SPALDING COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE
FISCAL YEAR ENDED JUNE 30, 2013

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

SPALDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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I. INTRODUCTORY SECTION

SPALDING COUNTY
BOARD OF COMMISSIONERS

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



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

December 20, 2013

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, 2013.

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, 2013 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, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

Spalding County was created in 1851 by an act of the Legislature of the State of Georgia and is geographically located in the middle part of the state, approximately 40 miles south of Atlanta. Its land area encompasses approximately 200 square miles, and serves a population of 63,865. 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; storm-water management and permitting, 800 MHz communication systems and general administrative and support activities. The County also provides fire protection to the unincorporated areas of the County and to the Cities of Orchard Hill and Sunny Side through intergovernmental agreements.

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 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 6.5 percent (2004) to 11.4 percent for the current year (2013). 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. Approximately 800 homes have been constructed and purchased since opening and three new pods with over 150 total lots are in the final stages of completion as of this date. Additionally, discussion of the initial development of the village node at Sun City Peachtree to include medical facilities and a major drug store chain are underway.

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. In January of this year the new 94,000 square feet Kroger opened for business just on the heels of Spalding Regional Hospital's new and expanded Emergency Care Facility. A new 5,000 square foot Medical Office Complex along with the addition of a multi-pump fueling center at the Ingles Market 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' goal is to maintain unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund of 15 percent of total general fund revenues for budgetary and planning purposes. Unassigned fund balance in the general fund at year end was 1.1 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 2014 budget and has included a contribution to fund balance in the tax increase. 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 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 completed a new and updated financial policies and procedures manual, to include a purchasing policy and travel policy for adoption by the Board in 2013 which recommended 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. The County, in conjunction with the Cities of Griffin, Sunny Side and Orchard Hill, and the Atlanta Regional Commission (ARC) contracted with URS Corporation for a Transit feasibility study earlier this year to be completed in 2014 that will recommend transit alternatives for the area. ARC has also entered into an agreement with the County to update the Spalding County Transportation Plan and incorporate the Cities of Griffin, Orchard Hill and Sunnyside into that 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 2013 session of the Georgia General Assembly local legislation was approved creating the Griffin-Spalding Airport Authority. Authority members were appointed this year and took over operations of the current airport in July of this year and are actively working to assume ownership of the current airport while continuing airport relocation efforts. The City, County and Airport Authority continue to work with GDOT and the FAA to make the new Airport a reality. 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. 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 and the final phase, which will be completed during 2014, will double the band width and increase user capacity for the system. The County received grant funding and completed installation of two early warning sirens that will warn nearby residents of threatening storms. The long awaited Spalding County Senior Center was completed in December 2012 and the grand opening was held in February 2013. This new 28,000 square foot facility replaced the original 6,000 square foot facility that opened in 1993. The new facility provides much needed space for expanding our current programs and adding new ones and also provides a welcoming vista to travelers along SR 16 as they enter the City of Griffin.

The County implemented another Special Purpose Local Option Sales Tax (SPLOST) which was 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. Site development began in 2009. Sites for potential industrial prospects are currently available and we are seeing great interest in this "green" multi-use 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. Representative from Southern Crescent are in the final planning stages of their project which will revitalize areas adjacent to their campus and the UGA Griffin Campus. The County and City of Griffin contracted with Falcon Design Group for intersection improvements along the North Hill Street corridor and construction of the first of those improvements should begin in early 2014 with others coming on line as SPLOST receipts are collected. Other SPLOST projects include bridge replacements on West McIntosh Road over the Flint River, Jordan Hill Road over Troublesome Creek, Intersection improvements at SR362/Rover-Zetella/Moreland Road, SR16/Vaughn Road and resurfacing over 23 miles of existing roadway.

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 was completed during 2013 and has enabled the Authority to decommission the Highland Mill Wastewater Treatment Plant reducing operational costs for the Authority. The Authority also made their final payment on the original 1988 Bonds which provided the funded for water lines over 75% of unincorporated Spalding County.

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 ($39,355,700 versus $39,684,139). 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 $328,439, which increased to $1,124,181 in the final amended budget. Spalding County ultimately had to spend only $1,092,125 to make up the budget deficit for the year.

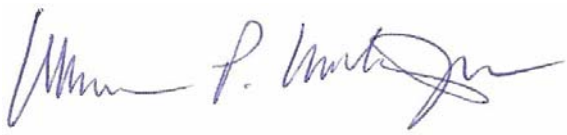
AWARDS AND ACKNOWLEDGEMENTS

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, 2012. This was the twelfth 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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Spalding County

