SPALDING COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED JUNE 30, 2012

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

SPALDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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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 12, 2012

Honorable Gwen Flowers-Taylor, 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, 2012.

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 the 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, 2012 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, 2012 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.

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www.spaldingcounty.com

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 64,033. 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 30th, 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 economic outlook is increasingly influenced by the Atlanta region and the lingering recession. Unemployment had been relatively stable until the effect of the current recession. During the past ten years, the unemployment rate rose from an initial low of 6.7 percent (2002) to 11.4 percent for the current year (2012). Although unemployment rates have risen nationwide over the last couple of years because of the recession, Spalding County's unemployment rates have historically been higher than national averages, due mainly to an agricultural and textile industry driven workforce. 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. Many new degree programs are added each year to the UGA Griffin Campus curriculum and the November 2012 opening of the 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.

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.

Spalding County's close proximity to Hartsfield-Jackson International Airport, combined with convenient 4 lane access to Interstate 75, makes us a prime location for new industrial prospects. The completion of the new Lakes at Green Valley Industrial Park comes just in time as the last remaining sites at the Green Valley Industrial Park are under contract. The local economy shows signs of improvement in the real estate market along with commercial construction and retail. The new 94,000 square feet Kroger along with Spalding Regional Hospital's new and expanded Emergency Care Facility and a new 5,000 square foot Medical Office Complex all are examples of a turn in the local economy.

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 and major initiatives. The commissioners' plan is to maintain the unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund between 15 and 20 percent of total general fund revenues for budgetary and planning purposes. Unassigned fund balance in the General Fund at year end was 3.41 percent of total general fund revenues. In the past several years fund balance has been utilized to balance the budget due to revenue shortfalls brought on by the recession. The Board of Commissioners approved an increase in the millage rate for the FY 2012 budget but unfortunately that increase did not generate the revenues anticipated due to lack of tax digest growth. In early 2012 the Board established a Budget Review Committee comprised of several members of the various department management teams to provide input from a new perspective into to the FY 2013 budget process. That Committee has brought forth several cost cutting measures that have been adopted by the Board and continues to work with Senior Staff to improve other processes as well. Senior Staff was tasked with developing new and updated financial policies and procedures for review and adoption by the Board in early 2013 which will recommend measures to assist the Board in reaching their unrestricted fund balance goal.

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. Spalding County, along with the City of Griffin, contracted with LPA Group in 2009 for the planning, site analysis and environmental studies associated with an Airport relocation study. Public Hearings were held, and both Boards reviewed the site analysis and agreed upon a location for the new Airport. During the 2012 session of the Georgia General Assembly, local legislation was approved creating the Griffin-Spalding Airport Authority. Authority members were appointed this year and are actively working to assume ownership and operations of the current airport while continuing airport relocation efforts. The proposed new airport is located in close proximity to the new Lakes at Green Valley Industrial Park and the intersection of soon to be relocated State Route155 and State Route16.

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 2012. The County received grant funding and completed installation of an early warning system that notifies residents by home phone, cell phone, text and email to enhance our ability to notify citizens of pending emergencies. The long awaited Spalding County Senior Center is scheduled to be completed in December 2012 with a grand opening set for January 2013. This new 28,000 square foot facility will replace the original 6,000 square foot facility that opened in 1993. The new facility will provide much needed space for expanding our current programs and adding new ones.

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 issuance of additional bonds in 2008 to expand and improve water service in the County has improved water pressure, firefighting capabilities, redundancy, and flow rates throughout the County for many years to come. In addition, the recent acquisition of the Springs Wastewater Treatment Plant will make possible provision of sewer lines to Northern Spalding County, opening up new areas of service to previously unavailable areas. The County was awarded a CDBG Grant for replacement of the dilapidated Highland Mills Wastewater Treatment Plant with a lift station to direct the effluent to the Springs Wastewater Treatment Plant. This project scheduled for completion in early January 2013 and will enable the County to decommission the Highland Mill Wastewater Treatment Plant reducing operational costs for the Authority.

Relevant financial policies. Spalding County's budget ordinance requires the adoption of a balanced annual operating budget (i.e., estimated revenues equal to or in excess of appropriations). As a result of the economic downturn estimated revenues were less than appropriations ($39,358,672 versus $40,123,272). In such cases, the ordinance allows for the appropriation of fund balance to balance the budget. The amount necessary for this purpose in the original budget was $764,600, which increased to $1,939,001 in the final amended budget. Spalding County ultimately had to spend only $884,591 to make up the budget deficit for the year.

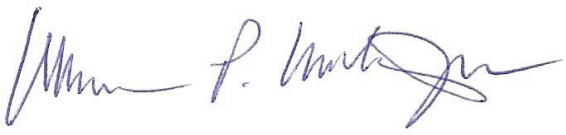
AWARDS AND ACKNOWLEDGEMENTS

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, 2011. This was the eleventh 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, 2011

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.



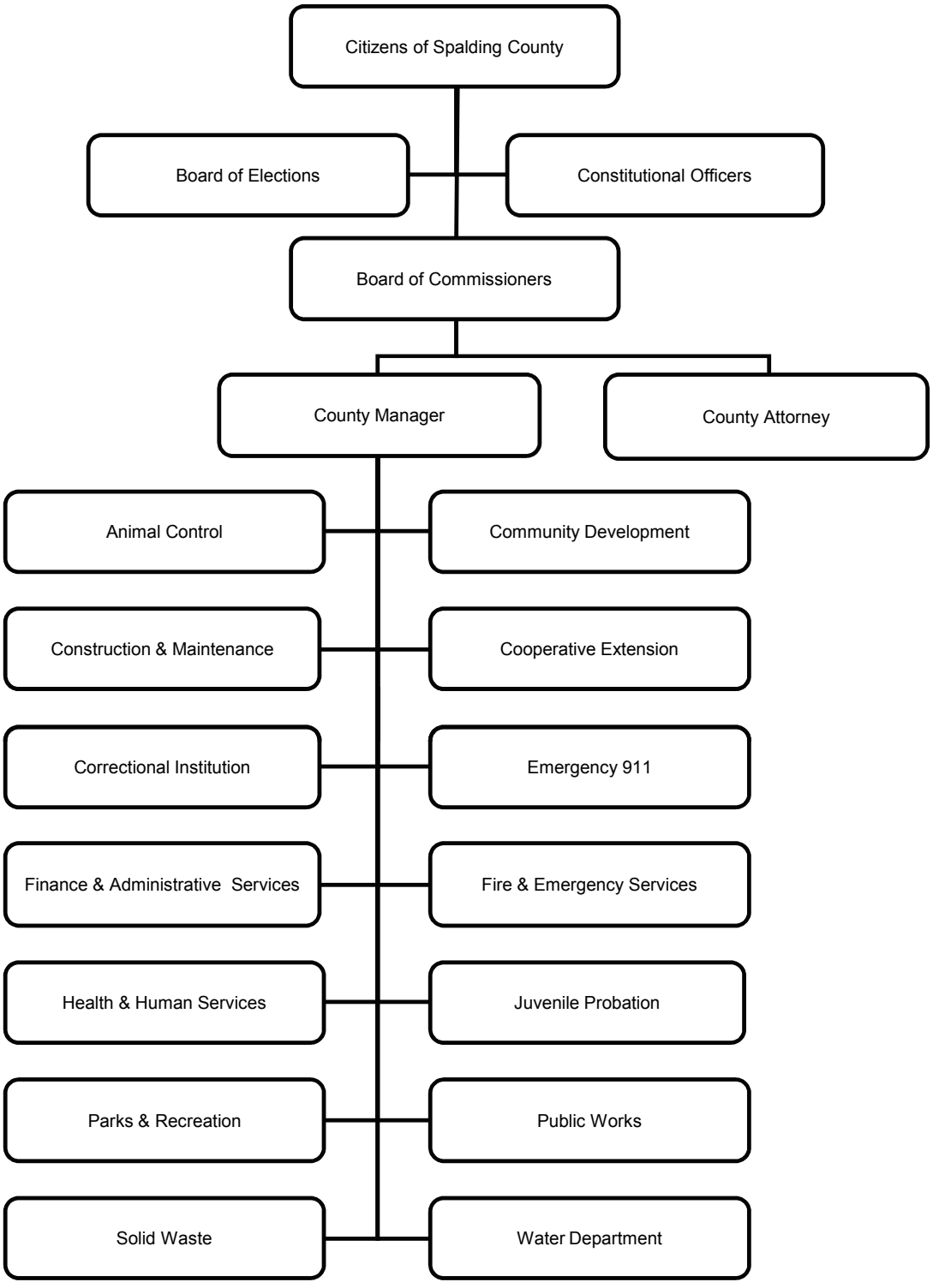
Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

SPALDING COUNTY, GEORGIA
ORGANIZATIONAL CHART



SPALDING COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2012

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

COUNTY MANAGER
William P. Wilson, Jr.

ADMINISTRATIVE SERVICES DIRECTOR
Jinna L. Garrison, CPA

COUNTY ATTORNEY
James R. Fortune, Jr.

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, 2012, 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 $901,088 and $25,996,477, respectively, as of June 30, 2012, and total revenues of $1,389,891 and $1,365,386, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, 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 report of other auditors, provides a reasonable basis for our opinions.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Spalding County, Georgia as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and Fire District Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2012, 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 65) 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 schedules of expenditures of special purpose local option sales tax are presented for purposes of additional analysis as required by Official Code of Georgia 48-8-121 and are not a required part of the basic financial statements. 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 basic 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 basic 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.

Mauldin & Jenkins, LLC

Macon, Georgia
December 12, 2012

SPALDING COUNTY, GEORGIA

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

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, 2012. 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, 2012, by $97,649,488 (net assets).
- At June 30, 2012, the County's governmental funds reported combined ending fund balances of $27,194,034, an increase of $2,034,299 or 8.09% in comparison with the prior year. Of this amount, $1,184,120 remains in the various funds as unassigned.
- At June 30, 2012, the County's General Fund reported an unassigned fund balance of $1,289,814.
- The County's 2008 SPLOST Capital Project Fund closed fiscal year 2012 with a fund balance of $11,783,105. 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, CDBG EIP Norcom Grant and CDBG Highland Mills Sewer 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 2005 SPLOST Capital Projects, and 2008 SPLOST Debt Service 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 – 20. 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 $97,649,488 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (84.55%) 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

	2012	2011
Current and other assets	$ 32,573,128	$ 31,060,692
Capital assets	90,037,353	91,020,072
Total assets	122,610,481	122,080,764
Long-term liabilities outstanding	21,566,622	25,612,819
Other liabilities	3,394,371	3,075,192
Total liabilities	24,960,993	28,688,011
Net assets:		
Invested in capital assets, net of related debt	82,563,218	82,982,348
Restricted	23,034,482	20,114,417
Unrestricted	(7,948,212)	(9,704,012)
Total net assets	$ 97,649,488	$ 93,392,753

An additional portion of Spalding County's net assets (23.59%) 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 $7,948,212. The County issued bonds in fiscal year 2009 for the Griffin-Spalding County Development Authority, a component unit of Spalding County, to purchase land for a new industrial park.

During the current fiscal year, restricted net assets increased $2,920,065. This included an increase in accumulation of Special Purpose Local Option Sales Tax funds which will be used to fund infrastructure and transportation improvements.

The County's deficit in unrestricted net assets decreased $1,755,800 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 increased the County's net assets by $4,256,735. Key elements of this increase are as follows:

Spalding County's Changes in Net Assets

	Governmental Activities 2012	Governmental Activities 2011
Revenues		
Program revenues:		
Charges for services	$ 10,152,121	$ 9,857,939
Operating grants and contributions	1,065,062	1,954,506
Capital grants and contributions	194,477	761,524
General revenues:		
Property taxes	23,803,917	24,304,835
Other taxes	19,042,197	17,314,819
Investment income	162,559	197,308
Total revenues	54,420,333	54,390,931
Expenses		
General government	7,236,133	7,417,820
Judicial	5,088,552	4,617,323
Public safety	28,124,718	28,442,241
Public works	4,339,173	5,374,364
Health and welfare	620,797	934,364
Culture and recreation	2,848,613	2,677,153
Housing and development	996,194	6,118,772
Interest on long-term debt	909,418	1,085,318
Total expenses	50,163,598	56,667,355
Increase (decrease) in net assets	4,256,735	(2,276,424)
Net assets, beginning of year	93,392,753	95,669,177
Net assets, end of year	$ 97,649,488	$ 93,392,753

- Operating grants and contributions decreased $889,444 over the previous fiscal year. The majority of the decrease is due to reimbursements from FEMA for expenditures resulting from the April 2011 tornado disaster in Spalding County included in the prior year.

