Bond sinking fund		1,122,410
Water Authority - Debt service reserve fund		988,000
Water Authority - Construction fund		5,868,239
Balances per statement of fiduciary net assets:		
Cash - Agency funds		832,906
	$	42,258,359
Balances by type:		
Cash deposited with financial institutions	$	17,478,812
Money Market		22,546,225
Mutual Bond Funds		682,290
Guaranteed Investment Contract		1,551,032
	$	42,258,359

Credit Risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. The County has no formal credit risk policy other than to only invest in obligations authorized by the State of Georgia. As of June 30, 2011, the County's investment in the guaranteed investment contract was rated A+ by Standard & Poor's. The mutual bond funds were not rated by a nationally recognized statistical rating organization. However, the fund investments are concentrated in U.S. government securities.

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2011, the County had the following investments:

Investment	Maturities	Fair Value
Money Market	N/A	$ 14,567,576
Pimco Funds Invt Mgmt Bond Fund	1.87 years duration	281,058
Pimco High Yield Bond Fund	4.35 years duration	39,163
Templeton Income Tresuary Global Bond Fund	1.74 years duration	85,493
Vanguard Fixed Income Securities Bond Fund	2.26 years duration	276,576
Guaranteed Investment Contract	June 1, 2028	1,551,032
		$ 16,800,898

At June 30, 2011, the Water Authority had the following investment:

Investment	Maturities	Fair Value
Money Market	N/A	$ 7,978,649
		$ 7,978,649

Interest Rate Risk. 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.

Custodial Credit Risk – Deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2011, all of the deposits of the County and the component units were properly insured and collateralized as required by the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c) and as defined by GASB pronouncements.

NOTE 5. RECEIVABLES

Receivables at June 30, 2011 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Capital Projects 2005 SPLOST	Capital Projects 2008 SPLOST
Receivables:			
Taxes	$ 2,054,695	$ -	$ -
Accounts	243,549	-	-
Interest	-	18	11
Gross receivables	2,298,244	18	11
Less allowance for uncollectibles	485,646	-	-
Net total receivables	$ 1,812,598	$ 18	$ 11

	Fire District	Nonmajor and Other Funds	Total
Receivables:			
Taxes	$ 300,594	$ -	$ 2,355,289
Accounts	1,659	190,028	435,236
Interest	-	-	29
Gross receivables	302,253	190,028	2,790,554
Less allowance for uncollectibles	-	-	485,646
Net total receivables	$ 302,253	$ 190,028	$ 2,304,908

The County's property taxes were levied on the assessed values of all real and personal property with utilities, including mobile homes and motor vehicles, located in the County. The assessed value at January 1, 2010, upon which the fiscal 2011 levy was based, was the gross digest amount of $1,679,523,596 (40% of the estimated market value of $4,198,808,990).

The tax billing cycle for fiscal year 2011 is as follows:

Levy date	November 1, 2010
Tax bills mailed	November 5, 2010
Payment due date	January 5, 2011
Delinquency date	January 6, 2011
Lien date	April 5, 2011

The distribution of the County's levy (tax rate per $1,000 assessed value) as of June 30, 2011 is as follows:

General government	14.81 mils
Fire District	4.17 mils
School System	18.80 mills
State of Georgia	.25 mills

NOTE 6. CAPITAL ASSETS

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 3,132,857	$ -	$ (330)	$ -	$ 3,132,527
Construction in progress	10,906,054	72,386	-	-	10,978,440
Total	14,038,911	72,386	(330)	-	14,110,967
Capital assets, being depreciated:					
Land improvements	6,820,990	-	-	-	6,820,990
Buildings and improvements	41,003,350	-	-	-	41,003,350
Machinery and equipment	18,277,610	651,461	(251,691)	-	18,677,380
Furniture and fixtures	47,596	-	-	-	47,596
Intangibles	631,315	-	-	-	631,315
Infrastructure	79,516,477	217,900	-	-	79,734,377
Total	146,297,338	869,361	(251,691)	-	146,915,008
Less accumulated depreciation for:					
Land improvements	(1,304,588)	(143,081)	-	-	(1,447,669)
Buildings and improvements	(14,118,394)	(844,817)	-	-	(14,963,211)
Machinery and equipment	(14,284,844)	(1,129,094)	245,349	-	(15,168,589)
Furniture and fixtures	(37,106)	(2,446)	-	-	(39,552)
Intangibles	(47,451)	(51,285)	-	-	(98,736)
Infrastructure	(37,011,940)	(1,276,206)	-	-	(38,288,146)
Total	(66,804,323)	(3,446,929)	245,349		(70,005,903)
Total capital assets, being depreciated, net	79,493,015	(2,577,568)	(6,342)	-	76,909,105
Total capital assets, net	$ 93,531,926	$ (2,505,182)	$ (6,672)	$ -	$ 91,020,072

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

Governmental activities:	
General government	$ 387,723
Judicial	28,030
Public safety	1,429,992
Public works	1,398,237
Health and welfare	10,357
Culture and recreation	180,751
Housing and development	11,839
Total depreciation expense - governmental activities	$ 3,446,929

NOTE 6. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Health Department

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	$ 231,111	$ 2,610	$ (92,430)	$ 141,291
Less accumulated depreciation for:				
Machinery and equipment	(218,636)	(2,672)	84,761	(136,547)
Total capital assets, net	$ 12,475	$ (62)	$ (7,669)	$ 4,744

C. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 3,796,936	$ -	$ -	$ 3,796,936
Land development costs	633,238	-	-	633,238
Land, industrial parks	3,035,051	-	-	3,035,051
Construction in progress	10,114,713	4,672,403	-	14,787,116
Total	17,579,938	4,672,403	-	22,252,341
Capital assets, being depreciated:				
Buildings	693,195	-	-	693,195
Furniture and fixtures	163,334	-	-	163,334
Total	856,529	-	-	856,529
Less accumulated depreciation for:				
Buildings	(222,589)	(17,330)	-	(239,919)
Furniture and fixtures	(159,487)	(2,559)	-	(162,046)
Total	(382,076)	(19,889)	-	(401,965)
Total capital assets, being depreciated, net	474,453	(19,889)	-	454,564
Total capital assets, net	$ 18,054,391	$ 4,652,514	$ -	$ 22,706,905

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Discretely Presented Component Unit – Water Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 13,500	$ -	$ -	$ 13,500
Construction in progress	4,936,350	1,318,483	-	6,254,833
Total	4,949,850	1,318,483	-	6,268,333
Capital assets, being depreciated:				
Water delivery system	21,813,113	-	-	21,813,113
Sewer system	432,064	-	-	432,064
Buildings	48,751	-	-	48,751
Machinery and equipment	868,635	-	-	868,635
Intangibles	128,779	4,634	-	133,413
Total	23,291,342	4,634	-	23,295,976
Less accumulated depreciation for:				
Water delivery system	(7,489,601)	(436,262)	-	(7,925,863)
Sewer system	(56,167)	(8,641)	-	(64,808)
Buildings	(34,511)	(2,141)	-	(36,652)
Machinery and equipment	(865,434)	(1,280)	-	(866,714)
Intangibles	(2,066)	(2,622)	-	(4,688)
Total	(8,447,779)	(450,946)	-	(8,898,725)
Total capital assets, being depreciated, net	14,843,563	(446,312)	-	14,397,251
Total capital assets, net	$ 19,793,413	$ 872,171	$ -	$ 20,665,584

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
2008 General obligation bonds	$ 15,500,000	$ -	$ (2,900,000)	$ 12,600,000	$ 3,000,000
Plus unamortized premium	91,377	-	(19,581)	71,796	-
General obligation bonds, net	15,591,377	-	(2,919,581)	12,671,796	3,000,000
Certificates of participation	6,583,362	-	(346,057)	6,237,305	369,642
Capital leases	3,619,365	-	(501,291)	3,118,074	521,538
Claims payable	279,665	1,395,396	(884,651)	790,410	644,086
Compensated absences	1,320,027	722,205	(704,679)	1,337,553	802,532
Landfill postclosure costs	1,230,737	61,430	(91,313)	1,200,854	99,333
Net OPEB obligation	136,146	182,055	(61,374)	256,827	-
Governmental activities Long-term liabilities	$ 28,760,679	$ 2,361,086	$ (5,508,946)	$ 25,612,819	$ 5,437,131

For governmental activities, compensated absences, landfill postclosure costs, and net OPEB obligation are generally liquidated by the General Fund.

The beginning balance of governmental activities above has been increased by $465,590 to properly reflect the reclassification of the County's interest rate swap agreement.

Capital Leases. The County has entered into lease agreements as lessee for financing the acquisition of various items of equipment. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions.

The cost of assets under capital leases as of June 30, 2011:

	Governmental Activities
Machinery and equipment	$ 3,829,568
Buildings	1,500,000
	$ 5,329,568

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's total capital lease debt service requirements to maturity are as follows:

Fiscal year ending June 30,	
2012	$ 642,925
2013	642,925
2014	547,197
2015	458,397
2016	458,397
2017-2019	820,030
Total minimum lease payments	3,569,871
Less amount representing interest	451,797
Present value of future minimum lease payments	$ 3,118,074

General Obligation Bonds. During the year ended June 30, 2009, the County issued general obligation bonds in the amount of $15,500,000. The bond proceeds are to be used to finance the acquisition of various capital projects. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

General obligation bonds outstanding at June 30, 2011 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various	3.50 - 5.00%	6 years	2015	$ 15,500,000	$ 12,600,000
	Plus unamortized premium				71,796
					$ 12,671,796

Debt service requirements to maturity on the general obligation bonds are as follows:

Fiscal year ending June 30,	Principal	Interest
2012	$ 3,000,000	$ 519,875
2013	3,100,000	399,875
2014	3,200,000	285,125
2015	3,300,000	132,000
Total	$ 12,600,000	$ 1,336,875

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Certificates of Participation. During fiscal year 2000, the County entered into lease-purchase agreements with the Association County Commissioners of Georgia for the construction of a new correctional institution issuing certificates of participation in the amount of $3,450,000 with an interest rate of 5.62% and for the purchase of real property issuing certificates of participation in the amount of $2,045,000 with an interest rate of 7.92%. During the year ended June 30, 2005, the County entered into a lease-purchase agreement with the Association County Commissioners of Georgia for the purchase of real property. Certificates of participation in the amount of $750,000 with an interest rate of 4.74% were issued in connection with the lease purchase agreement.