Georgia

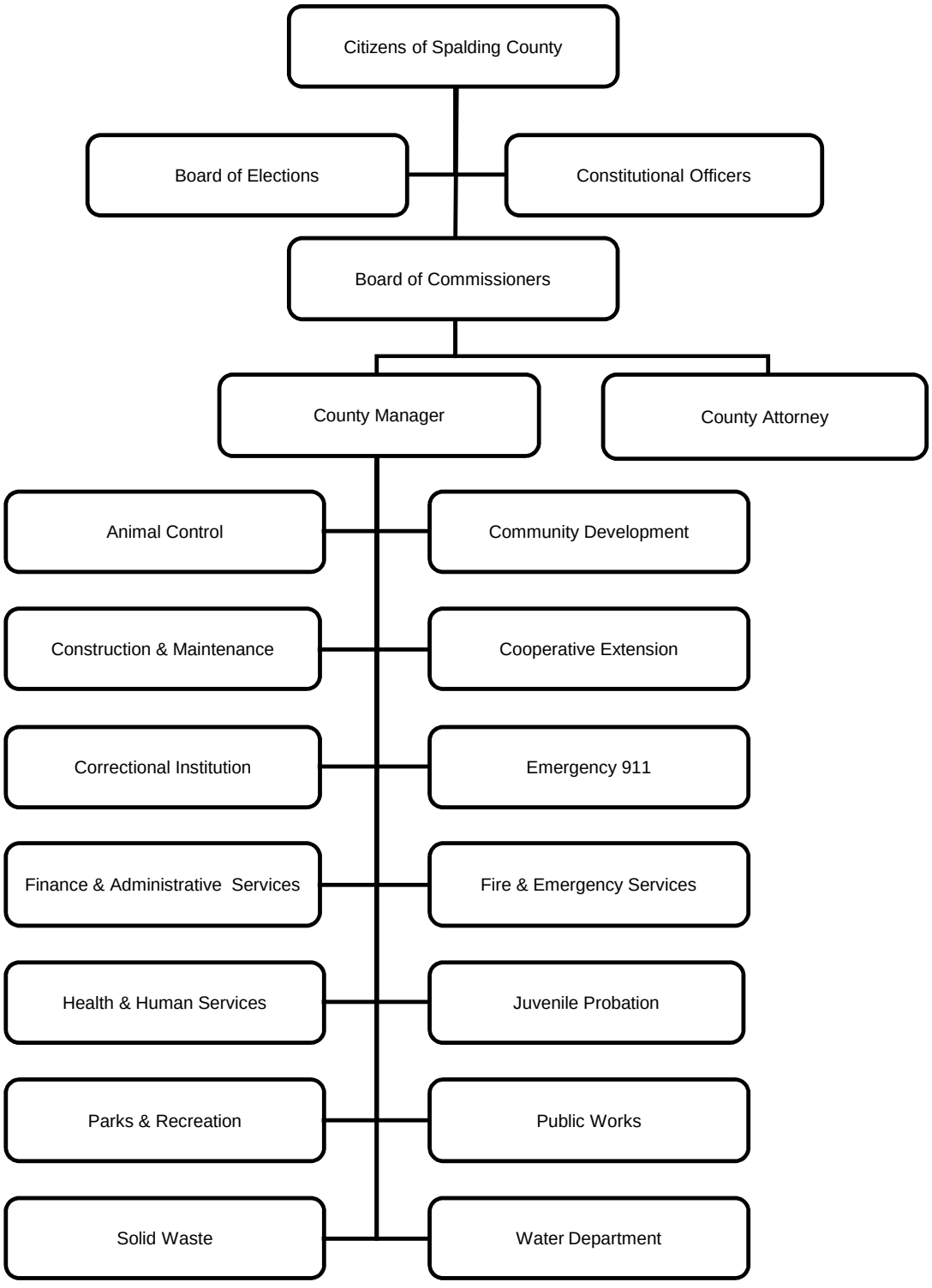
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

SPALDING COUNTY, GEORGIA
ORGANIZATIONAL CHART



SPALDING COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2013

BOARD OF COMMISSIONERS
Gwen Flowers-Taylor, Chairman
Samuel "Chipper" Gardner, Vice-Chairman
Raymond T. Ray, Jr.
Rita Johnson
Bart Miller

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
Jan Hunt

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

Report on Financial Statements

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** (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the Griffin-Spalding County Development Authority, whose statements reflect total assets of $942,510 and $20,667,696, respectively, total net position of $816,129 and $20,652,106, respectively, and total revenues of $1,388,652 and $351,645, respectively, which collectively represent 38.5%, 49.6%, and 19.0%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose repots 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 County Development Authority is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and Fire District Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the County implemented Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective July 1, 2012. This standard modified terminology and presentation of certain accounts. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements, the introductory and statistical section, and the continuing disclosure information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia 48-8-21, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required U. S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedules of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedules of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections and the continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Spalding County, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2013

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, 2013. 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, 2013, by $100,786,675 (net position).
- At June 30, 2013, the County's governmental funds reported combined ending fund balances of $25,413,026, a decrease of $1,781,008 or 6.55% in comparison with the prior year. Of this amount, $378,659 remains in the various funds as unassigned.
- At June 30, 2013, the County's General Fund reported an unassigned fund balance of $396,132.
- The County's 2008 SPLOST Capital Project Fund closed fiscal year 2013 with a fund balance of $15,185,733. 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 consist of 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 position presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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, Griffin Judicial Drug Court and Local Victims Assistance Program); Debt Service (2008 SPLOST Debt Service and GMA Lease Pool) and Capital Projects (2005 SPLOST Capital Projects, 2008 SPLOST Capital Projects, General Capital Projects, Impact Fees and CDBG 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 and 2008 SPLOST Capital Projects funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Spalding County adopts an annual appropriated budget for its general, special revenue, and capital projects funds.

A budgetary comparison statement has been provided for the General Fund and Fire District Fund. These statements are found on pages 21 – 24. The basic governmental fund financial statements can be found on pages 16 – 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 – 65 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 67 – 86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Spalding County, assets exceed liabilities by $100,786,675 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (84.35%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure 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 Position – Governmental Activities

	2013	2012
Current and other assets	$ 29,407,919	$ 32,573,128
Capital assets	91,580,096	90,037,353
Total assets	120,988,015	122,610,481
Long-term liabilities outstanding	17,941,273	21,566,622
Other liabilities	1,674,735	3,394,371
Total liabilities	19,616,008	24,960,993
Deferred inflows of resources	585,332	-
Net position:		
Invested in capital assets, net of related debt	85,013,668	82,563,218
Restricted	22,485,176	23,034,482
Unrestricted	(6,712,169)	(7,948,212)
Total net position	$ 100,786,675	$ 97,649,488

An additional portion of Spalding County's net position (22.31%) represents resources that are subject to external restrictions on how they may be used. During the current fiscal year, restricted net position decreased $549,306. The County completed construction of a new Senior Center with 2005 SPLOST Capital Project funds restricted for this use.