- Capital grants and contributions decreased $567,047. 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 $34,749, due to falling interest rates and declining cash balances.

- Property taxes decreased $500,918 over the previous year. The tax digest decreased and there are numerous appeals waiting to be heard by the tax assessor's office.

- Total expenses decreased $6,503,757 over the previous year. Land for a new industrial park was purchased with 2008 SPLOST funds and construction of the industrial park infrastructure was substantially completed during fiscal year 2011. Also, the County received a Community Development Block Grant in fiscal year 2011 to construct a rail spur in the existing Green Valley Industrial Park to Norcom, a company that distributes school products. The rail spur was completed during 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 $27,194,034, an increase of $2,034,299 in comparison with the prior year. Approximately 4.35% of this total amount ($1,184,120) constitutes unassigned fund balance, which is available for spending at the government's discretion. Of the remainder of fund balance, $24,058,981 is restricted for public safety, capital projects, and debt service and $1,950,933 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 $1,289,814, while total fund balance reached $2,915,423. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 3.33% of total general fund expenditures, while total fund balance represents 7.52% of that same amount.

The fund balance of Spalding County's General Fund decreased by $606,740 during the current fiscal year. Lower than anticipated revenues and a large, unforeseen increase in insurance premiums 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 800 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 the construction of a new Senior Citizens Center. At the end of the 2012 fiscal year, the 2005 SPLOST Capital Projects fund had a restricted fund balance of $3,271,384, which is a decrease of $821,134, or 20.06% from the previous year. The 800 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 expected to be completed in December 2012 with a grand opening celebration scheduled for early January 2013.

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 2012, the 2008 SPLOST Capital Projects fund had a restricted fund balance of $11,783,105, which is an increase of $1,729,048 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. It is an internal service fund where assets are set aside for claim settlements.

General Fund Budgetary Highlights

The net differences between the General Fund expenditures original budget and the final amended budget were $858,345 and can be summarized as follows:

- Increase in general government activities - $139,630 due primarily to unanticipated building repairs and maintenance and the construction of a pavilion at The Park at Sixth;
- Increase in judicial functions - $35,000, due primarily to an increase in court days;
- Increase in public safety functions - $497,053, due primarily to an increase in capital asset purchases;
- Increase in health and welfare services - $23,219, due primarily to building repairs and maintenance for the Spalding County Health Department;
- Increase in culture and recreation activities - $158,043, due to an increase in capital asset purchases;
- Increase in housing and development - $5,400, due to an increase in equipment repairs and maintenance and the purchase of youth program equipment for park gymnasiums.

Of these increases, $23,218 was funded by a grant from the Griffin Spalding Hospital Authority, $3,500 was funded by a grant from the Spalding County Health Department, $76,141 was funded by federal grants, $527,109 was funded by capital lease proceeds, $46,400 was funded by contributions and donations, $122,908 was funded by insurance refunds and the remainder was funded through the use of fund balance.

Actual General Fund revenues of $37,874,401 were less than final budgeted revenues by $1,168,215. 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 $38,758,992 were less than final budgeted expenditures of $40,981,617 by $2,222,625. 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, 2012, amounts to $90,037,353 (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 2012	Governmental Activities 2011
Land	$ 3,132,527	$ 3,132,527
Construction in progress	11,772,924	10,978,440
Land improvements	5,229,848	5,373,321
Buildings and improvements	25,233,182	26,040,139
Machinery and equipment	3,180,293	3,508,791
Furniture and fixtures	5,591	8,044
Intangibles	442,980	532,579
Infrastructure (roads)	41,040,008	41,446,231
Total	$ 90,037,353	$ 91,020,072

Overall, governmental capital assets decreased by a net amount of $982,719 during 2012 due to depreciation and the sale of surplus property. Total governmental capital assets added during 2012 amounted to $2,407,049. Major projects consisted of the following:

- $464,817 in Public Safety vehicles and equipment;
- $884,736 in donated subdivision roads were accepted by the County; and
- $780,224 in expenditures associated with the construction of the new Spalding County Senior Center.

Additional information on the County's capital assets can be found in Note 6 on pages 44 – 46 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 $9,600,000.

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 $156,206,624.

Spalding County has received an "A1" 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 47 – 53 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Spalding County is currently 11.4%, which is a decrease from a rate of 12.8% one year ago. The unemployment rate for the State of Georgia at June 30, 2012, is 9.5%.
- 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 2013.
- 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 Spalding County's unemployment rate and property tax revenues.
- Spalding County began a county-wide tax assessment revaluation in 2009 which was completed after the current fiscal year end. The revised tax digest, after hearing tax appeals, will be implemented with the 2013 tax digest for the fiscal 2014 budget year. We anticipate that Spalding County's tax digest will grow as the economy begins to grow again, however, at a much slower rate than in previous years.

All of these factors were taken into consideration when preparing the 2013 budget. During the current fiscal year, unassigned fund balance in the general fund increased 43.40% to $1,289,814. A total of $328,439 has been appropriated for spending in the 2013 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.

BASIC FINANCIAL STATEMENTS

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Primary Government	Component Units		
	Governmental Activities	Health Department	Development Authority	Water Authority
ASSETS				
Cash and cash equivalents	$ 25,192,546	$ 808,721	$ 734,746	$ 5,326,224
Investments	1,391,388	-	2,080,000	-
Property taxes receivable	1,452,054	-	-	-
Accounts receivable	526,948	-	1,500	613,943
Interest receivable	16	-	16,178	-
Due from other governments	2,355,840	82,824	6,923	-
Due from primary government	-	-	-	132,489
Deferred charges	111,563	-	-	259,679
Restricted assets:				
Bond sinking fund	-	-	-	1,117,544
Debt service reserve fund	-	-	-	988,000
Construction fund	-	-	-	2,202,999
Fair value of interest rate swap	898,847	-	-	-
Capital assets, non-depreciable	14,905,451	-	22,720,896	11,313,452
Capital assets, depreciable (net of accumulated depreciation)	75,131,902	9,543	436,234	13,953,676
Other noncurrent asset	643,926	-	-	-
Total assets	122,610,481	901,088	25,996,477	35,908,006
LIABILITIES				
Accounts payable	1,698,998	-	11,342	1,433,590
Accrued liabilities	429,549	-	4,286	3,441
Accrued interest payable	211,109	-	-	242,667
Due to other governments	-	17,171	-	-
Due to component unit	132,489	-	-	-
Unearned revenue	922,226	-	-	-
Liabilities payable from restricted assets	-	-	-	1,000,000
Claims payable due within one year	369,583	-	-	-
Claims payable due in more than one year	232,077	-	-	-
Capital leases due within one year	542,610	-	-	-
Capital leases due in more than one year	2,053,926	-	-	-
Bonds payable due within one year	3,100,000	-	-	-
Bonds payable due in more than one year	6,552,215	-	-	12,299,292
Notes payable due in more than one year	-	-	3,793,120	-
Compensated absences due within one year	780,068	31,277	-	9,255
Compensated absences due in more than one year	520,045	72,290	-	6,170
Certificates of participation due within one year	393,515	-	-	-
Certificates of participation due in more than one year	5,474,112	-	-	-
Landfill due within one year	101,419	-	-	-
Landfill due in more than one year	1,030,166	-	-	-
Net OPEB obligation due in more than one year	416,886	-	-	-
Total liabilities	24,960,993	120,738	3,808,748	14,994,415
NET ASSETS				
Invested in capital assets, net of related debt	82,563,218	9,543	19,364,010	14,170,835
Restricted for:				
Grant purposes	42,456	-	-	-
Judicial	357,895	-	-	-
Public safety	1,501,067	-	-	-
Culture and recreation	415,887	-	-	-
Capital projects	16,377,685	-	-	-
Debt service	4,339,492	-	-	862,877
Other purposes	-	564,103	-	-
Unrestricted	(7,948,212)	206,704	2,823,719	5,879,879
Total net assets	$ 97,649,488	$ 780,350	$ 22,187,729	$ 20,913,591

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

SPALDING COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
General government	$ 7,236,133	$ 2,203,046	$ 26,706	$ 22
Judicial	5,088,552	1,866,206	603,232	-
Public safety	28,124,718	5,641,026	257,840	210
Public works	4,339,173	262,941	-	143,909
Health and welfare	620,797	-	163,064	-
Culture and recreation	2,848,613	160,052	8,645	-
Housing and development	996,194	18,850	5,575	50,336
Interest on long-term debt	909,418	-	-	-
Total primary government	$ 50,163,598	$ 10,152,121	$ 1,065,062	$ 194,477
Component units:				
Health Department	$ 1,307,865	$ 456,360	$ 932,074	$ -
Development Authority	1,034,579	281,250	561,000	495,541
Water Authority	6,947,462	7,761,376	-	168,702
Total component units	$ 9,289,906	$ 8,498,986	$ 1,493,074	$ 664,243
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	
$ (5,006,359)	$ -	$ -	$ -	
(2,619,114)	-	-	-	
(22,225,642)	-	-	-	
(3,932,323)	-	-	-	
(457,733)	-	-	-	
(2,679,916)	-	-	-	
(921,433)	-	-	-	
(909,418)	-	-	-	
(38,751,938)	-	-	-	
-	80,569	-	-	
-	-	303,212	-	
-	-	-	982,616	
-	80,569	303,212	982,616	
23,803,917	-	-	-	
332,017	-	-	-	
1,855,547	-	-	-	
14,367,296	-	-	-	
199,474	-	-	-	
1,676,704	-	-	-	
96,737	-	-	-	
514,422	-	-	-	
162,559	1,457	16,028	5,397	
-	-	11,567	-	
43,008,673	1,457	27,595	5,397	
4,256,735	82,026	330,807	988,013	
93,392,753	698,324	21,856,922	19,925,578	
$ 97,649,488	$ 780,350	$ 22,187,729	$ 20,913,591	

SPALDING COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	General	Fire District	Capital Projects 2008 SPLOST	Capital Projects 2005 SPLOST
Cash and cash equivalents	$ 3,063,186	$ 835,078	$ 11,965,579	$ 3,610,813
Investments	-	-	-	-
Property taxes receivable	1,174,863	277,191	-	-
Accounts receivable	301,557	-	-	-
Interest receivable	-	-	-	16
Due from other governments	738,021	-	-	-
Due from other funds	369,951	44,216	-	-
Total assets	$ 5,647,578	$ 1,156,485	$ 11,965,579	$ 3,610,829
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,270,273	$ 65,284	$ 64,108	$ 169,915
Accrued liabilities	354,537	59,048	-	-
Due to other funds	67,007	-	118,366	169,530
Due to component unit	2,040	-	-	-
Deferred revenue	1,038,298	245,994	-	-
Total liabilities	2,732,155	370,326	182,474	339,445
FUND BALANCES				
Fund balances:				
Restricted for:				
Grant purposes	-	-	-	-
Judicial	-	-	-	-
Public safety	-	786,159	-	-
Culture and recreation	-	-	-	-
Capital projects	-	-	11,783,105	3,271,384
Debt service	-	-	-	-
Assigned for:				
Public safety	3,635	-	-	-
Public works	17,310	-	-	-
Capital projects	-	-	-	-
Sales taxes	1,262,889	-	-	-
Tricentennial Celebration	1,985	-	-	-
Memorial Gifts	11,351	-	-	-
Next year's budget	328,439	-	-	-
Unassigned	1,289,814	-	-	-
Total fund balances	2,915,423	786,159	11,783,105	3,271,384
Total liabilities and fund balances	$ 5,647,578	$ 1,156,485	$ 11,965,579	$ 3,610,829

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.