In June 1998, the County entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the County's participation totaling $2,500,000. The lease pool agreement with the Association provides that the County owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

As part of the issuance of the certificates of participation, the County entered into an interest rate swap agreement. Under the Swap Agreement, the County is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the “Swap Payment”); and the Swap Counterparty will pay to, or on behalf of, the County a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the County are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the County, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the County’s obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Certificates of Participation. (Continued) In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the County would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the County executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa1 by Moody's. At June 30, 2011, the floating rate being paid by the County is 0.40% and the market value of this agreement is $438,635, a decrease of $26,955 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2011 based on the derivative contract. This market value is reported as an other asset in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

Annual debt service requirements on the certificates of participation are as follows:

Fiscal year ending June 30,	Principal	Interest
2012	$ 369,642	$ 283,731
2013	393,515	265,963
2014	412,529	247,272
2015	441,619	227,626
2016	375,000	166,930
2017-2021	1,745,000	798,140
2022-2026	-	593,750
2027-2028	2,500,000	237,500
Total	$ 6,237,305	$ 2,820,912

Landfill Postclosure Costs. Effective October 3, 1993, the County closed its landfill and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the site for a minimum of 30 years. As of June 30, 2011, the County has a remaining 14 years of monitoring. Engineering studies estimate postclosure costs of approximately $1,200,854 over the 14-year period. These costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2011. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Water Authority

The following is a summary of long-term debt activity for the Water Authority for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, Series 2002	$ 3,955,000	$ -	$ (965,000)	$ 2,990,000	$ 990,000
Deferred amounts:					
Premium	32,386	-	(10,227)	22,159	-
Refunding loss	(128,485)	-	40,574	(87,911)	-
Bonds payable, Series 2008	11,380,000	-	-	11,380,000	-
Deferred amounts:					
Discount	(51,055)	-	2,876	(48,179)	-
Total bonds payable	15,187,846	-	(931,777)	14,256,069	990,000
Compensated absences	2,293	16,026	(4,393)	13,926	8,356
Water Authority Long-term liabilities	$ 15,190,139	$ 16,026	$ (936,170)	$ 14,269,995	$ 998,356

Revenue Bonds Payable. During the year ended June 30, 2003, the Water Authority issued revenue bonds in the amount of $9,880,000. The bond proceeds were used to refund the Water Authority's series 1992 revenue bonds. During the year ended June 30, 2009, the Water Authority issued revenue bonds in the amount of $11,380,000. The bond proceeds are to be used to finance additions and improvements to the water and sewerage system. The principal and interest on the bonds is payable from the net revenues of the Water Authority and certain payments made to the Water Authority by the County pursuant to a contract between the Water Authority and the County. Revenue bonds outstanding at June 30, 2011, are as follows:

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Water Authority (Continued)

Revenue Bonds Payable. (Continued)

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water Authority-Series 2002	3.00 - 4.00%	10 years	2013	$ 9,880,000	$ 2,990,000
	Plus unamortized premium				22,159
	Less unamortized deferred refunding loss				(87,911)
					$ 2,924,248
Water Authority-Series 2008	4.00%	20 years	2028	$ 11,380,000	$ 11,380,000
	Less unamortized discount				(48,179)
					$ 11,331,821

Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal year ending June 30,	Principal	Interest
2012	$ 990,000	$ 747,800
2013	1,000,000	708,000
2014	1,020,000	667,600
2015	140,000	644,400
2016	255,000	636,181
2017-2021	2,925,000	2,841,494
2022-2026	4,555,000	1,781,984
2027-2029	3,485,000	328,759
Total	$ 14,370,000	$ 8,356,218

NOTE 7. LONG-TERM DEBT (CONTINUED)

C. Discretely Presented Component Unit – Development Authority

The following is a summary of long-term debt activity for the Development Authority for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable	$ 3,793,120	$ -	$ -	$ 3,793,120	$ -
Development Authority Long-term liabilities	$ 3,793,120	$ -	$ -	$ 3,793,120	$ -

Note Payable. In October 2002, the Development Authority purchased land in Spalding County to be used for development and re-sale. The land was acquired by trust deed with an agreement that the Development Authority would submit the land to the County for inclusion in the 2003 SPLOST referendum. According to the trust agreement, if the County included the property in the SPLOST referendum and if the same passed, the Development Authority would apply the proceeds from the SPLOST to the purchase of the property from the Trust at the price of $20,000 per acre. In the event the County did not include the property in the referendum or if the referendum failed, the Authority would execute a deed to secure the debt.

In 2003, the Authority executed a deed to secure debt to the Trust in accordance with the terms of the original agreement. The debt is payable at the rate of $20,000 per acre, as and when parcels within the property are sold. However, the purchase price must be paid in full on or before June 4, 2014. In the event that on June 4, 2014, any portion of the debt remains unpaid, the Authority shall have the option of either paying the debt remaining in full or conveying back to the Trust those portions of the real property that remain unsold.

NOTE 8. TAX ANTICIPATION NOTE PAYABLE

On November 1, 2010, the County issued a $2,500,000 tax anticipation note with an interest rate of 2.11% to provide cash flow for the General Fund until tax collections began later in the year. The County drew down $2,500,000 during the current fiscal year and repaid the note in full with interest on December 28, 2010.

Activity for the tax anticipation note payable (short-term liability) for the year ended June 30, 2011, was as follows:

Balance, June 30, 2010	Additions	Reductions	Balance, June 30, 2011
$ -	$ 2,500,000	$ 2,500,000	$ -

NOTE 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 40,513
Nonmajor governmental funds	General Fund	3,548
		$ 44,061

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Primarily, balances are attributed to expenditures paid by the General Fund to be reimbursed by the funds for which the expenditures benefit.

Interfund transfers:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	$ 236,530
Nonmajor governmental funds	General Fund	560,755
Nonmajor governmental funds	Fire District Fund	15,000
		$ 812,285

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 10 DEFINED BENEFIT PENSION PLAN

Plan Description

The County sponsors the Association County Commissioners of Georgia Spalding County Defined Benefit Plan (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan is affiliated with the Association 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 as provided in Section 19.03 of The ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan as provided in Section 19.02 of The ACCG Plan document. Complete financial statements for the Association County Commissioners of Georgia (ACCG) Defined Benefit Pension Plan can be obtained from Pension Service Company, 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to The Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by The ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. Plan participants are not required to contribute to the plan.

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the year beginning January 1, 2011, (the most recent actuarial valuation date) are as follows:

	January 1, 2011	January 1, 2010
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 1,142,876	$ 1,050,048
Interest on Net Pension Obligation	(42,697)	(31,001)
Amortization of Net Pension Obligation	45,685	33,171
Annual Pension Cost	$ 1,145,864	$ 1,052,218

Due to the difference in the plan year-end, which is on a calendar year basis, and the County's fiscal year-end, the annual pension cost for the fiscal year ending June 30, June 30, 2011 is calculated to be $1,099,041.

NOTE 10. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Derivation of Net Pension Obligation

Annual Pension Cost	$ 1,099,041
Actual Contributions to Plan	1,203,134
Increase in Net Pension Obligation	(104,093)
Net Pension Obligation (Asset) as of Beginning of Year	(400,015)
Net Pension Obligation (Asset) as of End of Year	$ (504,108)

Basis of Valuation

Current Valuation Date	January 1, 2011
Annual Return on Invested Plan Assets	7.75%
Projected Annual Salary Increases	5.0%-7.5% based on age
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level Percent of Pay (closed)
Remaining Amortization Period	10

Trend Information for The Plan

Fiscal Year	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
2011	$ 1,099,041	$ 1,203,134	109 %	$ (504,108)
2010	1,003,158	1,179,201	118	(400,015)
2009	716,603	805,360	112	(223,972)
2008	702,143	817,161	116	(135,215)
2007	265,866	264,239	99	(20,197)
2006	258,676	261,944	101	(21,824)

As of the most recent valuation date, January 1, 2011, the funded status of the Plan was as follows:

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	$ 16,361,414	$ 22,174,109	$ 5,812,695	73.8%	$ 14,313,403	40.6%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2011.

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The Spalding County Money Purchase Pension Plan (the Plan) is a single employer defined contribution plan established and administered by the Spalding County Board of Commissioners for substantially all of its full time employees. The Plan provides retirement, disability and death benefits to plan participants and beneficiaries. Plan provisions and contribution requirements are established and may be amended by the Spalding County Board of Commissioners. At June 30, 2011, there were 484 plan members.

Employees are not required to contribute to the Plan. For employees who have not elected to participate in The Three-Tier Defined Benefit Plan, the County contributes an amount equal to 4% of each participant's compensation. The County's contribution for each employee is 100% vested after five (5) years of continuous service. For the fiscal year ending June 30, 2011, the County's contribution to the Plan was $236,517. The amount contributed by employees was $832,617.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS

In accordance with GASB 45 requirements, the County is required to attribute the cost of postretirement benefits to the time during which the employee is working for the employer. GASB 45 requires allocation of the costs of a postretirement benefit plan onto the years of active employment; it does not require the funding of such benefits. GASB 45 requirements have been implemented by the County for the year ended June 30, 2011. The County has elected not to establish a separate trust fund to account for other post-employment benefits, and has not funded the plan as of June 30, 2011.

The County provides postretirement health care benefits, as per the requirements of a resolution, for certain retirees. The provisions and obligations to contribute are established and may be amended by the Spalding County Board of Commissioners. The requirements are that the employee must retire from the County after 15 years of continuous service and must have attained the age of 55. The benefits are offered until the retiree turns 65 and is eligible for Medicare and/or the employee becomes covered under the plan of another employer. The County pays 50% of the premium and the employee must pay the remaining 50%. Currently, 10 employees are enrolled in postretirement health care benefits.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the postretirement benefit plan as of June 30, 2011.

Active members	493
Retired members	7
	500

Contributions

The County contributed $61,374 to the postretirement benefit plan in fiscal year 2011. The annual required contribution amount is determined using actuarial methods and assumptions approved by the County Commission. The Commission established and may amend the funding policy for the postretirement benefit plan.

Schedule of Employer Costs and Contributions

Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
7/1/10	$ 182,055	$ 61,374	34 %	$ 256,827
7/1/09	98,399	27,214	28	136,146
7/1/08	98,399	33,438	34	64,961

As of the most recent valuation date, June 30, 2011, the funded status of the postretirement benefit plan was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
06/30/11	$ -	$ 1,380,439	$ 1,380,439	- %	$ 20,968,273	6.6 %

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial liability. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2011.

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the plan in effect at June 30, 2011. The assumptions used in the June 30, 2011 actuarial valuation are as follows:

Basis of Valuation	
Current Valuation Date	June 30, 2011
Actuarial Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Market Value of Assets
Discount Rate	5.0%
Medical Cost Trend Rate	10.0% graded by 1.0% per year to an ultimate rate of 5.0%
Amortization Method	Level Dollar (Open)
Remaining Amortization Period	30 years

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 13. 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; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees, retirees, and their dependents.

The County purchases insurance from a private carrier for coverage of general liability, property, and casualty coverage. The private insurance covers claims arising from general liability, automobile liability, errors and omissions, law enforcement liability, and property risks. Additionally, the County purchases health insurance and dental insurance from a private carrier. No reduction in insurance coverage has occurred since the previous year, and no settlements in excess of coverage have been paid in the past three years.

The County has established a risk management fund (Workers' Compensation Trust Fund), an internal service fund, where assets are set aside for claim settlements. This fund covers the employees of the Water Authority as well. Under this program, the risk management fund provides coverage for up to a maximum of $300,000 for each workers' compensation claim.

NOTE 13. RISK MANAGEMENT (CONTINUED)

The County has joined together with other municipalities in the state as a member of the Group Self Insurance Workers' Compensation Fund (GSIWCF) for its workers' compensation risks. GSIWCF exists by authority of the Official Code of Georgia (OCGA), and participates in risk sharing arrangements among Georgia county governments. 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 fund 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 fund.

Chapter 85 of Title 36 and Chapter 9 of Title 34 of the OCGA authorize Georgia counties to form interlocal management agencies. GSIWCF acts as a risk management agency to function as unincorporated nonprofit instrumentalities of its member counties. GSIWCF establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of workers' compensation losses occurring in the operation of member governments.

The County retains the first $300,000 (in the form of a deductible) on its workers' compensation claims. The County files all claims with GSIWCF, and GSIWCF invoices the County monthly for any risk of loss up to the deductible amounts.