The remaining balance of total net position is a deficit of $6,712,169 in unrestricted net position. The County's deficit in unrestricted net position decreased $1,236,043 from the prior year. The County issued $15,500,000 in general obligation bonds during fiscal 2009. The proceeds from these bonds were used to purchase land for a new industrial park for the Development Authority, a component unit of Spalding County. Therefore, this debt has reduced the unrestricted net position of the County.

Governmental Activities. Governmental activities increased the County's net position by $3,137,187. Key elements of this increase are as follows:

Spalding County's Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012
Revenues		
Program revenues:		
Charges for services	$ 9,179,112	$ 10,152,121
Operating grants and contributions	1,480,378	1,065,062
Capital grants and contributions	275,942	194,477
General revenues:		
Property taxes	23,156,753	23,803,917
Other taxes	17,996,019	19,042,197
Investment income	162,997	162,559
Total revenues	52,251,201	54,420,333
Expenses		
General government	7,179,178	7,236,133
Judicial	4,858,593	5,088,552
Public safety	27,907,077	28,124,718
Public works	4,423,522	4,339,173
Health and welfare	615,933	620,797
Culture and recreation	2,586,924	2,848,613
Housing and development	793,346	996,194
Interest on long-term debt	749,441	909,418
Total expenses	49,114,014	50,163,598
Increase in net position	3,137,187	4,256,735
Net position, beginning of year	97,649,488	93,392,753
Net position, end of year	$ 100,786,675	$ 97,649,488

- Operating grants and contributions increased $415,316 over the previous fiscal year. This increase is primarily due to reimbursements from the Georgia Department of Transportation for expenditures relating to the Local Maintenance Improvements Grant for road resurfacing.

- Capital grants and contributions increased $81,465 primarily due to reimbursements from the CDBG Highland Mills grant.

- Property tax collections decreased $647,164 over the previous year. The tax digest decreased and because of a county-wide tax assessment revaluation, there are numerous appeals waiting to be heard by the Board of Equalization. Property taxes under appeal are not due and payable until the appeal is decided.

- Other taxes, consisting primarily of sales taxes, decreased $1,046,178 over the previous year due, in part, to implementation of the Title Ad Valorem Tax (TAVT) by the State of Georgia. Prior to TAVT, sales taxes were collected on new vehicle purchases and vehicle sales transactions between individuals. Under TAVT, a one-time title ad valorem tax is collected with a large percentage of the tax going to the state.

- Total expenses decreased $1,049,584 over the previous year due to management's control on spending.

Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $25,413,026, a decrease of $1,781,008 in comparison with the prior year. Approximately 1.49% of this total amount ($378,659) constitutes unassigned fund balance, which is available for spending at the government's discretion. Of the remainder of fund balance, $23,348,779 is restricted for public safety, capital projects, and debt service and $1,685,588 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 $396,132, while total fund balance reached $1,824,513. The remaining $1,428,381 of fund balance is reported as assigned. Assigned fund balances are intended to be used for specific purposes, but are neither restricted nor committed and can be used at the Board of Commissioners' discretion. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 1.07% of total general fund expenditures, while total fund balance represents 4.92% of that same amount.

The fund balance of Spalding County's General Fund decreased by $1,090,910 during the current fiscal year. Lower than anticipated tax revenues contributed to this decrease. Spalding County began a county-wide tax assessment revaluation in 2009 which was completed during fiscal 2013. The revised tax digest resulted in numerous tax appeals for tax years 2010, 2011 and 2012. At June 30, 2013, there were approximately 2,000 appeals pending for tax year 2012. To date, the adjusted values to the tax digest has resulted in a 2.8% decrease in the assessed value of the property tax digest.

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 federal and state grants. At June 30, 2013, the Fire District Fund had a restricted fund balance of $1,148,024, an increase of $361,865 over the previous year.

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 funded a new industrial park, and will fund 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 2013, the 2008 SPLOST Capital Projects fund had a restricted fund balance of $15,185,733, which is an increase of $3,402,628 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 $792,618 and can be summarized as follows:

- Increase in general government activities - $200,253 due primarily to an increase in capital asset purchases and donations and contributions;
- Increase in public safety functions - $546,796, due primarily to an increase in capital asset purchases;
- Increase in culture and recreation activities - $25,389, due to an increase in capital asset purchases as a result of theft;
- Increase in housing and development - $20,180, due to an increase in capital equipment purchases.

Of these increases, $25,389 was funded by insurance reimbursements, $655,494 was funded by capital lease proceeds, $35,749 was funded by contributions and donations and $75,986 was funded by federal grants.

Actual General Fund revenues of $36,026,943 were less than final budgeted revenues of $38,697,083 by $2,670,140. The county-wide tax assessment revaluation, mentioned earlier, has resulted in reduced property tax collections. Sales taxes, 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 $37,119,068 were less than final budgeted expenditures of $39,822,479 by $2,703,411. 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, 2013, amounts to $91,580,096 (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 2013	Governmental Activities 2012
Land	$ 3,132,527	$ 3,132,527
Construction in progress	10,854,861	11,772,924
Land improvements	5,086,766	5,229,848
Buildings and improvements	28,682,223	25,233,182
Machinery and equipment	3,008,305	3,180,293
Furniture and fixtures	3,145	5,591
Intangibles	401,762	442,980
Infrastructure (roads)	40,410,507	41,040,008
Total	$ 91,580,096	$ 90,037,353

Overall, governmental capital assets increased by a net amount of $1,542,743 during 2013 due to the purchase and construction of capital assets. Total governmental capital assets added during 2013 amounted to $4,769,228. Major projects consisted of the following:

- $487,713 in Public Safety vehicles and equipment;
- $48,959 in Public Safety early warning sirens;
- $3,332,698 in expenditures associated with the construction of the new Spalding County Senior Center; and
- $713,379 in infrastructure improvements related to the 2008 SPLOST.