2008 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
$ 2,215,530	$ 3,500,452	$ 25,190,638
-	1,223,406	1,223,406
-	-	1,452,054
-	215,851	517,408
-	-	16
1,458,457	159,362	2,355,840
	22,791	436,958
$ 3,673,987	$ 5,121,862	$ 31,176,320
$ -	$ 129,418	$ 1,698,998
-	15,964	429,549
-	82,055	436,958
-	130,449	132,489
-	-	1,284,292
-	357,886	3,982,286
-	42,456	42,456
-	357,895	357,895
-	749,379	1,535,538
-	415,887	415,887
-	2,313,224	17,367,713
3,673,987	665,505	4,339,492
-	-	3,635
-	-	17,310
-	325,324	325,324
-	-	1,262,889
-	-	1,985
-	-	11,351
-	-	328,439
-	(105,694)	1,184,120
3,673,987	4,763,976	27,194,034
$ 3,673,987	$ 5,121,862	
		90,037,353
		362,066
		(19,748,775)
		643,926
		(416,886)
		(422,230)
		$ 97,649,488

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General	Fire District	Capital Projects 2008 SPLOST	Capital Projects 2005 SPLOST
REVENUES				
Property taxes	$ 20,339,622	$ 3,919,142	$ -	$ -
Alcoholic beverage taxes	332,017	-	-	-
Vehicle taxes	1,855,547	-	-	-
Sales taxes	5,224,087	-	3,364,509	-
Other taxes	688,526	1,702,074	-	-
Licenses and permits	213,767	-	-	-
Intergovernmental	790,137	42,067	-	-
Charges for services	5,156,210	-	-	-
Court fees, fines and forfeitures	1,339,821	-	-	-
Interest	13,387	1,089	205	210
Contributions and donations	8,645	-	-	-
Rentals	197,315	-	-	-
Other	1,715,320	17,217	-	-
Total revenues	37,874,401	5,681,589	3,364,714	210
EXPENDITURES				
Current:				
General government	5,247,781	-	1,300	-
Judicial	4,387,946	-	-	-
Public safety	20,783,236	5,046,775	-	-
Public works	3,697,648	-	-	-
Health and welfare	494,012	-	-	-
Culture and recreation	2,761,468	-	-	-
Housing and development	739,393	-	-	-
Intergovernmental	-	-	1,481,675	-
Capital outlay	-	-	152,578	821,344
Debt service:				
Principal	475,342	260,606	-	-
Interest	172,166	71,978	113	-
Total expenditures	38,758,992	5,379,359	1,635,666	821,344
Excess (deficiency) of revenues over (under) expenditures	(884,591)	302,230	1,729,048	(821,134)
OTHER FINANCING SOURCES (USES)				
Transfers in	899,701	-	-	-
Transfers out	(621,850)	(13,500)	-	-
Total other financing sources (uses)	277,851	(13,500)	-	-
Net change in fund balances	(606,740)	288,730	1,729,048	(821,134)
FUND BALANCES, beginning of year	3,522,163	497,429	10,054,057	4,092,518
FUND BALANCES, end of year	$ 2,915,423	$ 786,159	$ 11,783,105	$ 3,271,384

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

2008 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 24,258,764
-	-	332,017
-	-	1,855,547
5,778,700	-	14,367,296
-	96,737	2,487,337
-	-	213,767
-	398,248	1,230,452
-	1,175,667	6,331,877
-	353,894	1,693,715
22	145,346	160,259
-	-	8,645
-	-	197,315
-	2,915	1,735,452
5,778,722	2,172,807	54,872,443
-	33,910	5,282,991
-	146,276	4,534,222
-	1,751,103	27,581,114
-	-	3,697,648
-	126,785	620,797
-	-	2,761,468
-	55,734	795,127
-	-	1,481,675
-	282,004	1,255,926
3,000,000	155,268	3,891,216
519,897	171,806	935,960
3,519,897	2,722,886	52,838,144
2,258,825	(550,079)	2,034,299
-	635,350	1,535,051
-	(899,701)	(1,535,051)
-	(264,351)	-
2,258,825	(814,430)	2,034,299
1,415,162	5,578,406	25,159,735
$ 3,673,987	$ 4,763,976	$ 27,194,034

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, 2012

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

Net change in fund balances - total governmental funds	$	2,034,299
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.		(941,710)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.		(41,009)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(454,847)
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.		3,960,485
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.		43,741
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.		(344,224)
	$	4,256,735

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 23,909,824	$ 21,709,393	$ 20,339,622	$ (1,369,771)
Alcoholic beverage taxes	341,500	341,500	332,017	(9,483)
Vehicle taxes	34,000	1,734,000	1,855,547	121,547
Sales taxes	5,200,000	5,200,000	5,224,087	24,087
Other taxes	728,300	728,300	688,526	(39,774)
Licenses and permits	200,000	200,000	213,767	13,767
Intergovernmental	652,495	737,830	790,137	52,307
Charges for services	5,362,962	5,364,662	5,156,210	(208,452)
Court fees, fines and forfeitures	1,308,000	1,308,000	1,339,821	31,821
Interest	3,850	3,850	13,387	9,537
Contributions and donations	-	8,400	8,645	245
Rentals	193,080	193,080	197,315	4,235
Other	1,424,661	1,513,601	1,715,320	201,719
Total revenues	39,358,672	39,042,616	37,874,401	(1,168,215)
EXPENDITURES				
Current:				
General government:				
Board of commissioners	301,835	301,835	292,873	8,962
Board of elections	191,295	202,295	173,567	28,728
Administration	411,071	411,071	311,088	99,983
Finance	105,311	107,001	106,540	461
Information systems	209,484	209,484	168,395	41,089
Human resources	180,728	180,728	181,112	(384)
Tax commissioner	812,123	812,123	713,163	98,960
Tax assessors	648,787	648,787	678,112	(29,325)
Construction and maintenance	353,074	353,074	348,967	4,107
Janitorial services	119,962	119,962	117,016	2,946
General appropriations	1,840,358	1,967,298	1,930,541	36,757
Tornado disaster	-	-	226,407	(226,407)
Total general government	5,174,028	5,313,658	5,247,781	65,877
Judicial:				
Superior court	132,825	167,825	213,176	(45,351)
Griffin judicial circuit	892,782	892,782	852,141	40,641
Clerk of court	808,672	808,672	687,832	120,840
District attorney	434,271	434,271	434,605	(334)
State court	656,040	656,040	608,710	47,330
Solicitor	188,623	188,623	182,151	6,472
Magistrate court	711,846	711,846	707,819	4,027
Probate court	263,750	263,750	272,409	(8,659)
Public defender	38,085	38,085	43,498	(5,413)
Public defender circuit	385,605	385,605	385,605	-
Total judicial	4,512,499	4,547,499	4,387,946	159,553

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current: (Continued)				
Public safety:				
Sheriff	$ 606,662	$ 606,662	$ 560,824	$ 45,838
Victim services	134,504	134,504	96,940	37,564
Warrant division	1,012,911	1,022,299	981,060	41,239
Criminal investigation division	882,574	882,574	881,468	1,106
Uniform patrol division	3,148,931	3,474,321	3,207,216	267,105
Jail	7,046,744	7,092,821	6,766,611	326,210
Narcotics task force	988,571	988,571	979,298	9,273
Correctional institution	6,199,832	6,205,189	5,943,958	261,231
Juvenile probation	489,995	507,022	489,099	17,923
Coroner	51,661	53,361	57,370	(4,009)
800 MHz communication	409,234	436,234	436,185	49
Animal control	331,253	337,253	319,536	17,717
Emergency management	8,251	67,365	63,671	3,694
Total public safety	21,311,123	21,808,176	20,783,236	1,024,940
Public works:				
Public works	3,182,694	3,182,694	2,605,418	577,276
Solid waste collection	854,845	854,845	813,248	41,597
Garage	280,856	280,856	278,982	1,874
Total public works	4,318,395	4,318,395	3,697,648	620,747
Health and welfare:				
Health	416,799	440,018	451,190	(11,172)
Welfare	87,640	87,640	42,822	44,818
Total health and welfare	504,439	527,658	494,012	33,646
Culture and recreation:				
Recreation	608,649	611,049	561,876	49,173
Senior citizens' bus	39,517	39,517	20,914	18,603
Parks	1,849,133	2,004,776	1,960,950	43,826
Libraries	200,980	200,980	217,728	(16,748)
Total culture and recreation	2,698,279	2,856,322	2,761,468	94,854
Housing and development:				
Cooperative extension service	157,714	157,714	125,121	32,593
Community development	452,758	452,758	429,914	22,844
Code enforcement	120,747	122,647	119,382	3,265
Development Authority	100,000	100,000	50,000	50,000
Enrichment of young minds	52,690	56,190	14,976	41,214
Total housing and development	883,909	889,309	739,393	149,916

(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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Debt service:				
Principal	$ 536,300	$ 536,300	$ 475,342	$ 60,958
Interest	184,300	184,300	172,166	12,134
Total debt service	720,600	720,600	647,508	73,092
Total expenditures	40,123,272	40,981,617	38,758,992	2,222,625
Deficiency of revenues under expenditures	(764,600)	(1,939,001)	(884,591)	1,054,410
OTHER FINANCING SOURCES (USES)				
Transfers in	-	527,110	899,701	372,591
Transfers out	(621,850)	(621,850)	(621,850)	-
Total other financing sources (uses)	(621,850)	(94,740)	277,851	372,591
Net change in fund balances	(1,386,450)	(2,033,741)	(606,740)	1,427,001
FUND BALANCES, beginning of year	3,522,163	3,522,163	3,522,163	-
FUND BALANCES, end of year	$ 2,135,713	$ 1,488,422	$ 2,915,423	$ 1,427,001

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, 2012

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 4,034,105	$ 4,034,105	$ 3,919,142	$ (114,963)
Other taxes	1,728,000	1,728,000	1,702,074	(25,926)
Intergovernmental	34,500	34,500	42,067	7,567
Interest	600	600	1,089	489
Other	-	5,690	17,217	11,527
Total revenues	5,797,205	5,802,895	5,681,589	(121,306)
EXPENDITURES				
Current:				
Public safety	5,617,001	5,622,691	5,046,775	575,916
Capital outlay	-	70,500	-	70,500
Debt service:				
Principal	355,800	355,800	260,606	95,194
Interest	102,700	102,700	71,978	30,722
Total expenditures	6,075,501	6,151,691	5,379,359	772,332
Excess (deficiency) of revenues over (under) expenditures	(278,296)	(348,796)	302,230	651,026
OTHER FINANCING SOURCES (USES)				
Transfers in	125,815	125,815	-	(125,815)
Transfers out	(13,500)	(13,500)	(13,500)	-
Total other financing sources (uses)	112,315	112,315	(13,500)	(125,815)
Net change in fund balances	(165,981)	(236,481)	288,730	525,211
FUND BALANCES, beginning of year	497,429	497,429	497,429	-
FUND BALANCES, end of year	$ 331,448	$ 260,948	$ 786,159	$ 525,211

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

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Governmental Activities - Internal Service Funds
	Workers' Compensation
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 1,908
Investments	167,982
Accounts receivable	9,540
Total current assets	179,430
Total assets	179,430
LIABILITIES	
CURRENT LIABILITIES	
Current portion of claims payable	369,583
Total current liabilities	369,583
NONCURRENT LIABILITIES	
Claims payable, net of current portion	232,077
Total noncurrent liabilities	232,077
Total liabilities	601,660
NET ASSETS	
Unrestricted	(422,230)
Total net assets (deficit)	$ (422,230)

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, 2012

	Governmental Activities - Internal Service Funds
	Workers' Compensation
OPERATING REVENUES	
Contributions	$ 452,719
Total operating revenues	452,719
OPERATING EXPENSES	
Claims paid	578,534
Administration and other costs	221,146
Total operating expenses	799,680
Operating loss	(346,961)
NON-OPERATING REVENUES	
Interest income	2,737
Total non-operating revenues	2,737
Change in net assets	(344,224)
NET ASSETS (DEFICIT), beginning of year	(78,006)
NET ASSETS (DEFICIT), end of year	$ (422,230)

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, 2012

	Governmental Activities - Internal Service Funds
	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employees	$ 452,719
Payments for insurance claims	(759,189)
Payments to suppliers for services provided	(221,146)
Net cash used in operating activities	(527,616)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	514,308
Interest received	2,737
Net cash provided by investing activities	517,045
Net decrease in cash and cash equivalents	(10,571)
Cash and cash equivalents, beginning of year	12,479
Cash and cash equivalents, end of year	$ 1,908
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (346,961)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Decrease in accounts receivable	8,095
Decrease in claims payable	(188,750)
Net cash used in operating activities	$ (527,616)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2012

	Agency Funds
ASSETS	
Cash	$ 550,369
Taxes receivable	2,691,706
Accounts receivable	23,232
Total assets	$ 3,265,307
LIABILITIES	
Due to others	$ 3,265,307

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.

The ***debt service 2008 SPLOST fund*** accounts for the accumulation of resources for the payment of debt principal and interest for the 2008 General Obligation Sales Tax Bonds.