The claims liability of $790,410 as of June 30, 2011, of the Workers' Compensation Trust Fund is based on the requirements of Governmental Accounting Standards Board Statement 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 13. RISK MANAGEMENT (CONTINUED)

Incurred-But-Not-Reported (IBNR) claims have been accrued as claims liabilities based primarily upon the fund's third party administrator's claims projections and are included in current year claims estimates.

Changes in the balances of claims liabilities for the Workers' Compensation Trust Fund in fiscal year 2011 and 2010 were as follows:

Workers' Compensation Trust Fund	June 30, 2011	June 30, 2010
Unpaid claims, beginning of fiscal year	$ 279,665	$ 257,665
Incurred claims (including IBNRs)	1,395,396	350,847
Claim payments and changes in estimates	(884,651)	(328,847)
Unpaid claims, end of fiscal year	$ 790,410	$ 279,665

NOTE 14. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet at June 30, 2011, the Water Authority has contractual commitments on uncompleted contracts of approximately $3,497,064.

Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the County believes such disallowances, if any, will not be significant.

NOTE 15. JOINT VENTURES

Airport

During the year ended June 30, 2011, the County, jointly with the City of Griffin, provided funding for the Griffin-Spalding County Airport ("Airport"). On September 29, 1992, the Board of Commissioners approved funding for one half of the Airport's operating deficit for an unspecified period of time. The total paid to the Airport for fiscal year 2011 was $35,000.

Information concerning the financial statements may be obtained from the Griffin-Spalding County Airport, P.O. Box T, Griffin, Georgia 30224.

Three Rivers Regional Commission

Under Georgia law, the County, in conjunction with other cities and counties in a 10-county central Georgia area, is a member of the Three Rivers Regional Commission ("RC") and is required to pay annual dues thereto. During its year ended June 30, 2011, the County paid $40,821 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC. The RC Board membership is made up of representatives appointed by each county seat and respective county government member and also includes private citizen and minority representatives. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a Regional Commission. Information concerning the financial statements may be obtained from the Three Rivers Regional Commission, P.O. Box 818, Griffin, Georgia 30224.

NOTE 16. JOINTLY GOVERNED ORGANIZATION

Land Bank Authority

During the year ended June 30, 2006, the County along with the City of Griffin entered into an interlocal cooperation agreement for the purpose of establishing the Griffin / Spalding County Land Bank Authority (the "Authority"). The Authority's purpose is to return land which is in a non-revenue generating, non-tax producing status to an effective utilization status in order to provide affordable housing, new trade, commerce, industry, and employment opportunities for the citizens of the County and the City of Griffin. The Authority is governed by a four member board of directors appointed equally by the County and the City of Griffin. The total paid to the Authority for fiscal year 2011 was $75,000. The County has no further accountability for this organization.

NOTE 17. HOTEL/MOTEL LODGING TAX

During the year ended June 30, 2011, the County levied a 3% lodging tax. The Official Code of Georgia Annotated 48-13-51 requires that all lodging taxes levied of 3% or more be expended or obligated contractually for the promotion of tourism, conventions, or trade shows. For the fiscal year ended June 30, 2011, the County collected $96,106 of hotel/motel taxes. Management represents that $105,162, or 109%, of the lodging tax received during the year ended June 30, 2011 was used for the promotion of tourism. The remainder has been restricted for the future promotion of tourism, conventions, or trade shows.

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REQUIRED SUPPLEMENTARY INFORMATION

SPALDING COUNTY, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION

DEFINED BENEFIT PENSION PLAN
SCHEDULE OF FUNDING PROGRESS

Measurement Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
12/31/2010	$ 16,361,414	$ 22,174,109	$ 5,812,695	73.8 %	$ 14,313,403	40.6 %
12/31/2009	15,376,875	21,055,139	5,678,264	73.0	14,362,445	39.5
12/31/2008	14,162,420	18,451,360	4,288,940	76.8	13,432,950	31.9
12/31/2007	14,578,226	17,820,040	3,241,814	81.8	11,714,025	27.7
12/31/2006	13,451,400	13,033,873	(417,527)	103.2	6,075,630	(6.9)
12/31/2005	12,413,666	12,827,772	414,106	96.8	6,043,101	6.9

The assumptions used in the preparation of the above schedule are disclosed in Note 10 in the Notes to the Financial Statements.

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
6/30/2011	$ -	$ 1,380,439	$ 1,380,439	- %	$ 20,968,273	6.6 %
6/30/2010	-	710,507	710,507	-	20,927,701	3.4
6/30/2009	-	653,967	653,967	-	18,536,060	3.5

The assumptions used in the preparation of the above schedule are disclosed in Note 12 in the Notes to the Financial Statements.

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NONMAJOR GOVERNMENTAL FUNDS

SPALDING COUNTY, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Community Services Block Grant	To account for expenditures applicable to the Community Services Block Grant. Revenues are received from the federal government through the State of Georgia.
Emergency 911	To account for emergency services which are provided to all County taxpayers. Financing is provided through user fees and charges and contributions from the General Fund.
Confiscated Assets	To account for monies confiscated under federal and state law by Spalding County law enforcement officers related to controlled substance offenses. Such monies are restricted to defray the cost of complex investigations and to purchase equipment relating to said investigations.
Law Library	To account for revenues generated through special filing charges in the County court system which are used to acquire and maintain library materials.
Multiple Grant	To account for funds received under federal and state grant programs and the matching transfers from other funds.
Tourism	To account for the collection of hotel/motel tax collected by the County.
Local Victims Assistance Program	To account for the receipt of fine surcharges from the State Court and Superior Court of Spalding County designated by state law for victims assistance.
Griffin Judicial Circuit Drug Court	To account for collection of additional penalties for certain drug related crimes and for expenditures of those funds solely and exclusively for drug abuse treatment and education programs.

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Debt Service Funds

2008 SPLOST Debt Service — To account for the accumulation of resources for the payment of debt principal and interest for the 2008 General Obligation Sales Tax Bonds.

GMA Lease Pool Debt Service — To account for investments held as proceeds of the 1998 GMA Lease Pool and the accumulation of resources for the repayment of debt for the 1998 GMA Lease Pool.

Capital Projects Funds

Capital Projects General — To account for the financial resources to be used for the purchase and construction of major capital facilities, other than those accounted for in specific funds. Financing is provided through contributions from the General Fund.

Impact Fees — To account for the capital projects activity funded by developmental impact fees.

CDBG EIP Norcom Grant — To account for revenues and expenditures applicable to the Community Development Block Grant (CDBG)-Employment Incentive Program Grant. Revenues were received from the federal government via passthrough from the State of Georgia and utilized to fund rail spur improvements for the benefit of Norcom, Inc.

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Special Revenue			
ASSETS	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
Cash and cash equivalents	$ 47,038	$ 759,508	$ 375,196	$ 162,991
Investments	-	-	-	-
Accounts receivable	-	146,988	-	-
Due from other governments	6,327	-	-	-
Due from other funds	-	-	-	-
Total assets	$ 53,365	$ 906,496	$ 375,196	$ 162,991
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 12,812	$ 4,373	$ -	$ 2,494
Accrued liabilities	-	15,413	-	-
Due to other funds	-	-	-	-
Total liabilities	12,812	19,786	-	2,494
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	40,553	-	-	-
Judicial	-	-	-	160,497
Public safety	-	886,710	375,196	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
	40,553	886,710	375,196	160,497
Total liabilities and fund balances	$ 53,365	$ 906,496	$ 375,196	$ 162,991

					Debt Service	
Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	2008 SPLOST Debt Service	GMA Lease Pool Debt Service
$ -	$ 368,980	$ 162,415	$ 9,689	$ 1,415,162	$ 376,191
-	-	-	-	-	1,551,033
-	-	-	-	-	-
49,347	-	-	2,325	-	-
-	-	3,548	-	-	-
$ 49,347	$ 368,980	$ 165,963	$ 12,014	$ 1,415,162	$ 1,927,224
$ 48,121	$ 90	$ -	$ 18,325	$ -	$ -
-	-	-	-	-	-
16,173	-	-	-	-	-
64,294	90	-	18,325	-	-
-	-	-	-	-	-
-	-	165,963	-	-	-
-	-	-	-	-	-
-	368,890	-	-	-	-
-	-	-	-	-	1,317,655
-	-	-	-	1,415,162	609,569
-	-	-	-	-	-
(14,947)	-	-	(6,311)	-	-
(14,947)	368,890	165,963	(6,311)	1,415,162	1,927,224
$ 49,347	$ 368,980	$ 165,963	$ 12,014	$ 1,415,162	$ 1,927,224

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SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	Capital Projects			
	Capital Projects General	Impact Fees	CDBG EIP Norcom Grant	Total
Cash and cash equivalents	$ 304,984	$ 1,393,987	$ -	$ 5,376,141
Investments	-	-	-	1,551,033
Accounts receivable	-	-	43,040	190,028
Due from other governments	-	-	251,834	309,833
Due from other funds	-	-	-	3,548
Total assets	$ 304,984	$ 1,393,987	$ 294,874	$ 7,430,583
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ 294,874	$ 381,089
Accrued liabilities	-	-	-	15,413
Due to other funds	-	24,340	-	40,513
Total liabilities	-	24,340	294,874	437,015
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	-	-	-	40,553
Judicial	-	-	-	326,460
Public safety	-	-	-	1,261,906
Culture and recreation	-	-	-	368,890
Capital projects	-	1,369,647	-	2,687,302
Debt service	-	-	-	2,024,731
Assigned for:				
Capital projects	304,984	-	-	304,984
Unassigned	-	-	-	(21,258)
	304,984	1,369,647	-	6,993,568
Total liabilities and fund balances	$ 304,984	$ 1,393,987	$ 294,874	$ 7,430,583

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue			
	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
REVENUES				
Sales taxes	$ -	$ -	$ -	$ -
Other taxes	-	-	-	-
Intergovernmental	234,691	-	-	-
Charges for services	-	1,091,522	-	-
Court fees, fines and forfeitures	-	-	370,255	35,103
Interest	-	1,011	1,183	662
Other	-	82	-	-
Total revenues	234,691	1,092,615	371,438	35,765
EXPENDITURES				
Current:				
General government	27,385	-	-	-
Judicial	27,101	-	-	28,500
Public safety	-	1,301,519	451,829	-
Health and welfare	145,611	-	-	-
Culture and recreation	-	-	-	-
Housing and development	26,385	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	226,482	1,301,519	451,829	28,500
Excess (deficiency) of revenues over (under) expenditures	8,209	(208,904)	(80,391)	7,265
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	8,209	(208,904)	(80,391)	7,265
FUND BALANCES (DEFICIT), beginning of year	32,344	1,095,614	455,587	153,232
FUND BALANCES (DEFICIT), end of year	$ 40,553	$ 886,710	$ 375,196	$ 160,497

Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	Debt Service: 2008 SPLOST Debt Service	Debt Service: GMA Lease Pool Debt Service
$ -	$ -	$ -	$ -	$ 1,415,162	$ -
-	96,106	-	-	-	-
67,914	-	-	25,746	-	-
-	-	-	-	-	-
-	-	46,139	58,986	-	-
-	406	579	18	67	139,387
-	-	-	-	-	-
67,914	96,512	46,718	84,750	1,415,229	139,387
-	-	-	-	-	-
-	-	41,037	127,291	-	-
-	-	-	-	-	-
73,152	-	-	-	-	-
-	-	-	-	-	-
-	105,162	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,900,000	-
-	-	-	-	635,942	128,750
73,152	105,162	41,037	127,291	3,535,942	128,750
(5,238)	(8,650)	5,681	(42,541)	(2,120,713)	10,637
-	-	-	-	-	555,755
-	-	-	-	-	(236,530)
-	-	-	-	-	319,225
(5,238)	(8,650)	5,681	(42,541)	(2,120,713)	329,862
(9,709)	377,540	160,282	36,230	3,535,875	1,597,362
$ (14,947)	$ 368,890	$ 165,963	$ (6,311)	$ 1,415,162	$ 1,927,224