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

Long-term Debt. At the end of the current fiscal year, Spalding County, as the primary government, had total bonded debt outstanding in the form of general obligation bonds of $6,500,000.

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 $153,938,300.

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 48 – 54 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Spalding County remains unchanged from one year ago, at 11.4%. The unemployment rate for the State of Georgia at June 30, 2013, is 8.5%.
- Spalding County began experiencing an economic downturn during fiscal 2008. Monthly sales taxes have decreased and revenues associated with building permits, fines and forfeitures, 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 2015.
- Spalding County lost three major industries with the closing of Nacom and Cooper Standard during fiscal 2008, and Springs Industries during fiscal 2009. Spalding County's largest industry, Caterpillar, experienced a major downsizing during fiscal 2010. This has greatly impacted Spalding County's unemployment rate and property tax revenues.
- Spalding County's revised tax digest, after hearing tax appeals, has resulted in a 2.8% decrease in value to date. 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.
- On a positive note, new housing starts in Spalding County are up 17% over the same period for last year.
- The Board of Commissioners increased the General Fund millage rate by one mil for tax year 2013. Included in this tax increase is a contribution to fund balance.

All of these factors were taken into consideration when preparing the 2014 budget. During the current fiscal year, unassigned fund balance in the general fund decreased 69.29% to $396,132. There has been no appropriation of fund balance for spending in the 2014 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 POSITION
JUNE 30, 2013

	Primary Government	Component Units		
	Governmental Activities	Health Department	Development Authority	Water Authority
ASSETS				
Cash and cash equivalents	$ 23,746,414	$ 885,817	$ 423,102	$ 6,217,604
Investments	1,196,273	-	1,080,000	-
Property taxes receivable	2,101,711	-	-	-
Accounts receivable	294,573	-	3,436	610,746
Due from other governments	1,413,890	24,295	14,916	-
Due from primary government	-	22,594	-	124,422
Deferred charges	69,726	-	-	192,938
Restricted assets:				
Bond sinking fund	-	-	-	1,104,214
Debt service reserve fund	-	-	-	988,000
Construction fund	-	-	-	127,739
Fair value of interest rate swap	585,332	-	-	-
Capital assets, non-depreciable	13,987,388	-	18,727,624	670,323
Capital assets, depreciable (net of accumulated depreciation)	77,592,708	9,804	418,618	24,498,100
Total assets	120,988,015	942,510	20,667,696	34,534,086
LIABILITIES				
Accounts payable	979,477	-	10,967	142,738
Accrued liabilities	413,198	-	4,623	3,441
Accrued interest payable	157,637	-	-	229,333
Due to other governments	-	20,363	-	-
Due to component unit	124,422	-	-	-
Liabilities payable from restricted assets	-	-	-	1,020,000
Claims payable due within one year	232,851	-	-	-
Claims payable due in more than one year	494,922	-	-	-
Capital leases due within one year	468,811	-	-	-
Capital leases due in more than one year	1,585,115	-	-	-
Bonds payable due within one year	3,200,000	-	-	-
Bonds payable due in more than one year	3,332,634	-	-	11,312,515
Compensated absences due within one year	760,222	29,129	-	9,573
Compensated absences due in more than one year	506,813	76,889	-	6,382
Certificates of participation due within one year	412,528	-	-	-
Certificates of participation due in more than one year	5,061,588	-	-	-
Landfill due within one year	102,452	-	-	-
Landfill due in more than one year	934,271	-	-	-
Net OPEB obligation due in more than one year	549,712	-	-	-
Net pension obligation due in more than one year	299,354	-	-	-
Total liabilities	19,616,008	126,381	15,590	12,723,982
DEFERRED INFLOWS OF RESOURCES				
Accumulated increase in fair value of hedging activities	585,332	-	-	-
NET POSITION				
Invested in capital assets, net of related debt	85,013,668	9,804	19,146,242	12,963,647
Restricted for:				
Grant purposes	43,320	-	-	-
Judicial	343,231	-	-	-
Public safety	1,711,933	-	-	-
Culture and recreation	474,632	-	-	-
Capital projects	17,913,675	-	-	-
Debt service	1,998,385	-	-	842,881
Other purposes	-	602,072	-	-
Unrestricted	(6,712,169)	204,253	1,505,864	8,003,576
Total net position	$ 100,786,675	$ 816,129	$ 20,652,106	$ 21,810,104

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

SPALDING COUNTY, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
General government	$ 7,179,178	$ 1,813,058	$ 13,876	$ 104
Judicial	4,858,593	1,685,596	583,920	-
Public safety	27,907,077	5,300,243	182,146	64
Public works	4,423,522	159,002	519,456	275,487
Health and welfare	615,933	-	138,886	-
Culture and recreation	2,586,924	210,938	42,094	-
Housing and development	793,346	10,275	-	287
Interest on long-term debt	749,441	-	-	-
Total primary government	$ 49,114,014	$ 9,179,112	$ 1,480,378	$ 275,942
Component units:				
Health Department	$ 1,352,873	$ 526,467	$ 861,131	$ -
Development Authority	1,887,268	50,750	218,089	80,182
Water Authority	6,503,419	7,147,054	-	250,694
Total component units	$ 9,743,560	$ 7,724,271	$ 1,079,220	$ 330,876
General revenues:				
Property taxes				
Alcoholic beverage taxes				
Vehicle taxes				
Sales taxes				
Intangible taxes				
Insurance premium taxes				
Hotel/motel taxes				
Other taxes				
Unrestricted investment earnings				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expenses) Revenues and Changes in Net Position				
Primary Government	Component Units			
Governmental Activities	Health Department	Development Authority	Water Authority	
$ (5,352,140)	$ -	$ -	$ -	
(2,589,077)	-	-	-	
(22,424,624)	-	-	-	
(3,469,577)	-	-	-	
(477,047)	-	-	-	
(2,333,892)	-	-	-	
(782,784)	-	-	-	
(749,441)	-	-	-	
(38,178,582)	-	-	-	
-	34,725	-	-	
-	-	(1,538,247)	-	
-	-	-	894,329	
-	34,725	(1,538,247)	894,329	
23,156,753	-	-	-	
333,786	-	-	-	
2,119,129	-	-	-	
12,821,902	-	-	-	
280,425	-	-	-	
1,791,251	-	-	-	
110,037	-	-	-	
539,489	-	-	-	
162,997	1,054	2,624	2,184	
41,315,769	1,054	2,624	2,184	
3,137,187	35,779	(1,535,623)	896,513	
97,649,488	780,350	22,187,729	20,913,591	
$ 100,786,675	$ 816,129	$ 20,652,106	$ 21,810,104	