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

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 $19,748,775 difference are as follows:

Capital leases payable	$	(2,596,536)
General obligation bonds payable		(9,600,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		111,563
Plus: Issuance premium (to be amortized against interest expense)		(52,215)
Certificates of participation		(5,867,627)
Less: Fair value of interest rate swap		898,847
Landfill postclosure costs		(1,131,585)
Compensated absences		(1,300,113)
Accrued interest		(211,109)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	(19,748,775)

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 $362,066 difference are as follows:

Deferred property tax revenue	$	1,260,913
Deferred fair value of interest rate swap		(898,847)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$	362,066

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 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 $941,710 difference are as follows:

Capital outlay	$	2,407,049
Depreciation expense		(3,348,759)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	(941,710)

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 $3,960,485 difference are as follows:

Principal repayments:		
Capital leases	$	521,538
Bonds payable		3,000,000
Certificates of participation		369,678
Landfill postclosure costs		69,269
Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net assets - governmental activities*	$	3,960,485

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)

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 $43,741 difference are as follows:

Compensated absences	$	37,440
Amortization of issuance costs		(41,837)
Amortization of premium on general obligation bonds		19,581
Accrued interest		48,798
Net OPEB obligation		(160,059)
Net pension asset		139,818
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets - governmental activities*	$	43,741

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.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

A. Budgets and Budgetary Accounting (Continued)

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.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded budget, as follows:

Fund or Department	Excess
General Fund:	
Human resources	$ 384
Tax assessors	29,325
Tornado disaster	226,407
Superior court	45,351
District attorney	334
Probate court	8,659
Public defender	5,413
Coroner	4,009
Health	11,172
Libraries	16,748
Community Services Block Grant Fund	32,301
Capital Projects 2005 SPLOST Fund	115,094

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 Capital Projects 2005 SPLOST Fund were funded by additional revenues and fund balance.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (Continued)

C. Deficit Fund Equity

The Multiple Grant Fund had a deficit fund balance of $17,730 as of June 30, 2012. The CDBG Highland Mills Sewer Grant Fund had a deficit fund balance of $87,964 as of June 30, 2012. These deficits will be eliminated through future grant reimbursement proceeds.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2012 are summarized as follows:

Balances per statement of net assets:		
Cash and cash equivalents - Primary government	$	25,192,546
Cash and cash equivalents - Health Department		808,721
Cash and cash equivalents - Development Authority		734,746
Cash and cash equivalents - Water Authority		5,326,224
Investments - Primary government		1,391,388
Investments - Development Authority		2,080,000
Restricted assets:		
Water Authority - Bond sinking fund		1,117,544
Water Authority - Debt service reserve fund		988,000
Water Authority - Construction fund		2,202,999
Balances per statement of fiduciary net assets:		
Cash - Agency funds		550,369
	$	40,392,537
Balances by type:		
Cash deposited with financial institutions	$	17,398,776
Money Market		21,625,459
Mutual Bond Funds		144,897
Guaranteed Investment Contract		1,223,405
	$	40,392,537

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, 2012, 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, 2012, the County had the following investments:

Investment	Maturities	Fair Value
Money Market	N/A	$ 17,293,831
Pimco Funds Invt Mgmt Bond Fund	2.8 years duration	55,447
Pimco High Yield Bond Fund	3.08 years duration	17,351
Templeton Income Tresuary Global Bond Fund	1.64 years duration	17,113
Vanguard Fixed Income Securities Bond Fund	2.4 years duration	54,986
Guaranteed Investment Contract	June 1, 2028	1,223,405
		$ 18,662,133

At June 30, 2012, the Water Authority had the following investment:

Investment	Maturities	Fair Value
Money Market	N/A	$ 4,308,543
		$ 4,308,543

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, 2012, 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, 2012 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Capital Projects 2005 SPLOST	Fire District
Receivables:			
Taxes	$ 1,755,736	$ -	$ 277,191
Accounts	301,557	-	-
Interest	-	16	-
Gross receivables	2,057,293	16	277,191
Less allowance for uncollectibles	580,873	-	-
Net total receivables	$ 1,476,420	$ 16	$ 277,191

	Nonmajor and Other Funds	Total
Receivables:		
Taxes	$ -	$ 2,032,927
Accounts	215,851	517,408
Interest	-	16
Gross receivables	215,851	2,550,351
Less allowance for uncollectibles	-	580,873
Net total receivables	$ 215,851	$ 1,969,478

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, 2011, upon which the fiscal 2012 levy was based, was the gross digest amount of $1,658,066,237 (40% of the estimated market value of $4,145,165,593).

The tax billing cycle for fiscal year 2012 is as follows:

Levy date	October 17, 2011
Tax bills mailed	October 26, 2011
Payment due date	December 20, 2011
Delinquency date	December 28, 2011
Lien date	March 20, 2012

The distribution of the County's levy (tax rate per $1,000 assessed value) as of June 30, 2012 is as follows:

General government	15.01 mils
Fire District	4.17 mils
School System	19.06 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	$ 3,132,527	$ -	$ -	$ -	$ 3,132,527
Construction in progress	10,978,440	794,484	-	-	11,772,924
Total	14,110,967	794,484	-	-	14,905,451
Capital assets, being depreciated:					
Land improvements	6,820,990	-	-	-	6,820,990
Buildings and improvements	41,003,350	19,463	-	-	41,022,813
Machinery and equipment	18,677,380	708,366	(1,193,120)	-	18,192,626
Furniture and fixtures	47,596	-	-	-	47,596
Intangibles	631,315	-	(52,213)	-	579,102
Infrastructure	79,734,377	884,736	-	-	80,619,113
Total	146,915,008	1,612,565	(1,245,333)	-	147,282,240
Less accumulated depreciation for:					
Land improvements	(1,447,669)	(143,473)	-	-	(1,591,142)
Buildings and improvements	(14,963,211)	(826,420)	-	-	(15,789,631)
Machinery and equipment	(15,168,589)	(1,036,864)	1,193,120	-	(15,012,333)
Furniture and fixtures	(39,552)	(2,453)	-	-	(42,005)
Intangibles	(98,736)	(48,590)	11,204	-	(136,122)
Infrastructure	(38,288,146)	(1,290,959)	-	-	(39,579,105)
Total	(70,005,903)	(3,348,759)	1,204,324	-	(72,150,338)
Total capital assets, being depreciated, net	76,909,105	(1,736,194)	(41,009)	-	75,131,902
Total capital assets, net	$ 91,020,072	$ (941,710)	$ (41,009)	$ -	$ 90,037,353

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

Governmental activities:	
General government	$ 425,429
Judicial	545,446
Public safety	773,661
Public works	1,412,730
Culture and recreation	185,155
Housing and development	6,338
Total depreciation expense - governmental activities	$ 3,348,759

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	$ 141,291	$ 7,623	$ (4,209)	$ 144,705
Less accumulated depreciation for:				
Machinery and equipment	(136,547)	(2,824)	4,209	(135,162)
Total capital assets, net	$ 4,744	$ 4,799	$ -	$ 9,543

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	633,237	-	-	633,237
Land, industrial parks	3,035,051	-	(26,985)	3,008,066
Construction in progress	14,787,116	495,541	-	15,282,657
Total	22,252,340	495,541	(26,985)	22,720,896
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	(239,919)	(17,330)	-	(257,249)
Furniture and fixtures	(162,046)	(1,000)	-	(163,046)
Total	(401,965)	(18,330)	-	(420,295)
Total capital assets, being depreciated, net	454,564	(18,330)	-	436,234
Total capital assets, net	$ 22,706,904	$ 477,211	$ (26,985)	$ 23,157,130

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	6,254,833	5,045,119	-	11,299,952
Total	6,268,333	5,045,119	-	11,313,452
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	-	(86,855)	781,780
Intangibles	133,413	8,822	-	142,235
Total	23,295,976	8,822	(86,855)	23,217,943
Less accumulated depreciation for:				
Water delivery system	(7,925,863)	(437,458)	-	(8,363,321)
Sewer system	(64,808)	(8,665)	-	(73,473)
Buildings	(36,652)	(2,146)	-	(38,798)
Machinery and equipment	(866,714)	(1,284)	86,855	(781,143)
Intangibles	(4,688)	(2,844)	-	(7,532)
Total	(8,898,725)	(452,397)	86,855	(9,264,267)
Total capital assets, being depreciated, net	14,397,251	(443,575)	-	13,953,676
Total capital assets, net	$ 20,665,584	$ 4,601,544	$ -	$ 25,267,128

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, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
2008 General obligation bonds	$ 12,600,000	$ -	$ (3,000,000)	$ 9,600,000	$ 3,100,000
Plus unamortized premium	71,796	-	(19,581)	52,215	-
General obligation bonds, net	12,671,796	-	(3,019,581)	9,652,215	3,100,000
Certificates of participation	6,237,305	-	(369,678)	5,867,627	393,515
Capital leases	3,118,074	-	(521,538)	2,596,536	542,610
Claims payable	790,410	389,784	(578,534)	601,660	369,583
Compensated absences	1,337,553	857,918	(895,358)	1,300,113	780,068
Landfill postclosure costs	1,200,854	-	(69,269)	1,131,585	101,419
Net OPEB obligation	256,827	182,055	(21,996)	416,886	-
Governmental activities Long-term liabilities	$ 25,612,819	$ 1,429,757	$ (5,475,954)	$ 21,566,622	$ 5,287,195

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

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, 2012:

	Governmental Activities
Machinery and equipment	$ 3,829,568
Buildings	1,500,000
Less accumulated depreciation	(1,799,980)
Carrying value	$ 3,529,588

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,	
2013	$ 642,925
2014	547,197
2015	458,397
2016	458,397
2017	458397
2018-2019	361,634
Total minimum lease payments	2,926,947
Less amount representing interest	330,411
Present value of future minimum lease payments	$ 2,596,536

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, 2012 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various	3.50 - 5.00%	6 years	2015	$ 15,500,000	$ 9,600,000
	Plus unamortized premium				52,215
					$ 9,652,215

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

Fiscal year ending June 30,	Principal	Interest
2013	$ 3,100,000	$ 399,875
2014	3,200,000	285,125
2015	3,300,000	132,000
Total	$ 9,600,000	$ 817,000

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 Aa3 by Moody's. At June 30, 2012, the floating rate being paid by the County is 0.49% and the market value of this agreement is $898,847, an increase of $460,211 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, 2012 based on the derivative contract. This market value is reported as a component of the certificates of participation in long-term debt 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
2013	$ 393,515	$ 265,963
2014	412,493	247,272
2015	441,619	227,626
2016	375,000	206,526
2017	395,000	189,005
2018-2022	1,350,000	688,289
2023-2027	-	593,750
2028	2,500,000	118,750
Total	$ 5,867,627	$ 2,537,181

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, 2012, the County has a remaining 13 years of monitoring. Engineering studies estimate postclosure costs of approximately $1,131,585 over the 13-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, 2012. 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, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, Series 2002	$ 2,990,000	$ -	$ (990,000)	$ 2,000,000	$ 1,000,000
Deferred amounts:					
Premium	22,159	-	(10,227)	11,932	-
Refunding loss	(87,911)	-	40,574	(47,337)	-
Bonds payable, Series 2008	11,380,000	-	-	11,380,000	-
Deferred amounts:					
Discount	(48,179)	-	2,876	(45,303)	-
Total bonds payable	14,256,069	-	(956,777)	13,299,292	1,000,000
Compensated absences	13,926	2,998	(1,499)	15,425	9,255
Water Authority					
Long-term liabilities	$ 14,269,995	$ 2,998	$ (958,276)	$ 13,314,717	$ 1,009,255

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, 2012, 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	$ 2,000,000
	Plus unamortized premium				11,932
	Less unamortized deferred refunding loss				(47,337)
					$ 1,964,595
Water Authority-Series 2008	4.00%	20 years	2028	$ 11,380,000	$ 11,380,000
	Less unamortized discount				(45,303)
					$ 11,334,697

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

Fiscal year ending June 30,	Principal	Interest
2013	$ 1,000,000	$ 708,000
2014	1,020,000	667,600
2015	140,000	644,400
2016	255,000	636,181
2017	370,000	622,438
2018-2022	3,360,000	2,677,719
2023-2027	4,840,000	1,503,397
2028-2030	2,395,000	148,684
Total	$ 13,380,000	$ 7,608,419

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, 2012:

	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. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 82,055
General Fund	2008 Capital Projects SPLOST Fund	118,366
General Fund	2005 Capital Projects SPLOST Fund	169,530
Nonmajor governmental funds	General Fund	22,791
Fire District Fund	General Fund	44,216
		$ 436,958

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	$ 899,701
Nonmajor governmental funds	General Fund	621,850
Nonmajor governmental funds	Fire District Fund	13,500
		$ 1,535,051

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 9. 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, 2012, (the most recent actuarial valuation date) are as follows:

	June 30, 2012	June 30, 2011
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 1,145,589	$ 1,096,462
Interest on Net Pension Obligation	(48,236)	(36,849)
Amortization of Net Pension Obligation	51,611	39,428
Annual Pension Cost	$ 1,148,964	$ 1,099,041

While the Plan year is on a calendar year basis, the annual pension cost has been calculated based on a fiscal year basis.