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SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Capital Projects			
	Capital Projects General	Impact Fees	CDBG EIP Norcom Grant	Total
REVENUES				
Sales taxes	$ -	$ -	$ -	$ 1,415,162
Other taxes	-	-	-	96,106
Intergovernmental	-	-	543,040	871,391
Charges for services	-	120,078	-	1,211,600
Court fees, fines and forfeitures	-	-	-	510,483
Interest	332	1,686	-	145,331
Other	-	-	-	82
Total revenues	332	121,764	543,040	4,250,155
EXPENDITURES				
Current:				
General government	-	28,301	-	55,686
Judicial	-	-	-	223,929
Public safety	-	-	-	1,753,348
Health and welfare	-	-	-	218,763
Housing and development	-	-	-	131,547
Capital outlay	-	-	543,040	543,040
Debt service:				
Principal	-	149,274	-	3,049,274
Interest	-	49,050	-	813,742
Total expenditures	-	226,625	543,040	6,789,329
Excess (deficiency) of revenues over (under) expenditures	332	(104,861)	-	(2,539,174)
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	-	-	575,755
Transfers out	-	-	-	(236,530)
Total other financing sources (uses)	20,000	-	-	339,225
Net change in fund balances	20,332	(104,861)	-	(2,199,949)
FUND BALANCES (DEFICIT), beginning of year	284,652	1,474,508	-	9,193,517
FUND BALANCES (DEFICIT), end of year	$ 304,984	$ 1,369,647	$ -	$ 6,993,568

SPALDING COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Community Services Block Grant		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	173,694	234,691	60,997
Charges for services	-	-	-
Court fees, fines and forfeitures	-	-	-
Interest	-	-	-
Other	-	-	-
Total revenues	173,694	234,691	60,997
EXPENDITURES			
Current:			
General government	20,000	27,385	(7,385)
Judicial	22,766	27,101	(4,335)
Public safety	-	-	-
Health and welfare	110,786	145,611	(34,825)
Housing and development	20,142	26,385	(6,243)
Total expenditures	173,694	226,482	(52,788)
Net change in fund balances	-	8,209	8,209
FUND BALANCES (DEFICIT), beginning of year	32,344	32,344	-
FUND BALANCES (DEFICIT), end of year	$ 32,344	$ 40,553	$ 8,209

Emergency 911			Confiscated Assets		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
967,374	1,091,522	124,148	-	-	-
-	-	-	300,000	370,255	70,255
800	1,011	211	-	1,183	1,183
-	82	82	-	-	-
968,174	1,092,615	124,441	300,000	371,438	71,438
-	-	-	-	-	-
-	-	-	-	-	-
1,432,189	1,301,519	130,670	300,000	451,829	(151,829)
-	-	-	-	-	-
-	-	-	-	-	-
1,432,189	1,301,519	130,670	300,000	451,829	(151,829)
(464,015)	(208,904)	255,111	-	(80,391)	(80,391)
1,095,614	1,095,614	-	455,587	455,587	-
$ 631,599	$ 886,710	$ 255,111	$ 455,587	$ 375,196	$ (80,391)

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SPALDING COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Law Library		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	48,000	35,103	(12,897)
Interest	-	662	662
Other	-	-	-
Total revenues	48,000	35,765	(12,235)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	52,000	28,500	23,500
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	52,000	28,500	23,500
Net change in fund balances	(4,000)	7,265	11,265
FUND BALANCES (DEFICIT), beginning of year	153,232	153,232	-
FUND BALANCES (DEFICIT), end of year	$ 149,232	$ 160,497	$ 11,265

Multiple Grant			Tourism		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 86,300	$ 96,106	$ 9,806
62,500	67,914	5,414	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	406	406
-	-	-	-	-	-
62,500	67,914	5,414	86,300	96,512	10,212
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
62,500	73,152	(10,652)	-	-	-
-	-	-	145,232	105,162	40,070
62,500	73,152	(10,652)	145,232	105,162	40,070
-	(5,238)	(5,238)	(58,932)	(8,650)	50,282
(9,709)	(9,709)	-	377,540	377,540	-
$ (9,709)	$ (14,947)	$ (5,238)	$ 318,608	$ 368,890	$ 50,282

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SPALDING COUNTY, GEORGIA

SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Local Victims Assistance Program		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	100,000	46,139	(53,861)
Interest	-	579	579
Other	-	-	-
Total revenues	100,000	46,718	(53,282)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	140,000	41,037	98,963
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	140,000	41,037	98,963
Net change in fund balances	(40,000)	5,681	45,681
FUND BALANCES (DEFICIT), beginning of year	160,282	160,282	-
FUND BALANCES (DEFICIT), end of year	$ 120,282	$ 165,963	$ 45,681

Griffin Judicial Circuit Drug Court		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
30,000	25,746	(4,254)
-	-	-
81,000	58,986	(22,014)
-	18	18
-	-	-
111,000	84,750	(26,250)
-	-	-
111,000	127,291	(16,291)
-	-	-
-	-	-
-	-	-
111,000	127,291	(16,291)
-	(42,541)	(42,541)
36,230	36,230	-
$ 36,230	$ (6,311)	$ (42,541)

SPALDING COUNTY, GEORGIA

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	2008 SPLOST Debt Service		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ 3,535,875	$ 1,415,162	$ (2,120,713)
Interest	-	67	67
Total revenues	3,535,875	1,415,229	(2,120,646)
EXPENDITURES			
Debt service:			
Principal	2,900,000	2,900,000	-
Interest	635,875	635,942	(67)
Total expenditures	3,535,875	3,535,942	(67)
Excess (deficiency) of revenues over (under) expenditures	-	(2,120,713)	(2,120,713)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(2,120,713)	(2,120,713)
FUND BALANCES, beginning of year	3,535,875	3,535,875	-
FUND BALANCES, end of year	$ 3,535,875	$ 1,415,162	$ (2,120,713)

GMA Lease Pool		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
60,000	139,387	79,387
60,000	139,387	79,387
-	-	-
128,750	128,750	-
128,750	128,750	-
(68,750)	10,637	79,387
420,000	555,755	135,755
-	(236,530)	(236,530)
420,000	319,225	(100,775)
351,250	329,862	(21,388)
1,597,362	1,597,362	-
$ 1,948,612	$ 1,927,224	$ (21,388)

SPALDING COUNTY, GEORGIA

CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Capital Projects General		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	500	332	(168)
Total revenues	500	332	(168)
EXPENDITURES			
Current:			
General government	-	-	-
Intergovernmental	-	-	-
Capital outlay	304,500	-	304,500
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	304,500	-	304,500
Excess (deficiency) of revenues over (under) expenditures	(304,000)	332	304,332
OTHER FINANCING SOURCES			
Transfers in	20,000	20,000	-
Total other financing sources	20,000	20,000	-
Net change in fund balances	(284,000)	20,332	304,332
FUND BALANCES, beginning of year	284,652	284,652	-
FUND BALANCES, end of year	$ 652	$ 304,984	$ 304,332

Impact Fees			Capital Projects 2008 SPLOST		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 4,950,000	$ 6,807,532	$ 1,857,532
-	-	-	-	-	-
266,880	120,078	(146,802)	-	-	-
2,000	1,686	(314)	-	237	237
268,880	121,764	(147,116)	4,950,000	6,807,769	1,857,769
98,000	28,301	69,699	-	750	(750)
-	-	-	2,120,833	2,037,115	83,718
1,218,570	-	1,218,570	10,916,690	4,662,632	6,254,058
149,257	149,274	(17)	-	-	-
49,073	49,050	23	800	964	(164)
1,514,900	226,625	1,288,275	13,038,323	6,701,461	6,336,862
(1,246,020)	(104,861)	1,141,159	(8,088,323)	106,308	8,194,631
-	-	-	-	-	-
-	-	-	-	-	-
(1,246,020)	(104,861)	1,141,159	(8,088,323)	106,308	8,194,631
1,474,508	1,474,508	-	9,947,749	9,947,749	-
$ 228,488	$ 1,369,647	$ 1,141,159	$ 1,859,426	$ 10,054,057	$ 8,194,631

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SPALDING COUNTY, GEORGIA

CAPITAL PROJECT FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Capital Projects 2005 SPLOST		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	-	280	280
Total revenues	-	280	280
EXPENDITURES			
Current:			
General government	1,250	-	1,250
Intergovernmental	-	-	-
Capital outlay	1,445,000	138,790	1,306,210
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,446,250	138,790	1,307,460
Excess (deficiency) of revenues over (under) expenditures	(1,446,250)	(138,510)	1,307,740
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(1,446,250)	(138,510)	1,307,740
FUND BALANCES, beginning of year	4,231,028	4,231,028	-
FUND BALANCES, end of year	$ 2,784,778	$ 4,092,518	$ 1,307,740

CDBG EIP Norcom Grant		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
350,000	543,040	193,040
-	-	-
-	-	-
350,000	543,040	193,040
-	-	-
-	-	-
350,000	543,040	(193,040)
-	-	-
-	-	-
350,000	543,040	(193,040)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
$ -	$ -	$ -

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
800 MHz radio communication system	$ 10,072,000	$ 10,072,000	$ 10,716,922	$ 72,386	$ 10,789,308
University of Georgia Learning Center	10,000,000	10,723,000	10,656,596	66,404	10,723,000
Parks and recreation facilities	600,000	600,000	176,361	-	176,361
	$ 20,672,000	$ 21,395,000	$ 21,549,879	$ 138,790	$ 21,688,669

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Acquisition, construction and development of property for the Griffin-Spalding Development Authority	$ 21,250,000	$ 21,250,000	$ 10,509,307	$ 4,664,346	$ 15,173,653
Acquisition, construction, improvements and additions to Griffin Technical College	7,000,000	7,000,000	-	-	-
Acquisition of bus for use by senior citizens and other residents	150,000	150,000	126,150	-	126,150
Water and sewerage system improvements	2,500,000	2,500,000	-	-	-
Roads, streets, bridges and transportation improvements and equipment	8,274,197	8,274,197	-	-	-
City of Griffin	10,924,198	10,924,198	2,488,143	2,012,967	4,501,110
City of Orchard Hill	475,605	475,605	37,900	24,148	62,048
City of Sunny Side	100,000	100,000	16,923	-	16,923
Bond issuance cost and interest expense	3,326,000	3,326,000	1,052,388	635,942	1,688,330
	$ 54,000,000	$ 54,000,000	$ 14,230,811	$ 7,337,403	$ 21,568,214

Total expenditures:	
Capital Projects 2008 SPLOST Fund	$ 6,701,461
2008 SPLOST Debt Service Fund	3,535,942
Repayment of principal on debt. Proceeds included in projects above.	(2,900,000)
Total 2008 SPLOST expenditures	$ 7,337,403

NOTE: Beginning balance was adjusted to include bond issuance cost and interest expense.