SPALDING COUNTY, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	General	Fire District	Capital Projects 2008 SPLOST
Cash and cash equivalents	$ 2,123,699	$ 1,169,379	$ 15,185,733
Investments	-	-	-
Property taxes receivable	1,712,728	388,983	-
Accounts receivable	140,114	-	-
Due from other governments	694,016	-	-
Due from other funds	44,043	45,103	-
Total assets	$ 4,714,600	$ 1,603,465	$ 15,185,733
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 890,800	$ 52,136	$ -
Accrued liabilities	337,793	59,299	-
Due to other funds	67,550	-	-
Due to component unit	124,422	-	-
Deferred revenue	1,469,522	344,006	-
Total liabilities	2,890,087	455,441	-
FUND BALANCES			
Fund balances:			
Restricted for:			
Grant purposes	-	-	-
Judicial	-	-	-
Public safety	-	1,148,024	-
Culture and recreation	-	-	-
Capital projects	-	-	15,185,733
Debt service	-	-	-
Assigned for:			
Public safety	16,310	-	-
Public works	31,243	-	-
Judicial	1,484	-	-
Culture and recreation	423	-	-
Housing & development	584	-	-
Capital projects	-	-	-
Sales taxes	1,364,994	-	-
Tricentennial Celebration	1,986	-	-
Memorial Gifts	11,357	-	-
Unassigned	396,132	-	-
Total fund balances	1,824,513	1,148,024	15,185,733
Total liabilities and fund balances	$ 4,714,600	$ 1,603,465	$ 15,185,733

Amounts reported for governmental activities in the statement of net position 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 obligation 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, and the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities

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

Other Governmental Funds	Total Governmental Funds
$ 5,267,603	$ 23,746,414
1,194,993	1,194,993
-	2,101,711
146,529	286,643
719,874	1,413,890
23,334	112,480
$ 7,352,333	$ 28,856,131
$ 36,541	$ 979,477
16,106	413,198
44,930	112,480
-	124,422
-	1,813,528
97,577	3,443,105
43,320	43,320
343,231	343,231
465,897	1,613,921
474,632	474,632
3,689,557	18,875,290
1,998,385	1,998,385
-	16,310
-	31,243
-	1,484
-	423
-	584
257,207	257,207
-	1,364,994
-	1,986
-	11,357
(17,473)	378,659
7,254,756	25,413,026
$ 7,352,333	
	91,580,096
	1,228,196
	(15,867,014)
	(299,354)
	(549,712)
	(718,563)
	$ 100,786,675

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General	Fire District	Capital Projects 2008 SPLOST
REVENUES			
Property taxes	$ 18,887,690	$ 3,716,448	$ -
Alcoholic beverage taxes	333,786	-	-
Vehicle taxes	2,119,129	-	-
Sales taxes	5,036,279	-	5,684,208
Other taxes	781,342	1,829,823	-
Licenses and permits	192,893	-	-
Intergovernmental	1,246,460	33,253	-
Charges for services	4,827,509	-	-
Court fees, fines and forfeitures	1,204,621	-	-
Interest	7,478	325	287
Contributions and donations	42,094	-	-
Rentals	177,095	-	-
Other	1,170,567	1,662	-
Total revenues	36,026,943	5,581,511	5,684,495
EXPENDITURES			
Current:			
General government	4,847,656	-	-
Judicial	4,116,475	-	-
Public safety	20,363,134	4,864,163	-
Public works	3,492,002	-	-
Health and welfare	498,935	-	-
Culture and recreation	2,417,196	-	-
Housing and development	727,522	-	-
Intergovernmental	-	-	1,760,066
Capital outlay	-	22,898	521,642
Debt service:			
Principal	503,672	270,909	-
Interest	152,476	61,676	159
Total expenditures	37,119,068	5,219,646	2,281,867
Excess (deficiency) of revenues over (under) expenditures	(1,092,125)	361,865	3,402,628
OTHER FINANCING SOURCES (USES)			
Transfers in	655,493	-	-
Transfers out	(654,278)	-	-
Total other financing sources (uses)	1,215	-	-
Net change in fund balances	(1,090,910)	361,865	3,402,628
FUND BALANCES, beginning of year	2,915,423	786,159	11,783,105
FUND BALANCES, end of year	$ 1,824,513	$ 1,148,024	$ 15,185,733

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

Other Governmental Funds	Total Governmental Funds
$ -	$ 22,604,138
-	333,786
-	2,119,129
2,101,415	12,821,902
110,037	2,721,202
-	192,893
432,396	1,712,109
1,170,236	5,997,745
435,881	1,640,502
143,749	151,839
-	42,094
-	177,095
310	1,172,539
4,394,024	51,686,973
22,638	4,870,294
115,331	4,231,806
1,667,270	26,894,567
-	3,492,002
115,507	614,442
-	2,417,196
51,521	779,043
-	1,760,066
3,047,248	3,591,788
3,261,540	4,036,121
566,345	780,656
8,847,400	53,467,981
(4,453,376)	(1,781,008)
654,278	1,309,771
(655,493)	(1,309,771)
(1,215)	-
(4,454,591)	(1,781,008)
11,709,347	27,194,034
$ 7,254,756	$ 25,413,026