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Derivation of Net Pension Obligation

Annual Pension Cost	$ 1,148,964
Actual Contributions to Plan	1,288,782
Increase in Net Pension Asset	(139,818)
Net Pension Asset as of Beginning of Year	(504,108)
Net Pension Asset as of End of Year	$ (643,926)

Basis of Valuation

Current Valuation Date	January 1, 2012
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)
2012	$ 1,148,964	$ 1,288,782	112 %	$ (643,926)
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)

As of the most recent valuation date, January 1, 2012, 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
12/31/2011	$ 17,135,272	$ 23,524,438	$ 6,389,166	72.8%	$ 14,843,152	43.0%

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, 2012.

NOTE 10. 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, 2012, there were 494 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, 2012, the County's contribution to the Plan was $203,009. The amount contributed by employees was $749,567.

NOTE 11. 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, 2012. 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, 2012. The plan does not issue a separate stand-alone report and is not included in the report of another entity

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, six employees are enrolled in postretirement health care benefits.

NOTE 11. 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 $21,996 to the postretirement benefit plan in fiscal year 2012. 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
7/1/11	$ 182,055	$ 21,996	12 %	$ 416,886
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

Annual Pension Cost

The County's annual OPEB cost and net OPEB obligation for the year ending June 30, 2012 are as follows:

	June 30, 2012
Derivation of Annual OPEB Cost	
Annual Required Contribution	$ 183,528
Interest on Net OPEB Obligation	6,162
Amortization of Net OPEB Obligation	(7,635)
Annual OPEB Cost	$ 182,055

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Derivation of Net OPEB Obligation		
Annual OPEB Cost	$	182,055
Actual Contributions to Plan		21,996
Increase in Net OPEB Obligation		160,059
Net OPEB Obligation as of Beginning of Year		256,827
Net OPEB Obligation as of End of Year	$	416,886

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, 2012.

NOTE 11. 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, 2012. 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
Inflation Rate	N/A
Discount Rate for Benefit Obligations	5.0%
Assumed Rate of Return on:	
Healthcare Cost Trend Rate	10%
Ultimate Healthcare Cost Trend Rate	5%
Year of Ultimate Trend Rate	2025
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 12. 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 12. RISK MANAGEMENT (CONTINUED)

The County has joined together with other counties 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 $601,660 as of June 30, 2012, 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 12. 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 2012 and 2011 were as follows:

Workers' Compensation Trust Fund	June 30, 2012	June 30, 2011
Unpaid claims, beginning of fiscal year	$ 790,410	$ 279,665
Incurred claims (including IBNRs)	389,784	1,395,396
Claim payments and changes in estimates	(578,534)	(884,651)
Unpaid claims, end of fiscal year	$ 601,660	$ 790,410

NOTE 13. 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, 2012, the County and the Water Authority have contractual commitments on uncompleted contracts of approximately $2,695,082 and $264,572, respectively.

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 14. JOINT VENTURES

Airport

During the year ended June 30, 2012, 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 2012 was $175,002.

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, 2012, the County paid $40,430 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 15. 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 2012 was $37,500. The County has no further accountability for this organization.

NOTE 16. HOTEL/MOTEL LODGING TAX

During the year ended June 30, 2012, 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, 2012, the County collected $96,737 of hotel/motel taxes. Management represents that $50,159, or 52%, of the lodging tax received during the year ended June 30, 2012 was used for the promotion of tourism. The remainder has been restricted for the future promotion of tourism, conventions, or trade shows.

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
12/31/2011	$ 17,135,272	$ 23,524,438	$ 6,389,166	72.8 %	$ 14,843,152	43.0 %
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)

The assumptions used in the preparation of the above schedule are disclosed in Note 9 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 11 in the Notes to the Financial Statements.

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.

Debt Service Funds

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.

CDBG Highland Mills Sewer Grant — To account for revenues and expenditures applicable to the Community Development Block Grant (CDBG). Revenues were received from the federal government via passthrough from the State of Georgia and utilized to construct a lift station to the Springs Wastewater Treatment Plant and de-commission the Highland Mills Wastewater Treatment Plant.

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue			
ASSETS	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
Cash and cash equivalents	$ 26,564	$ 334,923	$ 277,700	$ 156,198
Investments	-	-	-	-
Accounts receivable	-	146,513	19,207	-
Due from other governments	26,754	-	-	-
Due from other funds	-	14,867	-	-
Total assets	$ 53,318	$ 496,303	$ 296,907	$ 156,198
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 10,862	$ 3,745	$ 24,122	$ 907
Accrued liabilities	-	15,964	-	-
Due to component unit	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	10,862	19,709	24,122	907
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	42,456	-	-	-
Judicial	-	-	-	155,291
Public safety	-	476,594	272,785	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
	42,456	476,594	272,785	155,291
Total liabilities and fund balances	$ 53,318	$ 496,303	$ 296,907	$ 156,198

					Debt Service	Capital Projects
Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	GMA Lease Pool Debt Service	Capital Projects General
$ -	$ 415,977	$ 199,782	$ 8,647	$ 432,127	$ 325,324
-	-	-	-	1,223,406	-
-	-	-	-	-	-
24,359	-	-	2,593	-	-
-	-	7,924	-	-	-
$ 24,359	$ 415,977	$ 207,706	$ 11,240	$ 1,655,533	$ 325,324
$ 22,535	$ 90	$ -	$ 3,972	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
19,554	-	12,370	-	-	-
42,089	90	12,370	3,972	-	-
-	-	-	-	-	-
-	-	195,336	7,268	-	-
-	-	-	-	-	-
-	415,887	-	-	-	-
-	-	-	-	990,028	-
-	-	-	-	665,505	-
-	-	-	-	-	325,324
(17,730)	-	-	-	-	-
(17,730)	415,887	195,336	7,268	1,655,533	325,324
$ 24,359	$ 415,977	$ 207,706	$ 11,240	$ 1,655,533	$ 325,324

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	Capital Projects			
	Impact Fees	CDBG EIP Norcom Grant	CDBG Highland Mills Sewer Grant	Total
Cash and cash equivalents	$ 1,323,196	$ -	$ 14	$ 3,500,452
Investments	-	-	-	1,223,406
Accounts receivable	-	50,131	-	215,851
Due from other governments	-	-	105,656	159,362
Due from other funds	-	-	-	22,791
Total assets	$ 1,323,196	$ 50,131	$ 105,670	$ 5,121,862
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ 63,185	$ 129,418
Accrued liabilities	-	-	-	15,964
Due to component unit	-	-	130,449	130,449
Due to other funds	-	50,131	-	82,055
Total liabilities	-	50,131	193,634	357,886
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	-	-	-	42,456
Judicial	-	-	-	357,895
Public safety	-	-	-	749,379
Culture and recreation	-	-	-	415,887
Capital projects	1,323,196	-	-	2,313,224
Debt service	-	-	-	665,505
Assigned for:				
Capital projects	-	-	-	325,324
Unassigned	-	-	(87,964)	(105,694)
	1,323,196	-	(87,964)	4,763,976
Total liabilities and fund balances	$ 1,323,196	$ 50,131	$ 105,670	$ 5,121,862

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Special Revenue			
	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
REVENUES				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	144,204	-	-	-
Charges for services	-	1,016,313	-	-
Court fees, fines and forfeitures	-	-	221,076	33,435
Interest	-	729	331	259
Other	-	127	-	-
Total revenues	144,204	1,017,169	221,407	33,694
EXPENDITURES				
Current:				
General government	24,803	-	-	-
Judicial	26,171	-	-	38,900
Public safety	-	1,427,285	323,818	-
Health and welfare	85,752	-	-	-
Culture and recreation	-	-	-	-
Housing and development	5,575	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	142,301	1,427,285	323,818	38,900
Excess (deficiency) of revenues over (under) expenditures	1,903	(410,116)	(102,411)	(5,206)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,903	(410,116)	(102,411)	(5,206)
FUND BALANCES (DEFICIT), beginning of year	40,553	886,710	375,196	160,497
FUND BALANCES (DEFICIT), end of year	$ 42,456	$ 476,594	$ 272,785	$ 155,291

Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	Debt Service GMA Lease Pool Debt Service	Capital Projects Capital Projects General
$ -	$ 96,737	$ -	$ -	$ -	$ -
38,250	-	-	21,754	-	-
-	-	-	-	-	-
-	-	50,257	49,126	-	-
-	419	231	1	141,410	340
-	-	-	2,788	-	-
38,250	97,156	50,488	73,669	141,410	340
-	-	-	-	-	-
-	-	21,115	60,090	-	-
-	-	-	-	-	-
41,033	-	-	-	-	-
-	-	-	-	-	-
-	50,159	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	128,750	-
41,033	50,159	21,115	60,090	128,750	-
(2,783)	46,997	29,373	13,579	12,660	340
-	-	-	-	615,350	20,000
-	-	-	-	(899,701)	-
-	-	-	-	(284,351)	20,000
(2,783)	46,997	29,373	13,579	(271,691)	20,340
(14,947)	368,890	165,963	(6,311)	1,927,224	304,984
$ (17,730)	$ 415,887	$ 195,336	$ 7,268	$ 1,655,533	$ 325,324

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Capital Projects			
	Impact Fees	CDBG EIP Norcom Grant	CDBG Highland Mills Sewer Grant	Total
REVENUES				
Other taxes	$ -	$ -	$ -	$ 96,737
Intergovernmental	-	50,131	143,909	398,248
Charges for services	159,354	-	-	1,175,667
Court fees, fines and forfeitures	-	-	-	353,894
Interest	1,626	-	-	145,346
Other	-	-	-	2,915
Total revenues	160,980	50,131	143,909	2,172,807
EXPENDITURES				
Current:				
General government	9,107	-	-	33,910
Judicial	-	-	-	146,276
Public safety	-	-	-	1,751,103
Health and welfare	-	-	-	126,785
Housing and development	-	-	-	55,734
Capital outlay	-	50,131	231,873	282,004
Debt service:				
Principal	155,268	-	-	155,268
Interest	43,056	-	-	171,806
Total expenditures	207,431	50,131	231,873	2,722,886
Excess (deficiency) of revenues over (under) expenditures	(46,451)	-	(87,964)	(550,079)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	635,350
Transfers out	-	-	-	(899,701)
Total other financing sources (uses)	-	-	-	(264,351)
Net change in fund balances	(46,451)	-	(87,964)	(814,430)
FUND BALANCES (DEFICIT), beginning of year	1,369,647	-	-	5,578,406
FUND BALANCES (DEFICIT), end of year	$ 1,323,196	$ -	$ (87,964)	$ 4,763,976

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, 2012

	Community Services Block Grant		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	110,000	144,204	34,204
Charges for services	-	-	-
Court fees, fines and forfeitures	-	-	-
Interest	-	-	-
Other	-	-	-
Total revenues	110,000	144,204	34,204
EXPENDITURES			
Current:			
General government	20,000	24,803	(4,803)
Judicial	22,766	26,171	(3,405)
Public safety	-	-	-
Health and welfare	67,234	85,752	(18,518)
Housing and development	-	5,575	(5,575)
Total expenditures	110,000	142,301	(32,301)
Net change in fund balances	-	1,903	1,903
FUND BALANCES (DEFICIT), beginning of year	40,553	40,553	-
FUND BALANCES (DEFICIT), end of year	$ 40,553	$ 42,456	$ 1,903

Emergency 911			Confiscated Assets		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
932,374	1,016,313	83,939	-	-	-
-	-	-	350,000	221,076	(128,924)
400	729	329	-	331	331
-	127	127	-	-	-
932,774	1,017,169	84,395	350,000	221,407	(128,593)
-	-	-	-	-	-
-	-	-	-	-	-
1,460,461	1,427,285	33,176	350,000	323,818	26,182
-	-	-	-	-	-
-	-	-	-	-	-
1,460,461	1,427,285	33,176	350,000	323,818	26,182
(527,687)	(410,116)	117,571	-	(102,411)	(102,411)
886,710	886,710	-	375,196	375,196	-
$ 359,023	$ 476,594	$ 117,571	$ 375,196	$ 272,785	$ (102,411)

(Continued)

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, 2012

	Law Library		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	48,000	33,435	(14,565)
Interest	-	259	259
Other	-	-	-
Total revenues	48,000	33,694	(14,306)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	52,000	38,900	13,100
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	52,000	38,900	13,100
Net change in fund balances	(4,000)	(5,206)	(1,206)
FUND BALANCES (DEFICIT), beginning of year	160,497	160,497	-
FUND BALANCES (DEFICIT), end of year	$ 156,497	$ 155,291	$ (1,206)