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AGENCY FUNDS

SPALDING COUNTY, GEORGIA

AGENCY FUNDS

Tax Commissioner	To account for tax billings, collections, and remittances made by property owners of record on behalf of other governmental agencies.
Magistrate Court	To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.
Probate Court	To account for the collection of fees for firearms licenses, certificates, marriage licenses, passports, etc. which are disbursed to other parties.
Clerk of Superior Court	To account for the receipt and disbursement of court-ordered fines and fees made on behalf of third parties.
Correctional Institution	To account for the receipt and disbursement of funds held on behalf of state inmates housed in the County correctional facility.
Sheriff	To account for the collection and remittance of fines, bond forfeitures, and various fees, and to account for the receipt and disbursement of funds held on behalf of County inmates housed in the County detention facility.

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

	Tax Commissioner	Magistrate Court	Probate Court	Clerk of Superior Court
ASSETS				
Cash	$ 200,617	$ 77,918	$ 3,894	$ 200,067
Taxes receivable	3,398,800	-	-	-
Accounts receivable	23,090	-	-	-
Total assets	$ 3,622,507	$ 77,918	$ 3,894	$ 200,067
LIABILITIES				
Due to others	$ 3,622,507	$ 77,918	$ 3,894	$ 200,067

Correctional Institution	Sheriff	Total
$ 22,931	$ 327,479	$ 832,906
-	-	3,398,800
-	-	23,090
$ 22,931	$ 327,479	$ 4,254,796
$ 22,931	$ 327,479	$ 4,254,796

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Tax Commissioner				
ASSETS				
Cash	$ 250,001	$ 32,136,935	$ 32,186,319	$ 200,617
Taxes receivable	2,648,486	3,398,800	2,648,486	3,398,800
Accounts receivable	21,826	1,264	-	23,090
Total assets	$ 2,920,313	$ 35,536,999	$ 34,834,805	$ 3,622,507
LIABILITIES				
Due to others	$ 2,920,313	$ 35,536,999	$ 34,834,805	$ 3,622,507
Magistrate Court				
ASSETS				
Cash	$ 22,734	$ 580,778	$ 525,594	$ 77,918
LIABILITIES				
Due to others	$ 22,734	$ 580,778	$ 525,594	$ 77,918
Probate Court				
ASSETS				
Cash	$ 2,818	$ 57,639	$ 56,563	$ 3,894
LIABILITIES				
Due to others	$ 2,818	$ 57,639	$ 56,563	$ 3,894
Clerk of Superior Court				
ASSETS				
Cash	$ 441,250	$ 1,229,959	$ 1,471,142	$ 200,067
LIABILITIES				
Due to others	$ 441,250	$ 1,229,959	$ 1,471,142	$ 200,067

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Correctional Institution				
ASSETS				
Cash	$ 23,554	$ 269,003	$ 269,626	$ 22,931
LIABILITIES				
Due to others	$ 23,554	$ 269,003	$ 269,626	$ 22,931
Sheriff				
ASSETS				
Cash	$ 276,323	$ 263,423	$ 212,267	$ 327,479
LIABILITIES				
Due to others	$ 276,323	$ 263,423	$ 212,267	$ 327,479
Total Agency Funds				
ASSETS				
Cash	$ 1,016,680	$ 34,537,737	$ 34,721,511	$ 832,906
Taxes receivable	2,648,486	3,398,800	2,648,486	3,398,800
Accounts receivable	21,826	1,264	-	23,090
Total assets	$ 3,686,992	$ 37,937,801	$ 37,369,997	$ 4,254,796
LIABILITIES				
Due to others	$ 3,686,992	$ 37,937,801	$ 37,369,997	$ 4,254,796

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COMPONENT UNIT – WATER AUTHORITY

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
COMPONENT UNIT - WATER AUTHORITY
JUNE 30, 2011

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	5,237,198
Accounts receivable		803,198
Restricted assets, cash and cash equivalents		7,978,649
Total current assets		14,019,045
NONCURRENT ASSETS		
Deferred charges, unamortized balance		326,419
Capital assets:		
Capital assets, non-depreciable		6,268,333
Capital assets, depreciable, net of accumulated depreciation		14,397,251
Total capital assets		20,665,584
Total noncurrent assets		20,992,003
Total assets		35,011,048
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		556,816
Accrued liabilities		2,792
Current portion of compensated absences payable		8,356
Current portion of bonds payable from restricted assets		990,000
Accrued interest		255,867
Total current liabilities		1,813,831
NONCURRENT LIABILITIES		
Compensated absences payable, net of current portion		5,570
Bonds payable, net of current portion		13,266,069
Total noncurrent liabilities		13,271,639
Total liabilities		15,085,470
NET ASSETS		
Invested in capital assets, net of related debt		12,277,754
Restricted for debt service		864,543
Unrestricted		6,783,281
Total net assets	$	19,925,578

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

OPERATING REVENUES	
Charges for services	$ 7,416,324
Total operating revenues	7,416,324
OPERATING EXPENSES	
Personal services and employee benefits	201,524
Contracted services	4,954,164
Material and supplies	228,901
Other operating expenses	69,178
Depreciation	450,946
Amortization	40,000
Total operating expenses	5,944,713
Operating income	1,471,611
NON-OPERATING INCOME (EXPENSES)	
Interest income	5,672
Interest expense	(835,134)
Total non-operating income (expenses)	(829,462)
Change in net assets	642,149
NET ASSETS, beginning of year	19,283,429
NET ASSETS, end of year	$ 19,925,578

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	7,461,928
Payments to employees		(188,581)
Payments to suppliers for goods and services provided		(4,968,464)
Net cash provided by operating activities		2,304,883
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(1,323,117)
Principal payments on long-term borrowings		(965,000)
Interest payments on long-term borrowings		(787,232)
Net cash used in capital and related financing activities		(3,075,349)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		5,672
Net cash provided by investing activities		5,672
Net decrease in cash and cash equivalents		(764,794)
Cash and cash equivalents, beginning of year		13,980,641
Cash and cash equivalents, end of year	$	13,215,847
Classified as:		
Cash and cash equivalents	$	5,237,198
Restricted assets:		
Bond sinking fund		1,122,410
Debt service reserve fund		988,000
Construction fund		5,868,239
	$	13,215,847
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,471,611
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		450,946
Amortization		40,000
Decrease in accounts receivable		45,604
Increase in accounts payable		283,779
Increase in accrued liabilities		1,310
Increase in compensated absences		11,633
Net cash provided by operating activities	$	2,304,883

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III. STATISTICAL SECTION

STATISTICAL SECTION

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

Contents ..... **Page**

Financial Trends ..... **93 – 100**

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

Revenue Capacity ..... **101 – 106**

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

Debt Capacity ..... **107 – 109**

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

Demographic and Economic Information ..... **110 and 111**

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

Operating Information ..... **112 – 114**

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented GASB Statement 34 for the year ended June 30, 2003; schedules presenting financial information include information beginning in that year.

SPALDING COUNTY, GEORGIA

NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	
Primary government:					
Governmental activities:					
Invested in capital assets, net of related debt	$ 35,763,231	$ 34,544,273	$ 35,643,160	$ 39,672,516	
Restricted	363,277	579,448	358,988	13,823,578	(1)
Unrestricted	10,369,596	12,355,174	13,897,397	1,324,148	
Total primary government net assets	$ 46,496,104	$ 47,478,895	$ 49,899,545	$ 54,820,242	

(1) Total Restricted Net Assets increased in fiscal year 2006 due to the 2005 SPLOST bond proceeds.

(2) Invested in capital assets, net of related debt increased in fiscal year 2007 due to the retroactive implementation for GASB 34.

2007	2008	2009	2010	2011
$ 76,031,982 (2)	$ 84,301,495	$ 86,170,339	$ 85,388,780	$ 82,982,348
16,904,691	21,043,484	19,227,417	21,882,136	20,114,417
1,486,098	1,083,258	(11,532,360)	(11,601,739)	(9,704,012)
$ 94,422,771	$ 106,428,237	$ 93,865,396	$ 95,669,177	$ 93,392,753

SPALDING COUNTY, GEORGIA

CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	$ 4,517,366	$ 4,893,104	$ 6,033,059	$ 4,873,556
Judicial	3,802,465	3,926,155	4,595,301	4,916,979
Public safety	20,072,792	20,327,829	21,286,267	24,049,681
Public works	5,432,948	8,379,030	6,409,403	4,292,007
Health and welfare	562,723	619,427	872,040	632,146
Culture and recreation	-	-	-	2,734,673 (2)
Housing and development	-	-	95,440 (1)	1,234,684
Interest on long-term debt	507,239	521,666	600,586	770,271
Total primary government expenses	$ 34,895,533	$ 38,667,211	$ 39,892,096	$ 43,503,997
Program revenues				
Governmental activities:				
Charges for services:				
General government	$ 1,913,326	$ 1,924,930	$ 2,092,558	$ 2,144,069
Judicial	2,888,899	2,536,910	3,225,109	2,638,519
Public safety	4,680,289	4,695,124	4,886,587	5,761,881
Other activities	150,450	176,200	370,255	578,722
Operating grants and contributions	1,252,639	1,064,480	1,453,774	1,833,205
Capital grants and contributions	1,109,533	1,566,625	1,570,046	3,370,546
Total primary government program revenues	$ 11,995,136	$ 11,964,269	$ 13,598,329	$ 16,326,942
Net (expense)/revenue				
Total primary government net expense	$ (22,900,397)	$ (26,702,942)	$ (26,293,767)	$ (27,177,055)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	$ 15,654,326	$ 18,348,163	$ 18,689,976	$ 19,157,931
Alcoholic beverage taxes	351,221	334,232	311,604	306,174
Vehicle taxes	1,398,079	1,595,669	1,652,480	1,653,825
Sales taxes	4,746,913	5,070,635	5,063,079	7,492,884
Intangible taxes	439,742	457,483	502,881	551,615
Insurance premium taxes	1,229,696	1,318,785	1,426,951	1,523,808
Hotel/motel taxes	82,702	91,429	99,229	109,543
Other taxes	407,974	349,149	497,818	481,477
Unrestricted investment earnings	131,272	120,188	574,106	820,495
Total primary government	$ 24,441,925	$ 27,685,733	$ 28,818,124	$ 32,097,752
Change in Net Assets				
Total primary government	$ 1,541,528	$ 982,791	$ 2,524,357	$ 4,920,697

(1) Prior to fiscal year 2005, the Housing and Development function was included with General Government.

(2) Prior to fiscal year 2006, the Culture and Recreation function was included with General Government.

(3) Sales taxes increased during fiscal year 2007 due to a full year of collections of the 2005 SPLOST issue.

(4) Housing and development expenses increased due to the use of SPLOST proceeds on the University of Georgia Learning Center.

(5) Developer contributions of infrastructure increased during fiscal year 2008.

(6) Housing and development expenses increased due to the use of SPLOST proceeds on the University of Georgia Learning Center and the purchase of land for the Development Authority.