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, 2013

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

Net change in fund balances - total governmental funds	$	(1,781,008)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,581,973
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(39,231)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		552,615
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 position. 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.		4,130,983
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.		(1,011,812)
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.		(296,333)
	$	3,137,187

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 23,826,998	$ 20,821,406	$ 18,887,690	$ (1,933,716)
Alcoholic beverage taxes	345,000	345,000	333,786	(11,214)
Vehicle taxes	32,000	1,732,000	2,119,129	387,129
Sales taxes	5,200,000	5,200,000	5,036,279	(163,721)
Other taxes	807,500	807,500	781,342	(26,158)
Licenses and permits	239,800	239,800	192,893	(46,907)
Intergovernmental	638,185	1,224,022	1,246,460	22,438
Charges for services	5,395,527	5,395,527	4,827,509	(568,018)
Court fees, fines and forfeitures	1,334,000	1,334,000	1,204,621	(129,379)
Interest	3,850	3,850	7,478	3,628
Contributions and donations	-	35,749	42,094	6,345
Rentals	201,300	201,300	177,095	(24,205)
Other	1,331,540	1,356,929	1,170,567	(186,362)
Total revenues	39,355,700	38,697,083	36,026,943	(2,670,140)
EXPENDITURES				
Current:				
General government:				
Board of commissioners	299,498	299,498	301,990	(2,492)
Board of elections	227,703	227,703	176,682	51,021
Administration	253,513	253,513	239,091	14,422
Finance	103,232	103,232	102,026	1,206
Information systems	128,692	128,692	103,684	25,008
Human resources	177,965	177,965	171,681	6,284
Tax commissioner	789,434	789,434	655,988	133,446
Tax assessors	507,923	507,923	504,057	3,866
Construction and maintenance	347,398	347,398	328,480	18,918
Janitorial services	97,084	97,084	94,124	2,960
General appropriations	1,945,196	2,145,449	2,169,853	(24,404)
Total general government	4,877,638	5,077,891	4,847,656	230,235
Judicial:				
Superior court	178,590	178,590	163,385	15,205
Griffin judicial circuit	895,525	895,525	810,201	85,324
Clerk of court	795,127	795,127	661,152	133,975
District attorney	434,371	434,371	433,380	991
State court	616,280	616,280	534,378	81,902
Solicitor	178,794	178,794	167,692	11,102
Magistrate court	705,533	705,533	677,519	28,014
Probate court	257,466	257,466	242,785	14,681
Public defender	42,891	42,891	40,378	2,513
Public defender circuit	385,605	385,605	385,605	-
Total judicial	4,490,182	4,490,182	4,116,475	373,707

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Current: (Continued)				
Public safety:				
Sheriff	$ 576,783	$ 576,783	$ 597,230	$ (20,447)
Victim services	79,323	79,323	71,697	7,626
Warrant division	589,095	621,737	570,613	51,124
Criminal investigation division	883,296	910,492	880,801	29,691
Uniform patrol division	3,167,617	3,595,616	3,281,282	314,334
Jail	7,421,850	7,421,850	6,866,845	555,005
Narcotics task force	978,553	978,553	977,436	1,117
Correctional institution	5,995,910	5,995,910	5,789,335	206,575
Juvenile probation	486,356	486,356	450,912	35,444
Coroner	52,540	52,540	51,020	1,520
800 MHz communication	423,312	423,312	449,777	(26,465)
Animal control	313,033	313,033	290,049	22,984
Emergency management	8,459	67,418	86,137	(18,719)
Total public safety	20,976,127	21,522,923	20,363,134	1,159,789
Public works:				
Public works	3,052,110	3,052,110	2,497,116	554,994
Solid waste collection	775,808	775,808	725,476	50,332
Garage	272,690	272,690	269,410	3,280
Total public works	4,100,608	4,100,608	3,492,002	608,606
Health and welfare:				
Health	431,939	431,939	457,926	(25,987)
Welfare	87,640	87,640	41,009	46,631
Total health and welfare	519,579	519,579	498,935	20,644
Culture and recreation:				
Recreation	551,481	551,481	489,331	62,150
Senior citizens' bus	35,613	35,613	26,481	9,132
Parks	1,737,925	1,763,314	1,717,152	46,162
Libraries	200,980	200,980	184,232	16,748
Total culture and recreation	2,525,999	2,551,388	2,417,196	134,192
Housing and development:				
Cooperative extension service	157,524	157,524	128,064	29,460
Community development	424,996	445,176	386,453	58,723
Code enforcement	120,023	120,023	112,820	7,203
Development Authority	100,000	100,000	100,000	-
Enrichment of young minds	10,185	10,185	185	10,000
Total housing and development	812,728	832,908	727,522	105,386

(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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
EXPENDITURES (Continued)				
Debt service:				
Principal	$ 567,650	$ 567,650	$ 503,672	$ 63,978
Interest	159,350	159,350	152,476	6,874
Total debt service	727,000	727,000	656,148	70,852
Total expenditures	39,029,861	39,822,479	37,119,068	2,703,411
Excess (deficiency) of revenues under expenditures	325,839	(1,125,396)	(1,092,125)	33,271
OTHER FINANCING SOURCES (USES)				
Transfers in	-	655,493	655,493	-
Transfers out	(654,278)	(654,278)	(654,278)	-
Total other financing sources (uses)	(654,278)	1,215	1,215	-
Net change in fund balances	(328,439)	(1,124,181)	(1,090,910)	33,271
FUND BALANCES, beginning of year	2,915,423	2,915,423	2,915,423	-
FUND BALANCES, end of year	$ 2,586,984	$ 1,791,242	$ 1,824,513	$ 33,271