Multiple Grant			Tourism		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 84,250	$ 96,737	$ 12,487
63,583	38,250	(25,333)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	419	419
-	-	-	-	-	-
63,583	38,250	(25,333)	84,250	97,156	12,906
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
63,583	41,033	22,550	-	-	-
-	-	-	84,250	50,159	34,091
63,583	41,033	22,550	84,250	50,159	34,091
-	(2,783)	(2,783)	-	46,997	46,997
(14,947)	(14,947)	-	368,890	368,890	-
$ (14,947)	$ (17,730)	$ (2,783)	$ 368,890	$ 415,887	$ 46,997

(Continued)

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, 2012

	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	50,257	(49,743)
Interest	-	231	231
Other	-	-	-
Total revenues	100,000	50,488	(49,512)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	140,000	21,115	118,885
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	140,000	21,115	118,885
Net change in fund balances	(40,000)	29,373	69,373
FUND BALANCES (DEFICIT), beginning of year	165,963	165,963	-
FUND BALANCES (DEFICIT), end of year	$ 125,963	$ 195,336	$ 69,373

Griffin Judicial Circuit Drug Court		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
35,000	21,754	(13,246)
-	-	-
115,450	49,126	(66,324)
-	1	1
-	2,788	2,788
150,450	73,669	(76,781)
-	-	-
150,450	60,090	90,360
-	-	-
-	-	-
-	-	-
150,450	60,090	90,360
-	13,579	13,579
(6,311)	(6,311)	-
$ (6,311)	$ 7,268	$ 13,579

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, 2012

	2008 SPLOST Debt Service		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ 3,519,875	$ 5,778,700	$ 2,258,825
Interest	-	22	22
Total revenues	3,519,875	5,778,722	2,258,847
EXPENDITURES			
Debt service:			
Principal	3,000,000	3,000,000	-
Interest	519,875	519,897	(22)
Total expenditures	3,519,875	3,519,897	(22)
Excess of revenues over expenditures	-	2,258,825	2,258,825
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	2,258,825	2,258,825
FUND BALANCES, beginning of year	1,415,162	1,415,162	-
FUND BALANCES, end of year	$ 1,415,162	$ 3,673,987	$ 2,258,825

GMA Lease Pool		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
135,000	141,410	6,410
135,000	141,410	6,410
-	-	-
128,750	128,750	-
128,750	128,750	-
6,250	12,660	6,410
615,350	615,350	-
(621,600)	(899,701)	(278,101)
(6,250)	(284,351)	(278,101)
-	(271,691)	(271,691)
1,927,224	1,927,224	-
$ 1,927,224	$ 1,655,533	$ (271,691)

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, 2012

	Capital Projects General		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	-	340	340
Total revenues	-	340	340
EXPENDITURES			
Current:			
General government	-	-	-
Intergovernmental	-	-	-
Capital outlay	324,900	-	324,900
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	324,900	-	324,900
Excess (deficiency) of revenues over (under) expenditures	(324,900)	340	325,240
OTHER FINANCING SOURCES			
Transfers in	20,000	20,000	-
Total other financing sources	20,000	20,000	-
Net change in fund balances	(304,900)	20,340	325,240
FUND BALANCES, beginning of year	304,984	304,984	-
FUND BALANCES, end of year	$ 84	$ 325,324	$ 325,240

Impact Fees			Capital Projects 2008 SPLOST		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 4,730,125	$ 3,364,509	$ (1,365,616)
-	-	-	-	-	-
192,625	159,354	(33,271)	-	-	-
2,000	1,626	(374)	-	205	205
194,625	160,980	(33,645)	4,730,125	3,364,714	(1,365,411)
123,750	9,107	114,643	1,000	1,300	(300)
-	-	-	4,984,146	1,481,675	3,502,471
1,222,582	-	1,222,582	9,692,956	152,578	9,540,378
155,241	155,268	(27)	-	-	-
43,082	43,056	26	1,000	113	887
1,544,655	207,431	1,337,224	14,679,102	1,635,666	13,043,436
(1,350,030)	(46,451)	1,303,579	(9,948,977)	1,729,048	11,678,025
-	-	-	-	-	-
-	-	-	-	-	-
(1,350,030)	(46,451)	1,303,579	(9,948,977)	1,729,048	11,678,025
1,369,647	1,369,647	-	10,054,057	10,054,057	-
$ 19,617	$ 1,323,196	$ 1,303,579	$ 105,080	$ 11,783,105	$ 11,678,025

(Continued)

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, 2012

	Capital Projects 2005 SPLOST		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	-	210	210
Total revenues	-	210	210
EXPENDITURES			
Current:			
General government	1,250	-	1,250
Intergovernmental	-	-	-
Capital outlay	705,000	821,344	(116,344)
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	706,250	821,344	(115,094)
Excess (deficiency) of revenues over (under) expenditures	(706,250)	(821,134)	(114,884)
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(706,250)	(821,134)	(114,884)
FUND BALANCES, beginning of year	4,092,518	4,092,518	-
FUND BALANCES, end of year	$ 3,386,268	$ 3,271,384	$ (114,884)

CDBG EIP Norcom Grant		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
250,000	50,131	(199,869)
-	-	-
-	-	-
250,000	50,131	(199,869)
-	-	-
-	-	-
250,000	50,131	199,869
-	-	-
-	-	-
250,000	50,131	199,869
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
$ -	$ -	$ -

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
800 MHz radio communication system	$ 10,072,000	$ 10,072,000	$ 10,789,308	$ 1,455	$ 10,790,763
University of Georgia Learning Center	10,000,000	10,723,000	10,723,000	-	10,723,000
Parks and recreation facilities	600,000	600,000	176,361	819,889	996,250
	$ 20,672,000	$ 21,395,000	$ 21,688,669	$ 821,344	$ 22,510,013

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	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	$ 15,173,653	$ 141,186	$ 15,314,839
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	-	187	187
Roads, streets, bridges and transportation improvements and equipment	8,274,197	8,274,197	-	12,618	12,618
City of Griffin	10,924,198	10,924,198	4,501,110	1,335,225	5,836,335
City of Orchard Hill	475,605	475,605	62,048	139,264	201,312
City of Sunny Side	100,000	100,000	16,923	7,186	24,109
Bond issuance cost and interest expense	3,326,000	3,326,000	1,688,330	519,897	2,208,227
	$ 54,000,000	$ 54,000,000	$ 21,568,214	$ 2,155,563	$ 23,723,777

Total expenditures:	
Capital Projects 2008 SPLOST Fund	$ 1,635,666
2008 SPLOST Debt Service Fund	3,519,897
Repayment of principal on debt. Proceeds included in projects above.	(3,000,000)
Total 2008 SPLOST expenditures	$ 2,155,563

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, 2012

	Tax Commissioner	Magistrate Court	Probate Court	Clerk of Superior Court
ASSETS				
Cash	$ 123,430	$ 42,477	$ 5,731	$ -
Taxes receivable	2,691,706	-	-	-
Accounts receivable	23,232	-	-	-
Total assets	$ 2,838,368	$ 42,477	$ 5,731	$ -
LIABILITIES				
Due to others	$ 2,838,368	$ 42,477	$ 5,731	$ -

Correctional Institution	Sheriff	Total
$ 18,128	$ 360,603	$ 550,369
-	-	2,691,706
-	-	23,232
$ 18,128	$ 360,603	$ 3,265,307
$ 18,128	$ 360,603	$ 3,265,307

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Tax Commissioner				
ASSETS				
Cash	$ 200,617	$ 33,475,514	$ 33,552,701	$ 123,430
Taxes receivable	3,398,800	2,691,706	3,398,800	2,691,706
Accounts receivable	23,090	142	-	23,232
Total assets	$ 3,622,507	$ 36,167,362	$ 36,951,501	$ 2,838,368
LIABILITIES				
Due to others	$ 3,622,507	$ 36,167,362	$ 36,951,501	$ 2,838,368
Magistrate Court				
ASSETS				
Cash	$ 77,918	$ 508,724	$ 544,165	$ 42,477
LIABILITIES				
Due to others	$ 77,918	$ 508,724	$ 544,165	$ 42,477
Probate Court				
ASSETS				
Cash	$ 3,894	$ 57,198	$ 55,361	$ 5,731
LIABILITIES				
Due to others	$ 3,894	$ 57,198	$ 55,361	$ 5,731
Clerk of Superior Court				
ASSETS				
Cash	$ 200,067	$ 919,975	$ 1,120,042	$ -
LIABILITIES				
Due to others	$ 200,067	$ 919,975	$ 1,120,042	$ -

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Correctional Institution				
ASSETS				
Cash	$ 22,931	$ 255,646	$ 260,449	$ 18,128
LIABILITIES				
Due to others	$ 22,931	$ 255,646	$ 260,449	$ 18,128
Sheriff				
ASSETS				
Cash	$ 327,479	$ 235,939	$ 202,815	$ 360,603
LIABILITIES				
Due to others	$ 327,479	$ 235,939	$ 202,815	$ 360,603
Total Agency Funds				
ASSETS				
Cash	$ 832,906	$ 35,452,996	$ 35,735,533	$ 550,369
Taxes receivable	3,398,800	2,691,706	3,398,800	2,691,706
Accounts receivable	23,090	142	-	23,232
Total assets	$ 4,254,796	$ 38,144,844	$ 39,134,333	$ 3,265,307
LIABILITIES				
Due to others	$ 4,254,796	$ 38,144,844	$ 39,134,333	$ 3,265,307

COMPONENT UNIT – WATER AUTHORITY

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS
COMPONENT UNIT - WATER AUTHORITY
JUNE 30, 2012

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	5,326,224
Accounts receivable		613,943
Due from primary government		132,489
Restricted assets, cash and cash equivalents		4,308,543
Total current assets		10,381,199
NONCURRENT ASSETS		
Deferred charges, unamortized balance		259,679
Capital assets:		
Capital assets, non-depreciable		11,313,452
Capital assets, depreciable, net of accumulated depreciation		13,953,676
Total capital assets		25,267,128
Total noncurrent assets		25,526,807
Total assets		35,908,006
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		1,433,590
Accrued liabilities		3,441
Current portion of compensated absences payable		9,255
Current portion of bonds payable from restricted assets		1,000,000
Accrued interest		242,667
Total current liabilities		2,688,953
NONCURRENT LIABILITIES		
Compensated absences payable, net of current portion		6,170
Bonds payable, net of current portion		12,299,292
Total noncurrent liabilities		12,305,462
Total liabilities		14,994,415
NET ASSETS		
Invested in capital assets, net of related debt		14,170,835
Restricted for debt service		862,877
Unrestricted		5,879,879
Total net assets	$	20,913,591

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

OPERATING REVENUES	
Charges for services	$ 7,761,376
Total operating revenues	7,761,376
OPERATING EXPENSES	
Personal services and employee benefits	203,834
Contracted services	5,126,285
Material and supplies	269,857
Other operating expenses	59,986
Depreciation	452,397
Amortization	40,000
Total operating expenses	6,152,359
Operating income	1,609,017
NON-OPERATING INCOME (EXPENSES)	
Interest income	5,397
Interest expense	(795,103)
Total non-operating income (expenses)	(789,706)
Income before contributions	819,311
CAPITAL CONTRIBUTIONS	168,702
Change in net assets	988,013
NET ASSETS, beginning of year	19,925,578
NET ASSETS, end of year	$ 20,913,591

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	7,818,142
Payments to employees		(201,686)
Payments to suppliers for goods and services provided		(4,579,354)
Net cash provided by operating activities		3,037,102
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(4,885,239)
Principal payments on long-term borrowings		(990,000)
Interest payments on long-term borrowings		(748,340)
Net cash used in capital and related financing activities		(6,623,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		5,397
Net cash provided by investing activities		5,397
Net decrease in cash and cash equivalents		(3,581,080)
Cash and cash equivalents, beginning of year		13,215,847
Cash and cash equivalents, end of year	$	9,634,767
Classified as:		
Cash and cash equivalents	$	5,326,224
Restricted assets:		
Bond sinking fund		1,117,544
Debt service reserve fund		988,000
Construction fund		2,202,999
	$	9,634,767
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,609,017
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		452,397
Amortization		40,000
Decrease in accounts receivable		189,255
Increase in due from primary government		(132,489)
Increase in accounts payable		876,774
Increase in accrued liabilities		649
Increase in compensated absences		1,499
Net cash provided by operating activities	$	3,037,102
Noncash investing, capital, and financing activities:		
Contributions of capital assets from primary government	$	168,702

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 – 110**

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 ..... **111 and 112**

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 ..... **113 – 115**

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 TEN FISCAL YEARS

	Fiscal Year				
	2003	2004	2005	2006	2007
Primary government:					
Governmental activities:					
Invested in capital assets, net of related debt	$ 35,763,231	$ 34,544,273	$ 35,643,160	$ 39,672,516	$ 76,031,982 (2)
Restricted	363,277	579,448	358,988	13,823,578 (1)	16,904,691
Unrestricted	10,369,596	12,355,174	13,897,397	1,324,148	1,486,098
Total primary government net assets	$ 46,496,104	$ 47,478,895	$ 49,899,545	$ 54,820,242	$ 94,422,771

(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.