2007	2008	2009	2010	2011
$ 5,333,341	$ 5,608,517	$ 6,640,547	$ 7,107,940	$ 7,417,820
5,002,948	5,482,736	4,584,031	4,528,384	4,617,323
25,519,501	26,428,329	25,241,705	26,524,500	28,442,241
6,137,324	5,762,303	6,809,609	5,398,943	5,374,364
872,270	1,117,554	911,148	1,095,175	934,364
2,942,031	3,006,773	2,731,539	2,643,500	2,677,153
1,958,546	2,953,544 (4)	17,475,860 (6)	4,522,298	6,118,772
911,715	841,040	982,324	1,145,336	1,085,318
$ 48,677,676	$ 51,200,796	$ 65,376,763	$ 52,966,076	$ 56,667,355
$ 2,035,121	$ 2,095,676	$ 2,138,686	$ 1,983,902	$ 1,956,814
2,501,320	2,494,816	2,273,881	1,912,642	1,890,553
5,360,736	5,238,813	4,835,871	5,968,936	5,656,679
964,648	973,826	874,976	424,059	353,893
2,091,802	2,669,648	1,332,716	1,601,575	1,954,506
2,780,011	7,288,834 (5)	1,090,102	829,112	761,524
$ 15,733,638	$ 20,761,613	$ 12,546,232	$ 12,720,226	$ 12,573,969
$ (32,944,038)	$ (30,439,183)	$ (52,830,531)	$ (40,245,850)	$ (44,093,386)
$ 20,055,001	$ 21,553,608	$ 22,220,678	$ 23,667,798	$ 24,304,835
313,605	315,042	352,417	330,645	342,638
1,734,970	1,828,660	1,759,125	1,670,521	1,758,346
14,836,157 (3)	14,890,517	13,000,013	13,657,070	12,772,683
466,888	378,856	230,473	193,729	197,775
1,596,904	1,679,166	1,720,094	1,695,431	1,648,929
118,899	110,198	99,947	89,395	96,106
530,756	554,588	501,048	508,020	498,342
1,774,030	1,134,014	391,847	229,070	197,308
$ 41,427,210	$ 42,444,649	$ 40,275,642	$ 42,041,679	$ 41,816,962
$ 8,483,172	$ 12,005,466	$ (12,554,889)	$ 1,795,829	$ (2,276,424)

SPALDING COUNTY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2003	2004	2005	2006	
General Fund					
Reserved	$ 312,053	$ 684,692	$ 2,305,434	$ 1,488,223	
Unreserved	3,432,513	6,921,241	8,788,002	9,781,428	
Assigned	-	-	-	-	
Unassigned	-	-	-	-	
Total General Fund	3,744,566	7,605,933	11,093,436	11,269,651	
All Other Governmental Funds					
Reserved, reported in					
Special revenue funds	278,638	321,965	349,275	983,692	
Debt service funds	198	-	-	-	
Capital projects funds	6,087,321	4,979,732	4,111,629	14,489,816	(1)
Unreserved, reported in					
Special revenue funds	1,702,244	2,006,425	2,506,862	2,389,895	
Debt service funds	-	-	-	-	
Capital projects funds	-	-	-	-	
Restricted	-	-	-	-	
Assigned	-	-	-	-	
Unassigned	-	-	-	-	
Total All Other Governmental Funds	8,068,401	7,308,122	6,967,766	17,863,403	
Total Governmental Funds					
Reserved	6,678,210	5,986,389	6,766,338	16,961,731	
Unreserved	3,432,513	6,921,241	8,788,002	9,781,428	
Restricted	-	-	-	-	
Assigned	-	-	-	-	
Unassigned	-	-	-	-	
Total Governmental Funds	$ 10,110,723	$ 12,907,630	$ 15,554,340	$ 26,743,159	

(1) Reserved fund balance in capital projects funds increased in fiscal year 2006 due to the 2005 SPLOST bond proceeds.
(2) Reserved fund balance in special revenue funds increased and unreserved fund balance in special revenue funds decreased in fiscal year 2007 due to a large encumbrance in the Fire District Fund.

(3) Reserved fund balance in capital projects funds were reclassified to unreserved fund balance during 2010.

(4) First year of implementation of GASB Statement No. 54.

2007	2008	2009	2010	2011 (4)
$ 368,372	$ 854,839	$ 391,364	$ 193,337	$ -
7,441,021	5,760,262	3,736,485	4,310,343	-
-	-	-	-	2,622,751
-	-	-	-	899,412
7,809,393	6,615,101	4,127,849	4,503,680	3,522,163
2,837,624 (2)	817,703	1,017,770	119,813	-
-	-	-	-	-
17,907,036	21,956,132	17,549,649	- (3)	-
87,568	2,279,816	2,131,909	2,382,741	-
980,585 (2)	1,645,495	2,488,738	5,133,237	-
-	-	-	15,937,937 (3)	-
-	-	-	-	21,353,846
-	-	-	-	304,984
-	-	-	-	(21,258)
21,812,813	26,699,146	23,188,066	23,573,728	21,637,572
21,113,032	23,628,674	18,958,783	313,150	-
8,509,174	9,685,573	8,357,132	27,764,258	-
-	-	-	-	21,353,846
-	-	-	-	2,927,735
-	-	-	-	878,154
$ 29,622,206	$ 33,314,247	$ 27,315,915	$ 28,077,408	$ 25,159,735

SPALDING COUNTY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006
REVENUES				
Taxes	$ 24,343,205	$ 28,054,034	$ 28,153,082	$ 31,391,376
Licenses and permits	496,501	479,262	559,101	643,804
Intergovernmental	1,517,043	1,847,594	1,707,719	2,841,753
Court fees, fines and forfeitures	2,341,617	1,999,325	2,962,156	2,470,363
Charges for services	5,824,494	5,928,702	6,032,755	6,715,987
Interest	123,780	118,046	544,632	818,728
Contributions and donations	2,000	6,050	275	34,036
Rentals	434,917	369,717	366,814	384,657
Other	764,037	631,013	701,773	880,230
Total Revenues	35,847,594	39,433,743	41,028,307	46,180,934
EXPENDITURES				
General government	5,156,819	4,494,908	5,911,652	4,356,176
Judicial	3,754,883	3,890,772	4,553,368	5,084,271
Public safety	18,515,628	20,062,771	20,731,697	23,379,707
Public works	5,432,707	5,641,302	5,745,436	3,765,135
Health and welfare	380,698	619,427	1,027,402	630,612
Culture and recreation	-	-	-	2,663,822 (2)
Housing and development	-	-	95,440 (1)	1,225,100
Intergovernmental	-	-	-	-
Capital outlay	2,239,538	1,510,579	1,004,766	2,553,455
Debt service				
Principal	4,156,018 (3)	1,287,409	1,272,034	997,681
Interest	494,089	495,244	651,936	551,625
Issuance costs	-	-	-	192,837
Total Expenditures	40,130,380	38,002,412	40,993,731	45,400,421
Excess of Revenues				
Over (Under) Expenditures	(4,282,786)	1,431,331	34,576	780,513
OTHER FINANCING SOURCES (USES)				
Transfers in	1,986,780	699,321	716,249	722,368
Transfers out	(1,986,780)	(699,321)	(715,837)	(721,278)
Issuance of general obligation bonds	-	-	-	10,250,000
Premium on bond issue	-	-	-	40,249
Capital leases	1,099,892	1,669,757	-	-
Issuance of certificates of participation	-	-	750,000	-
Total Other Financing Sources (Uses)	1,099,892	1,669,757	750,412	10,291,339
Net Change in Fund Balances	$ (3,182,894)	$ 3,101,088	$ 784,988	$ 11,071,852
Debt Service as a Percentage				
of Noncapital Expenditures	12.74%	4.99%	4.96%	4.18%

(1) Prior to fiscal year 2005, the Housing and Development function was included with General Government.

(2) Prior to fiscal year 2006, the Culture and Recreation function was included with General Government.

(3) The 1997 SPLOST bonds were paid off in fiscal year 2003.

(4) The first principal payment on the 2005 SPLOST bonds was made during fiscal year 2007.

(5) Prior to fiscal year 2009, Intergovernmental expenditures were included with General Government.

2007	2008	2009	2010	2011
$ 39,588,769	$ 41,016,163	$ 39,081,402	$ 41,747,867	$ 41,596,206
494,594	506,669	257,521	284,908	189,650
2,572,835	2,828,096	2,386,769	2,032,718	2,327,053
2,459,784	2,340,361	1,989,226	1,931,150	1,844,690
6,553,279	6,559,966	6,161,406	6,464,925	6,108,848
1,749,835	1,110,755	370,041	180,614	165,806
45,438	49,377	35,570	70,532	94,960
330,726	348,312	264,703	208,565	212,040
1,023,563	1,059,998	1,451,037	1,401,023	1,578,244
54,818,823	55,819,697	51,997,675	54,322,302	54,117,497
5,327,181	4,404,695	5,552,819	5,596,919	4,950,206
5,022,688	5,463,165	4,565,696	4,497,537	4,594,667
24,570,875	25,399,762	24,802,278	25,556,186	27,085,509
5,495,926	4,139,302	5,182,092	4,025,335	3,901,205
865,089	1,107,197	900,790	1,084,818	924,007
2,799,932	2,747,082	2,529,675	2,407,369	2,488,999
1,846,593	1,337,687	1,228,864	864,002	847,846
-	-	951,526 (5)	1,591,440	2,037,115
3,396,770	4,693,677	24,171,588	5,990,744	5,344,462
4,053,946 (4)	4,408,523	4,292,719	809,430	3,747,348
950,671	816,256	680,715	1,137,029	1,113,806
-	-	257,993	-	-
54,329,671	54,517,346	75,116,755	53,560,809	57,035,170
489,152	1,302,351	(23,119,080)	761,493	(2,917,673)
4,604,763	2,927,705	1,788,199	1,358,499	812,285
(4,604,763)	(2,927,705)	(1,788,199)	(1,358,499)	(812,285)
-	-	15,500,000	-	-
-	-	120,748	-	-
-	2,389,690	1,500,000	-	-
-	-	-	-	-
-	2,389,690	17,120,748	-	-
$ 489,152	$ 3,692,041	$ (5,998,332)	$ 761,493	$ (2,917,673)
10.07%	10.10%	7.90%	3.87%	8.63%

SPALDING COUNTY, GEORGIA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value: Real and Personal Property	Assessed Value: Motor Vehicle and Mobile Home	Assessed Value: Timber	Assessed Value: Total Property	Less: Exemptions
2002	$ 1,095,644,116	$ 131,753,302	$ 827,654	$ 1,228,225,072	$ 185,495,757
2003	1,304,323,470	135,689,312	652,125	1,440,664,907	210,334,643
2004	1,316,063,999	132,864,878	858,704	1,449,787,581	175,449,828
2005	1,347,653,513	129,077,465	294,034	1,477,025,012	170,956,221
2006	1,421,223,621	123,939,730	843,117	1,546,006,468	206,994,244
2007	1,451,860,481	118,468,421	813,637	1,571,142,539	183,587,634
2008	1,535,854,597	127,951,469	674,496	1,664,480,562	219,171,547
2009	1,564,104,831	130,690,963	538,170	1,695,333,964	213,179,506
2010	1,565,885,934	135,919,364	550,284	1,702,355,582	218,058,229
2011	1,561,951,450	117,213,357	358,789	1,679,523,596	188,380,545

SOURCE:

Spalding County Board of Equalization and Assessment

NOTES:

Property in Spalding County is reassessed once every three years. The County assesses commercial, residential, and real property at approximately 40 percent of actual value. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per $1,000 of assessed value.