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, 2013

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 4,095,105	$ 4,095,105	$ 3,716,448	$ (378,657)
Other taxes	1,724,000	1,724,000	1,829,823	105,823
Intergovernmental	36,000	46,000	33,253	(12,747)
Interest	600	600	325	(275)
Other	-	-	1,662	1,662
Total revenues	5,855,705	5,865,705	5,581,511	(284,194)
EXPENDITURES				
Current:				
Public safety	5,301,005	5,301,005	4,864,163	436,842
Capital outlay	222,095	232,095	22,898	209,197
Debt service:				
Principal	369,470	369,470	270,909	98,561
Interest	88,950	88,950	61,676	27,274
Total expenditures	5,981,520	5,991,520	5,219,646	771,874
Excess (deficiency) of revenues over (under) expenditures	(125,815)	(125,815)	361,865	487,680
OTHER FINANCING SOURCES				
Transfers in	125,815	125,815	-	(125,815)
Total other financing sources	125,815	125,815	-	(125,815)
Net change in fund balances	-	-	361,865	361,865
FUND BALANCES, beginning of year	786,159	786,159	786,159	-
FUND BALANCES, end of year	$ 786,159	$ 786,159	$ 1,148,024	$ 361,865

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

SPALDING COUNTY, GEORGIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Governmental Activities - Internal Service Funds
	Workers' Compensation
ASSETS	
CURRENT ASSETS	
Investments	$ 1,280
Accounts receivable	7,930
Total current assets	9,210
Total assets	9,210
LIABILITIES	
CURRENT LIABILITIES	
Current portion of claims payable	232,851
Total current liabilities	232,851
NONCURRENT LIABILITIES	
Claims payable, net of current portion	494,922
Total noncurrent liabilities	494,922
Total liabilities	727,773
NET POSITION	
Unrestricted	(718,563)
Total net position (deficit)	$ (718,563)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Governmental Activities - Internal Service Funds
	Workers' Compensation
OPERATING REVENUES	
Contributions	$ 598,013
Total operating revenues	598,013
OPERATING EXPENSES	
Claims paid	613,111
Administration and other costs	292,848
Total operating expenses	905,959
Operating loss	(307,946)
NON-OPERATING REVENUES	
Interest income	11,613
Total non-operating revenues	11,613
Change in net position	(296,333)
NET POSITION (DEFICIT), beginning of year	(422,230)
NET POSITION (DEFICIT), end of year	$ (718,563)

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, 2013

	Governmental Activities - Internal Service Funds
	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employees	$ 598,013
Payments for insurance claims	(485,388)
Payments to suppliers for services provided	(292,848)
Net cash used in operating activities	(180,223)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	166,702
Interest received	11,613
Net cash provided by investing activities	178,315
Net decrease in cash and cash equivalents	(1,908)
Cash and cash equivalents, beginning of year	1,908
Cash and cash equivalents, end of year	$ -
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (307,946)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Decrease in accounts receivable	1,610
Increase in claims payable	126,113
Net cash used in operating activities	$ (180,223)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	Agency Funds
ASSETS	
Cash	$ 778,070
Taxes receivable	3,664,096
Accounts receivable	24,246
Total assets	$ 4,466,412
LIABILITIES	
Due to others	$ 4,466,412

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 position 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.

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. Deferred Outflows / Inflows of Resources

The County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012. This new standard establishes accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County had one type of item under the full-accrual basis of accounting that qualifies for reporting in this category. An e*ffective hedge* is reported in the government-wide statement of net position. The effective hedge results from the change in market value of a swap agreement related to the certificates of participation. The amount is deferred and will mature on June 1, 2028, at the same time as the certificates of participation.

I. 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 position. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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 position."

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:

- ***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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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 Position – Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position 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 position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

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

L. 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 Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 $15,867,014 difference are as follows:

Capital leases payable	$	(2,053,926)
General obligation bonds payable		(6,500,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		69,725
Plus: Issuance premium (to be amortized against interest expense)		(32,634)
Certificates of participation		(5,474,116)
Less: Fair value of interest rate swap		585,332
Landfill postclosure costs		(1,036,723)
Compensated absences		(1,267,035)
Accrued interest		(157,637)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	(15,867,014)

Another element of this reconciliation explains that "revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $1,228,196 difference are as follows:

Deferred property tax revenue	$	1,813,528
Deferred fair value of interest rate swap		(585,332)
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net position - governmental activities*	$	1,228,196

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 position 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 $1,581,973 difference are as follows:

Capital outlay	$	4,769,228
Depreciation expense		(3,187,255)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	1,581,973

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 position." The details of this $4,130,983 difference are as follows:

Principal repayments:		
Capital leases	$	542,610
Bonds payable		3,100,000
Certificates of participation		393,511
Landfill postclosure costs		94,862
Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net position - governmental activities*	$	4,130,983

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 $1,011,812 difference are as follows:

Compensated absences	$	33,079
Amortization of issuance costs		(41,837)
Amortization of premium on general obligation bonds		19,581
Accrued interest		53,471
Net OPEB obligation		(132,826)
Net pension obligation		(943,280)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net position - governmental activities*	$	(1,011,812)

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, 2013, expenditures exceeded budget, as follows:

Fund or Department	Excess
General Fund:	
Sheriff	$ 20,447
Communication	26,465
Emergency management	18,719
Health	25,987
Board of Commissioners	2,492
General Appropriations	24,404

The overexpenditures in the General Fund were funded by underexpenditures in other departments.

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

C. Deficit Fund Equity

The Multiple Grant Fund had a deficit fund balance of $17,487 as of June 30, 2013. This deficit will be eliminated through future grant reimbursement proceeds.