2008	2009	2010	2011	2012
$ 84,301,495	$ 86,170,339	$ 85,388,780	$ 82,982,348	$ 82,563,218
21,043,484	19,227,417	21,882,136	20,114,417	23,034,482
1,083,258	(11,532,360)	(11,601,739)	(9,704,012)	(7,948,212)
$ 106,428,237	$ 93,865,396	$ 95,669,177	$ 93,392,753	$ 97,649,488

SPALDING COUNTY, GEORGIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	$ 4,517,366	$ 4,893,104	$ 6,033,059	$ 4,873,556	$ 5,333,341
Judicial	3,802,465	3,926,155	4,595,301	4,916,979	5,002,948
Public safety	20,072,792	20,327,829	21,286,267	24,049,681	25,519,501
Public works	5,432,948	8,379,030	6,409,403	4,292,007	6,137,324
Health and welfare	562,723	619,427	872,040	632,146	872,270
Culture and recreation	-	-	-	2,734,673 (2)	2,942,031
Housing and development	-	-	95,440 (1)	1,234,684	1,958,546
Interest on long-term debt	507,239	521,666	600,586	770,271	911,715
Total primary government expenses	$ 34,895,533	$ 38,667,211	$ 39,892,096	$ 43,503,997	$ 48,677,676
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,913,326	$ 1,924,930	$ 2,092,558	$ 2,144,069	$ 2,035,121
Judicial	2,888,899	2,536,910	3,225,109	2,638,519	2,501,320
Public safety	4,680,289	4,695,124	4,886,587	5,761,881	5,360,736
Other activities	150,450	176,200	370,255	578,722	964,648
Operating grants and contributions	1,252,639	1,064,480	1,453,774	1,833,205	2,091,802
Capital grants and contributions	1,109,533	1,566,625	1,570,046	3,370,546	2,780,011
Total primary government program revenues	$ 11,995,136	$ 11,964,269	$ 13,598,329	$ 16,326,942	$ 15,733,638
Net (expense)/revenue Total primary government net expense	$ (22,900,397)	$ (26,702,942)	$ (26,293,767)	$ (27,177,055)	$ (32,944,038)
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	$ 20,055,001
Alcoholic beverage taxes	351,221	334,232	311,604	306,174	313,605
Vehicle taxes	1,398,079	1,595,669	1,652,480	1,653,825	1,734,970
Sales taxes	4,746,913	5,070,635	5,063,079	7,492,884	14,836,157 (3)
Intangible taxes	439,742	457,483	502,881	551,615	466,888
Insurance premium taxes	1,229,696	1,318,785	1,426,951	1,523,808	1,596,904
Hotel/motel taxes	82,702	91,429	99,229	109,543	118,899
Other taxes	407,974	349,149	497,818	481,477	530,756
Unrestricted investment earnings	131,272	120,188	574,106	820,495	1,774,030
Total primary government	$ 24,441,925	$ 27,685,733	$ 28,818,124	$ 32,097,752	$ 41,427,210
Change in Net Assets Total primary government	$ 1,541,528	$ 982,791	$ 2,524,357	$ 4,920,697	$ 8,483,172

(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.

2008	2009	2010	2011	2012
$ 5,608,517	$ 6,640,547	$ 7,107,940	$ 7,417,820	$ 7,236,133
5,482,736	4,584,031	4,528,384	4,617,323	5,088,552
26,428,329	25,241,705	26,524,500	28,442,241	28,124,718
5,762,303	6,809,609	5,398,943	5,374,364	4,339,173
1,117,554	911,148	1,095,175	934,364	620,797
3,006,773	2,731,539	2,643,500	2,677,153	2,848,613
2,953,544 (4)	17,475,860 (6)	4,522,298	6,118,772	996,194
841,040	982,324	1,145,336	1,085,318	909,418
$ 51,200,796	$ 65,376,763	$ 52,966,076	$ 56,667,355	$ 50,163,598
$ 2,095,676	$ 2,138,686	$ 1,983,902	$ 1,956,814	$ 2,203,046
2,494,816	2,273,881	1,912,642	1,890,553	1,866,206
5,238,813	4,835,871	5,968,936	5,656,679	5,641,026
973,826	874,976	424,059	353,893	441,843
2,669,648	1,332,716	1,601,575	1,954,506	1,065,062
7,288,834 (5)	1,090,102	829,112	761,524	194,477
$ 20,761,613	$ 12,546,232	$ 12,720,226	$ 12,573,969	$ 11,411,660
$ (30,439,183)	$ (52,830,531)	$ (40,245,850)	$ (44,093,386)	$ (38,751,938)
$ 21,553,608	$ 22,220,678	$ 23,667,798	$ 24,304,835	$ 23,803,917
315,042	352,417	330,645	342,638	332,017
1,828,660	1,759,125	1,670,521	1,758,346	1,855,547
14,890,517	13,000,013	13,657,070	12,772,683	14,367,296
378,856	230,473	193,729	197,775	199,474
1,679,166	1,720,094	1,695,431	1,648,929	1,676,704
110,198	99,947	89,395	96,106	96,737
554,588	501,048	508,020	498,342	514,422
1,134,014	391,847	229,070	197,308	162,559
$ 42,444,649	$ 40,275,642	$ 42,041,679	$ 41,816,962	$ 43,008,673
$ 12,005,466	$ (12,554,889)	$ 1,795,829	$ (2,276,424)	$ 4,256,735

SPALDING COUNTY, GEORGIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	$ 312,053	$ 684,692	$ 2,305,434	$ 1,488,223	$ 368,372
Unreserved	3,432,513	6,921,241	8,788,002	9,781,428	7,441,021
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	3,744,566	7,605,933	11,093,436	11,269,651	7,809,393
All Other Governmental Funds					
Reserved, reported in					
Special revenue funds	278,638	321,965	349,275	983,692	2,837,624 (2)
Debt service funds	198	-	-	-	-
Capital projects funds	6,087,321	4,979,732	4,111,629	14,489,816 (1)	17,907,036
Unreserved, reported in					
Special revenue funds	1,702,244	2,006,425	2,506,862	2,389,895	87,568
Debt service funds	-	-	-	-	980,585 (2)
Capital projects funds	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	8,068,401	7,308,122	6,967,766	17,863,403	21,812,813
Total Governmental Funds					
Reserved	6,678,210	5,986,389	6,766,338	16,961,731	21,113,032
Unreserved	3,432,513	6,921,241	8,788,002	9,781,428	8,509,174
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Governmental Funds	$ 10,110,723	$ 12,907,630	$ 15,554,340	$ 26,743,159	$ 29,622,206

(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.

2008	2009	2010	2011 (4)	2012
$ 854,839	$ 391,364	$ 193,337	$ -	$ -
5,760,262	3,736,485	4,310,343	-	-
-	-	-	2,622,751	1,625,609
-	-	-	899,412	1,289,814
6,615,101	4,127,849	4,503,680	3,522,163	2,915,423
817,703	1,017,770	119,813	-	-
-	-	-	-	-
21,956,132	17,549,649	- (3)	-	-
2,279,816	2,131,909	2,382,741	-	-
1,645,495	2,488,738	5,133,237	-	-
-	-	15,937,937 (3)	-	-
-	-	-	21,353,846	24,058,981
-	-	-	304,984	325,324
-	-	-	(21,258)	(105,694)
26,699,146	23,188,066	23,573,728	21,637,572	24,278,611
23,628,674	18,958,783	313,150	-	-
9,685,573	8,357,132	27,764,258	-	-
-	-	-	21,353,846	24,058,981
-	-	-	2,927,735	1,950,933
-	-	-	878,154	1,184,120
$ 33,314,247	$ 27,315,915	$ 28,077,408	$ 25,159,735	$ 27,194,034

SPALDING COUNTY, GEORGIA

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

	2003	2004	2005	2006	2007
REVENUES					
Taxes	$ 24,343,205	$ 28,054,034	$ 28,153,082	$ 31,391,376	$ 39,588,769
Licenses and permits	496,501	479,262	559,101	643,804	494,594
Intergovernmental	1,517,043	1,847,594	1,707,719	2,841,753	2,572,835
Court fees, fines and forfeitures	2,341,617	1,999,325	2,962,156	2,470,363	2,459,784
Charges for services	5,824,494	5,928,702	6,032,755	6,715,987	6,553,279
Interest	123,780	118,046	544,632	818,728	1,749,835
Contributions and donations	2,000	6,050	275	34,036	45,438
Rentals	434,917	369,717	366,814	384,657	330,726
Other	764,037	631,013	701,773	880,230	1,023,563
Total Revenues	35,847,594	39,433,743	41,028,307	46,180,934	54,818,823
EXPENDITURES					
General government	5,156,819	4,494,908	5,911,652	4,356,176	5,327,181
Judicial	3,754,883	3,890,772	4,553,368	5,084,271	5,022,688
Public safety	18,515,628	20,062,771	20,731,697	23,379,707	24,570,875
Public works	5,432,707	5,641,302	5,745,436	3,765,135	5,495,926
Health and welfare	380,698	619,427	1,027,402	630,612	865,089
Culture and recreation	-	-	-	2,663,822 (2)	2,799,932
Housing and development	-	-	95,440 (1)	1,225,100	1,846,593
Intergovernmental	-	-	-	-	-
Capital outlay	2,239,538	1,510,579	1,004,766	2,553,455	3,396,770
Debt service					
Principal	4,156,018 (3)	1,287,409	1,272,034	997,681	4,053,946 (4)
Interest	494,089	495,244	651,936	551,625	950,671
Issuance costs	-	-	-	192,837	-
Total Expenditures	40,130,380	38,002,412	40,993,731	45,400,421	54,329,671
Excess of Revenues					
Over (Under) Expenditures	(4,282,786)	1,431,331	34,576	780,513	489,152
OTHER FINANCING SOURCES (USES)					
Transfers in	1,986,780	699,321	716,249	722,368	4,604,763
Transfers out	(1,986,780)	(699,321)	(715,837)	(721,278)	(4,604,763)
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	$ 489,152
Debt Service as a Percentage					
of Noncapital Expenditures	12.74%	4.99%	4.96%	4.18%	10.07%

(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.

2008	2009	2010	2011	2012
$ 41,016,163	$ 39,081,402	$ 41,747,867	$ 41,596,206	$ 43,300,961
506,669	257,521	284,908	189,650	213,767
2,828,096	2,386,769	2,032,718	2,327,053	1,230,452
2,340,361	1,989,226	1,931,150	1,844,690	1,693,715
6,559,966	6,161,406	6,464,925	6,108,848	6,331,877
1,110,755	370,041	180,614	165,806	160,259
49,377	35,570	70,532	94,960	8,645
348,312	264,703	208,565	212,040	197,315
1,059,998	1,451,037	1,401,023	1,578,244	1,735,452
55,819,697	51,997,675	54,322,302	54,117,497	54,872,443
4,404,695	5,552,819	5,596,919	4,950,206	5,282,991
5,463,165	4,565,696	4,497,537	4,594,667	4,534,222
25,399,762	24,802,278	25,556,186	27,085,509	27,581,114
4,139,302	5,182,092	4,025,335	3,901,205	3,697,648
1,107,197	900,790	1,084,818	924,007	620,797
2,747,082	2,529,675	2,407,369	2,488,999	2,761,468
1,337,687	1,228,864	864,002	847,846	795,127
-	951,526 (5)	1,591,440	2,037,115	1,481,675
4,693,677	24,171,588	5,990,744	5,344,462	1,255,926
4,408,523	4,292,719	809,430	3,747,348	3,891,216
816,256	680,715	1,137,029	1,113,806	935,960
-	257,993	-	-	-
54,517,346	75,116,755	53,560,809	57,035,170	52,838,144
1,302,351	(23,119,080)	761,493	(2,917,673)	2,034,299
2,927,705	1,788,199	1,358,499	812,285	1,535,051
(2,927,705)	(1,788,199)	(1,358,499)	(812,285)	(1,535,051)
-	15,500,000	-	-	-
-	120,748	-	-	-
2,389,690	1,500,000	-	-	-
-	-	-	-	-
2,389,690	17,120,748	-	-	-
$ 3,692,041	$ (5,998,332)	$ 761,493	$ (2,917,673)	$ 2,034,299
10.10%	7.90%	3.87%	8.63%	9.57%

SPALDING COUNTY, GEORGIA

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

Fiscal Year	Assessed Value				Less: Exemptions
	Real and Personal Property	Motor Vehicle and Mobile Home	Timber	Total Property	
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
2012	1,542,214,895	115,540,343	310,999	1,658,066,237	220,133,898