Total Taxable Property		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
Assessed Value	Actual Value		
$ 1,042,729,315	$ 2,606,823,288	40%	$ 9.88
1,230,330,264	3,075,825,660	40%	11.91
1,274,337,753	3,185,844,383	40%	13.53
1,306,068,791	3,265,171,978	40%	13.46
1,339,012,224	3,347,530,560	40%	13.41
1,387,554,905	3,468,887,263	40%	13.39
1,445,309,015	3,613,272,538	40%	13.89
1,482,154,458	3,705,386,145	40%	13.88
1,484,297,353	3,710,743,383	40%	14.88
1,491,143,051	3,727,857,628	40%	14.81

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SPALDING COUNTY, GEORGIA

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER $1,000 OF ASSESSED VALUE)

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Spalding County direct rates:										
Unincorporated maintenance and operations	14.89	16.27	17.29	17.14	17.13	17.12	17.84	17.66	18.50	18.18
Sales tax reduction	(5.01)	(4.36)	(3.76)	(3.68)	(3.72)	(3.73)	(3.95)	(3.78)	(3.62)	(3.37)
Total direct rate	9.88	11.91	13.53	13.46	13.41	13.39	13.89	13.88	14.88	14.81
Municipal rates:										
City of Griffin:										
Maintenance and operations	9.46	8.85	8.85	8.65	8.63	8.63	8.60	8.64	8.64	8.64
City of Orchard Hill maintenance and operations	5.00	5.00	5.00	4.99	4.95	4.95	4.95	4.95	4.95	4.95
City of Sunny Side maintenance and operations	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.36
Fire protection (1)	5.16	4.58	4.70	4.76	4.81	4.81	4.83	4.82	5.84	5.98
Insurance premium rollback (1)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)	(1.81)	(1.81)
Board of Education	18.94	18.55	18.95	18.90	18.85	18.82	18.81	18.80	18.80	18.80
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	32.15	33.80	35.82	35.68	35.56	35.51	35.99	35.96	37.96	38.03
Total Municipalities:										
City of Griffin	38.53	39.56	41.58	41.26	41.14	41.09	41.55	41.57	42.57	42.50
City of Orchard Hill	34.07	35.71	37.73	37.60	37.46	37.41	37.90	37.88	38.88	38.81
City of Sunny Side	33.43	35.07	37.09	36.97	36.87	36.82	37.31	37.29	38.29	38.22

SOURCE:

Spalding County Tax Commissioner's Office

(1) Fire protection and insurance premium rollback is applied only to unincorporated rates.

SPALDING COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		Fiscal Year 2011		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Caterpillar, Inc.	Power generation systems	$ 31,905,580	1	2.14%
Tenet/Spalding Regional Hospital	Hospital/health care	14,456,666	2	0.97%
AEP Industries	Packaging film	11,081,113	3	0.74%
Wal-Mart Stores, Inc.	Retail	8,753,709	4	0.59%
North Spalding Development Company	Real estate development	8,589,609	5	0.58%
Pulte Home Corporation	Sun City Peachtree retirement community	8,243,917	6	0.55%
Halpern Enterprises	Commercial real estate	6,477,233	7	0.43%
NACOM Corporation	Automotive components	6,168,122	8	0.41%
First National Bank of Griffin	Financial institution	5,917,242	9	0.40%
Norcom	School paper products	4,315,565	10	0.29%
Springs Industries	Textile manufacturing	-		-
Standard Products	Automotive components	-		-
BellSouth Telecommunications	Public utility	-		-
Mid-Georgia Bandag	Retread manufacturing	-		-
Union Camp Corporation	Plastic bag manufacturing	-		-
Weyerhauser	Corrugated boxing	-		-
Total		$ 105,908,756		7.10%

SOURCE:

Spalding County Tax Commissioner's Office.

Fiscal Year 2002		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
$ 23,861,419	3	2.29%
9,789,773	6	0.94%
-		-
-		-
-		-
-		-
6,145,244	10	0.59%
54,029,358	1	5.18%
-		-
-		-
44,103,188	2	4.23%
11,652,291	4	1.12%
10,227,840	5	0.98%
9,317,026	7	0.89%
7,426,258	8	0.71%
6,345,228	9	0.61%
$ 182,897,625		17.54%

SPALDING COUNTY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2002	$ 10,302,165	$ 9,887,459	95.97%	$ 414,706	$ 10,302,165	100.00%
2003	14,653,233	13,803,624	94.20%	830,059	14,633,683	99.87%
2004	15,430,968	14,850,164	96.24%	564,204	15,414,368	99.89%
2005	17,579,687	16,979,276	96.58%	586,769	17,566,045	99.92%
2006	17,956,154	17,405,961	96.94%	525,920	17,931,881	99.86%
2007	18,579,360	18,130,563	97.58%	388,186	18,518,749	99.67%
2008	18,283,956	17,391,752	95.12%	785,577	18,177,329	99.42%
2009	18,746,679	17,690,387	94.37%	868,562	18,558,949	99.00%
2010	20,053,526	18,706,433	93.28%	864,782	19,571,215	97.59%
2011	22,083,828	20,155,597	91.27%	-	20,155,597	91.27%

SOURCE:

Spalding County Tax Commissioner's Office

SPALDING COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt General Obligation Bonds	Percentage of Actual Property Value (1)	Per Capita (2)	Other Governmental Activities Debt Certificates of Participation	Other Governmental Activities Debt Capital Lease Obligations	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2002	$ 3,075,000	0.12 %	$ 51.94	$ 5,848,634	$ 2,793,052	$ 11,716,686	0.82 %	$ 197.91
2003	-	-	-	5,521,424	3,139,136	8,660,560	0.59	145.04
2004	-	-	-	5,168,764	3,874,144	9,042,908	0.61	149.59
2005	-	-	-	8,050,000	2,936,740	10,986,740	0.71	180.87
2006	10,250,000	0.31	167.24	7,789,209	2,199,850	20,239,059	1.25	330.22
2007	7,035,000	0.20	113.13	7,511,156	1,638,957	16,185,113	0.96	260.27
2008	3,580,000	0.10	56.98	7,220,170	3,004,706	13,804,876	0.79	219.73
2009	15,500,000	0.42	243	6,910,956	4,101,201	26,512,157	1.48	414.82
2010	15,500,000	0.42	239.54	6,583,362	3,619,365	25,702,727	1.43	397.21
2011	12,600,000	0.34	196.65	6,237,305	3,118,074	21,955,379	N/A	342.66

NOTE:

Details regarding Spalding County's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for personal income and population data.

SPALDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Debt limit	$ 122,822,507	$ 144,066,491	$ 144,978,758	$ 147,702,501	$ 154,600,647
Total net debt applicable to limit	3,075,000	-	-	-	10,250,000
Legal debt margin	$ 119,747,507	$ 144,066,491	$ 144,978,758	$ 147,702,501	$ 144,350,647
Total net debt applicable to the limit as a percentage of debt limit	2.50%	0.00%	0.00%	0.00%	6.63%

NOTE:
Under Georgia law, Spalding County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying the general obligation bonds.

2007	2008	2009	2010	2011
$ 157,114,254	$ 166,448,056	$ 169,533,396	$ 170,235,558	$ 167,952,360
7,035,000	3,580,000	15,500,000	15,500,000	12,600,000
$ 150,079,254	$ 162,868,056	$ 154,033,396	$ 154,735,558	$ 155,352,360
4.48%	2.15%	9.14%	9.11%	7.50%

Legal Debt margin Calculation for Fiscal Year 2010

Assessed value	$ 1,679,523,596
Debt limit (10% of assessed value)	167,952,360
Debt applicable to limit:	
General obligation bonds	12,600,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	12,600,000
Legal debt margin	$ 155,352,360

SPALDING COUNTY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)		Personal Income (thousands) (1)	Per Capita Personal Income (1)	School Enrollment (2)	Unemployment Rate (3)
2002	59,203		$ 1,426,847	$ 24,183	10,458	6.70%
2003	59,711		1,461,196	24,407	10,648	7.60%
2004	60,451		1,479,624	24,510	10,693	6.30%
2005	60,745		1,554,560	25,592	10,813	7.90%
2006	61,289	(4)	1,619,312	26,426	10,833	6.60%
2007	62,185		1,687,243	27,112	10,967	5.90%
2008	62,826		1,758,448	28,039	10,953	8.70%
2009	63,913		1,797,366	28,477	10,823	15.70%
2010	64,708		1,804,727	27,890	10,860	12.50%
2011	64,073		N/A	N/A	10,685	13.30%

SOURCES:

(1) Bureau of Economic Analysis: Regional Economic Accounts

(2) Spalding County Board of Education

(3) U.S. Bureau of Labor Statistics

(4) U.S. Census Bureau

N/A Information not yet available.

SPALDING COUNTY, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND FIVE YEARS AGO

		Fiscal Year 2011			Fiscal Year 2006		
Employer	Industry	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Griffin-Spalding County School System	Education	1,512	1	5.11 %	1,650	1	5.86 %
Caterpillar, Inc.	Automotive generators	900	2	3.04	-		-
Spalding Regional Medical Center	Healthcare	900	3	3.04	900	2	3.20
Spalding County	Government	611	4	2.07	469	6	1.67
City of Griffin	Government	490	5	1.66	480	5	1.71
University of Georgia Griffin Campus	Education	405	8	1.37	250	9	0.89
1888 Mills/Southern Terry	Terry cloth towels	375	6	1.27	350	8	1.24
Southern Crescent Technical College	Education	360	7	1.22	365	7	1.30
Norcom	School supplies	280	9	0.95	-		-
AEP Industries, Inc.	Packaging film	250	10	0.85	240	10	0.85
NACOM Corporation	Automotive electronics	-		-	850	3	3.02
Springs Industries	Finished cotton goods	-		-	850	4	3.02
Totals		6,083		20.58 %	6,404		22.76 %

SOURCE:

Spalding County Chamber of Commerce

Note:

Information on the principal employers was not readily available for fiscal years 2002 through 2005.

SPALDING COUNTY, GEORGIA

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

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	133	133	135	137	139	144	147	148	147	147
Public Safety										
Sheriff										
Officers	56	53	57	57	62	70	70	67	84	83
Civilians	19	24	22	32	33	35	35	35	37	35
Corrections	69	72	74	75	76	81	80	79	71	71
Correctional Institution										
Officers	66	66	66	69	70	76	77	77	78	78
Civilians	7	7	7	7	7	6	6	7	7	7
Fire										
Firefighters	66	62	62	62	65	68	68	68	80	78
Civilians	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets and Highways	27	27	27	27	27	31	30	30	30	30
Solid Waste	16	16	17	17	17	17	17	17	17	17
Culture and Recreation	36	34	36	36	36	36	40	42	38	37
Total	497	496	505	521	534	566	572	572	591	585

SOURCE:

Spalding County Human Resources Department

NOTE:

Spalding County does not fund any positions in health and welfare.

SPALDING COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST EIGHT FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety								
Sheriff:								
Physical arrests	4,703	4,761	5,002	2,705	3,412	3,066	3,154	2,831
Traffic violations	1,821	1,971	2,188	2,158	2,160	1,625	1,114	1,269
Fire District:								
Calls answered	1,354	1,517	1,613	1,624	1,524	1,379	1,374	1,710
Inspections	181	176	197	235	277	234	448	394
Public Works								
Street resurfacing (miles)	11	11	21	15	-	18	10	3

SOURCE:

Various County departments.

NOTES:

Indicators are not available for the general government, judicial, culture and recreation, health and welfare, and housing and development functions. Indicators are not readily available for fiscal years 2002 and 2003.