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		
$ 1,230,330,264	$ 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
1,437,932,339	3,594,830,848	40%	15.01

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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Spalding County direct rates:										
Unincorporated maintenance and operations	16.27	17.29	17.14	17.13	17.12	17.84	17.66	18.50	18.18	18.50
Sales tax reduction	(4.36)	(3.76)	(3.68)	(3.72)	(3.73)	(3.95)	(3.78)	(3.62)	(3.37)	(3.49)
Total direct rate	11.91	13.53	13.46	13.41	13.39	13.89	13.88	14.88	14.81	15.01
Municipal rates:										
City of Griffin:										
Maintenance and operations	8.85	8.85	8.65	8.63	8.63	8.60	8.64	8.64	8.64	8.64
City of Orchard Hill maintenance and operations	5.00	5.00	4.99	4.95	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	4.29
Fire protection (1)	4.58	4.70	4.76	4.81	4.81	4.83	4.82	5.84	5.98	5.92
Insurance premium rollback (1)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)	(1.81)	(1.81)	(1.75)
Board of Education	18.55	18.95	18.90	18.85	18.82	18.81	18.80	18.80	18.80	19.06
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	33.80	35.82	35.68	35.56	35.51	35.99	35.96	37.96	38.03	38.49
Total Municipalities:										
City of Griffin	39.56	41.58	41.26	41.14	41.09	41.55	41.57	42.57	42.50	42.96
City of Orchard Hill	35.71	37.73	37.60	37.46	37.41	37.90	37.88	38.88	38.81	39.27
City of Sunny Side	35.07	37.09	36.97	36.87	36.82	37.31	37.29	38.29	38.22	38.61

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 2012		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Caterpillar, Inc.	Power generation systems	$ 133,188,930	1	9.26%
Tenet/Spalding Regional Hospital	Hospital/Healthcare	35,502,921	2	2.47%
Pulte Home Corporation	Sun City Peachtree retirement community	35,195,955	3	2.45%
A E P Industries	Packaging film	25,312,692	4	1.76%
First National Bank of Griffin	Financial Institution	23,038,741	5	1.60%
Exopac LLC	Flexible packaging	19,662,206	6	1.37%
Wal-Mart Stores, Inc.	Retail	19,118,360	7	1.33%
Hoshizaki	Commercial ice machines	16,349,781	8	1.14%
Norfolk Southern Corporation	Public utility	13,630,086	8	0.95%
Central Georgia EMC	Public utility	8,450,503	10	0.59%
Springs Industries	Textile manufacturing	-		-
Nacom	Automotive components	-		-
Cooper-Standard Products	Automotive components	-		-
Mid-Georgia Bandag	Retread manufacturing	-		-
Weyerhauser	Corrugated boxing	-		-
Halpern Enterprises	Commercial real estate	-		-
Total		$ 329,450,175		22.91%

SOURCE:

Spalding County Tax Commissioner's Office.

Fiscal Year 2003		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
$ 89,348,859	3	7.26%
27,480,761	6	2.23%
-		-
29,068,043	4	2.36%
-		-
-		-
27,418,189	7	2.23%
-		-
-		-
-		-
100,700,864	1	8.18%
98,259,349	2	7.99%
28,615,768	5	2.33%
22,347,753	8	1.82%
18,238,396	9	1.48%
17,927,646	10	1.46%
$ 459,405,628		37.34%

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
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%	770,739	20,926,336	94.76%
2012	21,583,364	20,165,501	93.43%	-	20,165,501	93.43%

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			Percentage of Actual Property Value (1)	Per Capita (2)
	General Obligation Bonds	Resources Restricted for Debt Service	Net General Obligation Bonds		
2003	$ -	$ -	$ -	-	$ -
2004	-	-	-	-	-
2005	-	-	-	-	-
2006	10,250,000	-	10,250,000	0.31	167.24
2007	7,035,000	-	7,035,000	0.20	113.13
2008	3,580,000	-	3,580,000	0.10	56.98
2009	15,500,000	-	15,500,000	0.42	242.52
2010	15,500,000	-	15,500,000	0.42	239.54
2011	12,600,000	1,415,162	11,184,838	0.30	174.56
2012	9,600,000	3,673,987	5,926,013	0.16	92.55

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.

Other Governmental Activities Debt						
Capital Lease Obligations	Certificates of Participation	Resources Restricted for Debt Service	Net Certificates of Participation	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
$ 3,139,136	$ 5,521,424	$ -	$ 5,521,424	$ 8,660,560	0.59	$ 145.04
3,874,144	5,168,764	-	5,168,764	9,042,908	0.58	149.59
2,936,740	8,050,000	-	8,050,000	10,986,740	0.68	180.87
2,199,850	7,789,209	-	7,789,209	20,239,059	1.20	330.22
1,638,957	7,511,156	-	7,511,156	16,185,113	0.92	260.27
3,004,706	7,220,170	-	7,220,170	13,804,876	0.77	219.73
4,101,201	6,910,956	-	6,910,956	26,512,157	1.53	414.82
3,619,365	6,583,362	-	6,583,362	25,702,727	1.47	397.21
3,118,074	6,237,305	609,569	5,627,736	19,930,648	1.10	311.06
2,596,536	5,867,627	665,505	5,202,122	13,724,671	N/A	214.34

SPALDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Debt limit	$ 144,066,491	$ 144,978,758	$ 147,702,501	$ 154,600,647
Total net debt applicable to limit	-	-	-	10,250,000
Legal debt margin	$ 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	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	2012
$ 157,114,254	$ 166,448,056	$ 169,533,396	$ 170,235,558	$ 167,952,360	$ 165,806,624
7,035,000	3,580,000	15,500,000	15,500,000	12,600,000	5,926,013
$ 150,079,254	$ 162,868,056	$ 154,033,396	$ 154,735,558	$ 155,352,360	$ 159,880,611
4.48%	2.15%	9.14%	9.11%	7.50%	3.57%

Legal Debt margin Calculation for Fiscal Year 2012

Assessed value	$ 1,658,066,237
Debt limit (10% of assessed value)	165,806,624
Debt applicable to limit:	
General obligation bonds	9,600,000
Less: Amount set aside for repayment of General obligation debt	3,673,987
Total net debt applicable to limit	5,926,013
Legal debt margin	$ 159,880,611

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)
2003	59,711	1,479,628	$ 24,407	10,648	7.60%
2004	60,451	1,554,560	24,510	10,693	6.30%
2005	60,745	1,619,308	25,592	10,813	8.00%
2006	61,289 (4)	1,687,240	26,426	10,833	6.70%
2007	62,185	1,768,050	27,112	10,967	6.00%
2008	62,826	1,794,321	28,039	10,953	8.70%
2009	63,913	1,729,460	28,477	10,823	16.20%
2010	64,708	1,752,525	27,890	10,860	12.30%
2011	64,073	1,812,449	28,305	10,685	12.80%
2012	64,033	N/A	N/A	10,614	11.40%

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 SIX YEARS AGO

		Fiscal Year 2012			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	1,550	1	5.15 %	1,650	1	5.86 %
Caterpillar, Inc.	Automotive generators	900	2	2.99	-		-
Spalding Regional Medical Center	Healthcare	900	3	2.99	900	2	3.20
Spalding County	Government	611	4	2.03	469	6	1.67
City of Griffin	Government	490	5	1.63	480	5	1.71
University of Georgia Griffin Campus	Education	405	8	1.35	250	9	0.89
1888 Mills/Southern Terry	Terry cloth towels	375	6	1.25	350	8	1.24
Southern Crescent Technical College	Education	360	7	1.20	365	7	1.30
Norcom	School supplies	280	9	0.93	-		-
AEP Industries, Inc.	Packaging film	250	10	0.83	240	10	0.85
NACOM Corporation	Automotive electronics	-		-	850	3	3.02
Springs Industries	Finished cotton goods	-		-	850	4	3.02
Totals		6,121		20.35 %	6,404		22.76 %

SOURCE:

Griffin-Spalding County Development Authority

Note:

Information on the principal employers was not readily available for fiscal years 2003 through 2005.

SPALDING COUNTY, GEORGIA

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	133	135	137	139	144	147	148	147	147	150
Public Safety										
Sheriff										
Officers	53	57	57	62	70	70	67	84	83	85
Civilians	24	22	32	33	35	35	35	37	35	40
Corrections	72	74	75	76	81	80	79	71	71	70
Correctional Institution										
Officers	66	66	69	70	76	77	77	78	78	78
Civilians	7	7	7	7	6	6	7	7	7	7
Fire										
Firefighters	62	62	62	65	68	68	68	80	78	82
Civilians	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets and Highways	27	27	27	27	31	30	30	30	30	30
Solid Waste	16	17	17	17	17	17	17	17	17	17
Culture and Recreation	34	36	36	36	36	40	42	38	37	38
Total	496	505	521	534	566	572	572	591	585	599

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 NINE FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety									
Sheriff:									
Physical arrests	4,703	4,761	5,002	2,705	3,412	3,066	3,154	2,831	2,477
Traffic violations	1,821	1,971	2,188	2,158	2,160	1,625	1,114	1,269	1,397
Fire District:									
Calls answered	1,354	1,517	1,613	1,624	1,524	1,379	1,374	1,710	1,619
Inspections	181	176	197	235	277	234	448	394	311
Public Works									
Street resurfacing (miles)	11	11	21	15	-	18	10	3	7

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 year 2003.

SPALDING COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Sheriff:										
Detention facilities	1	1	1	2	2	2	2	2	2	2
Patrol units	30	30	33	36	37	40	42	43	54	45
Fire District:										
Fire stations	6	6	6	6	6	6	6	7	7	7
Fire trucks	12	12	12	10	10	13	12	13	11	9
Public Works										
Roads (miles)	395.8	402.1	405.8	418.4	431.4	437.7	437.7	440	444.9	446.1
Culture and Recreation										
Parks acreage	300	300	483	483	483	484.5	496.5	496.5	508.5	508.5
Playgrounds	9	9	11	11	11	11	13	13	13	13
Baseball/Softball diamonds	19	19	19	19	19	19	20	20	20	20
Soccer fields	10	10	10	11	11	11	7	7	7	7
Football fields	2	2	2	2	2	2	2	2	3	3
Recreation centers	3	3	3	3	3	3	3	3	4	4
Senior centers	1	1	1	1	1	1	1	1	1	1
Nature trails	-	-	-	-	-	1	1	1	1	1
Walking trails	8	8	8	8	8	8	8	8	10	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	
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
2012	7,935,475	5,659,962	2,275,513	990,000	767,823	1,757,823	1.29

(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
Sun City Peachtree Homeowners Association	Retirement community	1	22,974,037	$ 207,134	2.60 %
Spalding County Law Enforcement Complex	Government	2	15,309,346	176,008	2.21
Northside Griffin, LLC	Apartment homes	3	11,125,500	191,016	2.40
Brightmoor Health	Nursing home	4	9,952,500	90,742	1.14
Spalding County Correctional Institution	Government	5	8,920,500	79,591	1.00
Griffin-Spalding County School System	School system	6	8,589,300	103,238	1.30
Caterpiller, Inc.	Power generation systems	7	6,688,100	87,093	1.09
AEP Industries, Inc.	Packaging Film	8	5,734,700	51,249	0.64
Gregory Williams	Mobile Home Park	9	3,513,100	31,415	0.39
Sumika Polymer Compounds	Plastic compounds for auto parts	10	3,142,600	57,054	0.72
Total			95,949,683	$1,074,541	13.49 %

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
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
2012	12,218	822,145,200	6.64	8.30	9.10

SOURCE:
City of Griffin

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, 2012, which collectively comprise Spalding County, Georgia's basic financial statements and have issued our report thereon dated December 12, 2012. 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.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 12, 2012.

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 12, 2012

SPALDING COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Not applicable as a single audit was not performed for the year ended June 30, 2012 due to the County not expending $500,000 or more of federal funds.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SPALDING COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

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.

Auditee Response/Status: Resolved.

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, 2012, and have issued our report thereon dated December 12, 2012. 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 12, 2012

SPALDING COUNTY, GEORGIA

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE - DHR
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Program Name	Contract Number	Contract Period	Due From State June 30, 2011	Revenue Received	Expenditures	Due From State June 30, 2012
Community Services Block Grant	427-040-0000006812	October 2010 - September 2011	$ 6,237	$ 65,203	$ 58,966	$ -
Community Services Block Grant	427-040-000001061	October 2011 - September 2012	-	79,001	105,755	26,754
			$ 6,237	$ 144,204	$ 164,721	$ 26,754