SPALDING COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Sheriff:										
Detention facilities	1	1	1	1	2	2	2	2	2	2
Patrol units	27	30	30	33	36	37	40	42	43	54
Fire District:										
Fire stations	6	6	6	6	6	6	6	6	7	7
Fire trucks	14	12	12	12	10	10	13	12	13	11
Public Works										
Roads (miles)	395.8	395.8	402.1	405.8	418.4	431.4	437.7	437.7	440	444.9
Culture and Recreation										
Parks acreage	300	300	300	483	483	483	484.5	496.5	496.5	508.5
Playgrounds	9	9	9	11	11	11	11	13	13	13
Baseball/Softball diamonds	19	19	19	19	19	19	19	20	20	20
Soccer fields	10	10	10	10	11	11	11	7	7	7
Football fields	2	2	2	2	2	2	2	2	2	3
Recreation centers	3	3	3	3	3	3	3	3	3	4
Senior centers	1	1	1	1	1	1	1	1	1	1
Nature trails	-	-	-	-	-	-	1	1	1	1
Walking trails	8	8	8	8	8	8	8	8	8	10

SOURCE:

Various County departments.

NOTE:

Indicators are not available for the general government, judicial, health and welfare, and housing and development functions.

Dundee Lake Park was purchased in 2005.

CONTINUING DISCLOSURE INFORMATION

SPALDING COUNTY, GEORGIA

DISCRETELY PRESENTED COMPONENT UNIT
SPALDING COUNTY WATER AUTHORITY
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	$ 3,867,418	$ 2,140,154	$ 1,727,264	$ 560,000	$ 666,569	$ 1,226,569	1.41
2003	4,094,113	2,208,423	1,885,690	-	376,753	376,753	5.01
2004	4,469,426	3,312,061	1,157,365	790,000	335,313	1,125,313	1.03
2005	4,849,148	3,662,231	1,186,917	805,000	333,685	1,138,685	1.04
2006	5,018,602	3,479,940	1,538,662	805,000	309,535	1,114,535	1.38
2007	6,219,693	3,930,710	2,288,983	835,000	284,635	1,119,635	2.04
2008	7,937,421	4,491,682	3,445,739	865,000	257,033	1,122,033	3.07
2009	6,541,458	4,438,033	2,103,425	890,000	576,665	1,466,665	1.43
2010	7,976,539	5,385,310	2,591,229	935,000	842,855	1,777,855	1.46
2011	7,421,996	5,453,767	1,968,229	965,000	806,855	1,771,855	1.11

(1) Exclusive of depreciation and amortization.

SPALDING COUNTY, GEORGIA

DISCRETELY PRESENTED COMPONENT UNIT
SPALDING COUNTY WATER AUTHORITY
TEN LARGEST WATER CUSTOMERS
CURRENT FISCAL YEAR

Customer	Industry	Rank	Usage (in gallons)	Total Annual Billing	Percentage of Total Annual Charges
Spalding County Law Enforcement Complex	Government	1	25,240,700	$ 224,260	3.08 %
Northside Griffin, LLC	Apartment homes	2	19,415,900	172,173	2.37
Spalding County Correctional Institution	Government	3	10,994,200	97,608	1.34
Sun City Peachtree Homeowners Association	Retirement community	4	10,961,600	97,514	1.34
Brightmoor Health	Nursing home	5	9,838,100	87,565	1.20
Pulte Homes Corporation	Residential home builder	6	9,272,800	82,748	1.14
AEP Industries, Inc.	Packaging film	7	5,137,000	45,538	0.63
Sumika Polymer Compounds	Plastic compounds	8	4,767,700	42,325	0.58
Caterpillar, Inc.	Power generation systems	9	4,034,500	35,854	0.49
Beaverbrook School	School system	10	3,765,000	33,400	0.46
Total			103,427,500	$ 918,985	12.64 %

SOURCE:
City of Griffin

SPALDING COUNTY, GEORGIA

DISCRETELY PRESENTED COMPONENT UNIT
SPALDING COUNTY WATER AUTHORITY
NUMBER OF CUSTOMERS AND CONSUMPTION
LAST TEN FISCAL YEARS

Fiscal Year	Number of Customers (as of June 30)	Total Water Consumption	Rates per 1,000 Gallons		
			1,000 - 7,000 Gallons	7,000 - 10,000 Gallons	Over 10,000 Gallons
2002	9,967	765,002,400	$ 2.28	$ 2.28	$ 2.94
2003	10,465	843,248,300	2.95	2.95	3.65
2004	10,835	814,634,600	3.40	3.40	4.10
2005	10,686	931,112,900	3.40	3.40	4.10
2006	11,190	801,024,300	3.53	3.53	4.23
2007	11,710	891,841,100	4.72	4.72	5.42
2008	11,872	840,127,700	5.17	6.46	7.08
2009	11,927	819,262,310	5.92	7.40	8.11
2010	11,838	847,768,000	6.49	8.11	8.89
2011	12,104	809,328,600	6.49	8.11	8.89

SOURCE:
City of Griffin

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IV. COMPLIANCE SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S 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*

Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Spalding County, Georgia as of and for the year ended June 30, 2011, which collectively comprise Spalding County, Georgia's basic financial statements and have issued our report thereon dated December 15, 2011. As discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of July 1, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Griffin-Spalding Development Authority and the Spalding County Department of Public Health, as described in our report on Spalding County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of Spalding County, Georgia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Spalding County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spalding County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Spalding 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 of this section 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.

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 deficiency described in the accompanying schedule of findings and questioned costs as item 2011-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spalding 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 additional matters that we reported to the management of Spalding County, Georgia in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of the management and Board of Commissioners of Spalding County, Georgia 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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 15, 2011

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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

Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia

Compliance

We have audited Spalding County, Georgia's compliance with the types of compliance requirements described in OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Spalding County, Georgia's major federal programs for the year ended June 30, 2011. Spalding 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 Spalding County, Georgia's management. Our responsibility is to express an opinion on Spalding 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 Spalding 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 Spalding County, Georgia's compliance with those requirements.

In our opinion, Spalding 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2011-2.

Internal Control Over Compliance

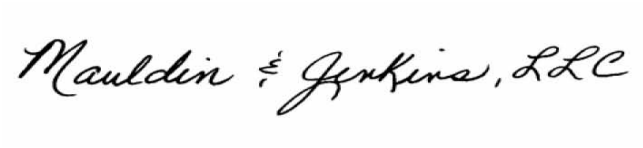
The management of Spalding County, Georgia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Spalding County, Georgia's 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 Spalding 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2011-2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the management and the Board of Commissioners of Spalding County, Georgia 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.



Macon, Georgia
December 15, 2011

SPALDING 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	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE			
JAG Program Cluster			
ARRA - 2009 Recovery Act Edward Byrne Memorial Justice Assistance Grant (JAG)	16.804	2009-SB-B9-0923	$ 37,325
Passed through Council of Juvenile Court Judges of Georgia:			
Juvenile Accountability Block Grant	16.523	JB-07ST-004	6,615
Juvenile Accountability Block Grant	16.523	JB-08ST-0002	5,175
			11,790
Passed through Criminal Justice Coordinating Council:			
Victims of Crime Act Grant	16.575	C09-8-129	10,170
Victims of Crime Act Grant	16.575	C10-8-157	27,473
			37,643
Total U.S. Department of Justice			86,758
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Georgia Emergency Management Agency:			
Public Assistance Grant	97.036	FEMA-1973-DR-GA	369,377
Emergency Management Performance Grant	97.042	OEM10-128S01	17,525
Total U.S. Department of Homeland Security			386,902
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Georgia Department of Human Resources:			
Community Service Block Grant Cluster			
Community Service Block Grant	93.569	427-040-0000003668	94,337
Community Service Block Grant	93.569	427-040-0000006812	66,531
ARRA - Community Service Block Grant	93.710	427-040-0000003498	73,823
Total U.S. Department of Health and Human Services			234,691
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Georgia Department of Community Affairs:			
CDBG - State Administered CDBG Cluster			
Community Development Block Grant - Employment Incentive Program	14.228	09q-y-126-1-5216	500,000
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Georgia Office of School Readiness:			
Child Nutrition Cluster			
Summer Food Service Program	10.559	08060	67,914
Total Expenditures of Federal Awards			$ 1,276,265

Note: The above schedule of expenditures of federal awards is prepared 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 Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

SPALDING COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ____ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes X no
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	____ yes X no
Significant deficiencies identified not considered to be material weaknesses?	X yes ____ none reported
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 OMB Circular A-133, Section 510(a)?	X yes ____ no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
97.036	Public Assistance Grant
14.228	*CDBG – State Administered CDBG Cluster* Community Development Block Grant – Employment Incentive Program

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

SPALDING COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II
FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

2011 - 1. Revenue Cycle Transactions

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Condition: The County did not appropriately record all transactions involving the County's receivable and revenue accounts during the year ended June 30, 2011.

Context: We addressed this matter with County officials who were able to determine all appropriate revenue and receivable entries that should be recorded as of June 30, 2011.

Effect: Audit adjustments to decrease cash in the amount of $937, increase due from other governments in the amount of $398,823, decrease due from other funds in the amount of $31,103, and increase revenues in the amount of $366,783 were required to be reported by the General Fund as of June 30, 2011.

Recommendation: We recommend the County recognize and record all necessary receivable and revenue adjustments at the end of each financial cycle, ensuring that the resulting ending balances are correct.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will begin recognizing and recording all necessary receivable and revenue adjustments as appropriate in future years and ensuring the ending balances are correct.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2011-2. Verification Check for Covered Transactions – Public Assistance Grant

Criteria: As a recipient of federal awards, the County is charged with the responsibility of verifying that covered transactions (procurement contracts for goods and services that are expected to equal or exceed $25,000, or meet certain other specified criteria) are not awarded to debarred or suspended parties.

Condition: During our testing of federal award contracts, we noted one instance in which the County could not provide documentation that a verification check for debarment/suspension was performed.

Context/Cause: The lack of documentation regarding debarment/suspension was noted during control testing related to the Public Assistance Grant.

Effect: Without proper documentation, debarred/suspended parties could be improperly awarded federal grant monies.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

2011-2. Verification Check for Covered Transactions – Public Assistance Grant (Continued)

Recommendation: The County should take appropriate measures to ensure that complete documentation of all federal award procurements, including verification checks for suspension/debarment, be properly maintained.

Views of Responsible Officials and Planned Corrective Action: We concur. We will work together to ensure that complete documentation of all federal award procurements is properly maintained.

SPALDING COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2010-1. Verification Check for Covered Transactions – Homeland Security Program

Criteria: As a recipient of federal awards, the County is charged with the responsibility of verifying that covered transactions (procurement contracts for goods and services that are expected to equal or exceed $25,000, or meet certain other specified criteria) are not awarded to debarred or suspended parties.

Condition: During our testing of federal award contracts, we noted one instance in which the County could not provide documentation that a verification check for debarment/suspension was performed.

Auditee Response/Status: Unresolved. This is included as current finding number 2011-2.

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF STATE CONTRACTUAL ASSISTANCE – DHR

Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia

We have audited the financial statements of Spalding County, Georgia as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of State Contractual Assistance - DHR is presented for purposes of additional analysis and is not a required part of the financial statements of Spalding County, Georgia. Such information is the responsibility of management and was derived from and relates 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information of management and federal awarding agencies and pass-through entities that are required to receive this report and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 15, 2011

SPALDING COUNTY, GEORGIA

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE - DHR
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Program Name	Contract Number	Contract Period	Due From State June 30, 2010	Revenue Received	Expenditures	Due From State June 30, 2011
Community Services Block Grant	427-040-0000003668	October 2009 - September 2010	$ 35,992	$ 130,329	$ 94,337	$ -
Community Services Block Grant ARRA	427-040-0000003498	October 2009 - September 2010	21,028	94,851	73,823	-
Community Services Block Grant	427-040-0000006812	October 2010 - September 2011	-	60,204	66,531	6,327
			$ 57,020	$ 285,384	$ 234,691	$ 6,327