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2013 are summarized as follows:

Balances per statement of net position:		
Cash and cash equivalents - Primary government	$	23,746,414
Cash and cash equivalents - Health Department		885,817
Cash and cash equivalents - Development Authority		423,102
Cash and cash equivalents - Water Authority		6,217,604
Investments - Primary government		1,196,273
Investments - Development Authority		1,080,000
Restricted assets:		
Water Authority - Bond sinking fund		1,104,214
Water Authority - Debt service reserve fund		988,000
Water Authority - Construction fund		127,739
Balances per statement of fiduciary net position:		
Cash - Agency funds		778,070
	$	36,547,233
Balances by type:		
Cash deposited with financial institutions	$	16,338,204
Money Market		19,012,757
Mutual Bond Funds		1,280
Guaranteed Investment Contract		1,194,992
	$	36,547,233

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, 2013, 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, 2013, the County had the following investments:

Investment	Maturities	Fair Value
Money Market	N/A	$ 19,012,757
Mutual Bond Fund	N/A	1,280
Guaranteed Investment Contract	June 1, 2028	1,194,992
		$ 20,209,029

At June 30, 2013, the Water Authority had the following investment:

Investment	Maturities	Fair Value
Money Market	N/A	$ 2,219,953
		$ 2,219,953

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, 2013, 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, 2013 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General	Fire District
Receivables:		
Taxes	$ 2,358,140	$ 388,983
Accounts	140,114	-
Due from other governments	694,016	-
Gross receivables	3,192,270	388,983
Less allowance for uncollectibles	645,412	-
Net total receivables	$ 2,546,858	$ 388,983

	Nonmajor and Other Funds	Total
Receivables:		
Taxes	$ -	$ 2,747,123
Accounts	146,529	286,643
Due from other governments	719,874	1,413,890
Gross receivables	866,403	4,447,656
Less allowance for uncollectibles	-	645,412
Net total receivables	$ 866,403	$ 3,802,244

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, 2012, upon which the fiscal 2013 levy was based, was the gross digest amount of $1,618,243,422 (40% of the estimated market value of $4,045,608,555).

The tax billing cycle for fiscal year 2013 is as follows:

Tax bills mailed	December 14, 2012
Payment due date	February 8, 2013
Delinquency date	February 13, 2013
Lien date	July 24, 2013

The distribution of the County's levy (tax rate per $1,000 assessed value) as of June 30, 2013 is as follows:

General government	15.01 mills
Fire District	4.17 mills
School System	19.47 mills
State of Georgia	.20 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
Constuction in progress	11,772,924	3,375,304	-	(4,293,367)	10,854,861
Total	14,905,451	3,375,304	-	(4,293,367)	13,987,388
Capital assets, being depreciated:					
Land improvements	6,820,990	-	-	-	6,820,990
Building improvements	41,022,813	-	-	4,293,367	45,316,180
Machinery and equipment	18,192,626	718,291	(494,046)	-	18,416,871
Furniture and fixtures	47,596	-	-	-	47,596
Intangibles	579,102	4,859	-	-	583,961
Infrastucture	80,619,113	670,774	-	-	81,289,887
Total	147,282,240	1,393,924	(494,046)	4,293,367	152,475,485
Less accumulated depreciation for:					
Land improvements	(1,591,142)	(143,082)	-	-	(1,734,224)
Building improvements	(15,789,631)	(844,326)	-	-	(16,633,957)
Machinery and equipment	(15,012,333)	(851,049)	454,816	-	(15,408,566)
Furniture and fixtures	(42,005)	(2,446)	-	-	(44,451)
Intangibles	(136,122)	(46,077)	-	-	(182,199)
Infrastructure	(39,579,105)	(1,300,275)	-	-	(40,879,380)
Total	(72,150,338)	(3,187,255)	454,816	-	(74,882,777)
Total capital assets, being depreciated, net	75,131,902	(1,793,331)	(39,230)	4,293,367	77,592,708
Total capital assets, net	$ 90,037,353	$ 1,581,973	$ (39,230)	$ -	$ 91,580,096

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

Governmental activities:	
General government	$ 414,343
Judicial	509,961
Public safety	733,069
Public works	1,338,647
Culture and recreation	191,235
Total depreciation expense - governmental activities	$ 3,187,255

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	$ 144,705	$ 3,916	$ -	$ 148,621
Less accumulated depreciation for:				
Machinery and equipment	(135,162)	(3,655)	-	(138,817)
Total capital assets, net	$ 9,543	$ 261	$ -	$ 9,804

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	-	(276,517)	356,720
Land, industrial parks	3,008,065	-	-	3,008,065
Construction in progress	15,282,657	80,182	-	15,362,839
Total	22,720,895	80,182	(4,073,453)	18,727,624
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	(257,249)	(17,331)	-	(274,580)
Furniture and fixtures	(163,046)	(285)	-	(163,331)
Total	(420,295)	(17,616)	-	(437,911)
Total capital assets, being depreciated, net	436,234	(17,616)	-	418,618
Total capital assets, net	$ 23,157,129	$ 62,566	$ (4,073,453)	$ 19,146,242

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Discretely Presented Component Unit – Water Authority

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 13,500	$ -	$ -	$ -	$ 13,500
Construction in progress	11,299,952	-	(267,709)	(10,375,420)	656,823
Total	11,313,452	-	(267,709)	(10,375,420)	670,323
Capital assets, being depreciated:					
Water delivery system	21,813,113	678,260	(29,395)	9,510,473	31,972,451
Sewer system	432,064	68,720	-	864,947	1,365,731
Buildings	48,751	-	-		48,751
Machinery and equipment	781,780	-	-		781,780
Intangibles	142,234	3,045	-		145,279
Total	23,217,942	750,025	(29,395)	10,375,420	34,313,992
Less accumulated depreciation for:					
Water delivery system	(8,363,323)	(542,481)	14,404	-	(8,891,400)
Sewer system	(73,474)	(17,901)	-	-	(91,375)
Buildings	(38,796)	(2,135)	-	-	(40,931)
Machinery and equipment	(781,143)	(637)	-	-	(781,780)
Intangibles	(7,531)	(2,875)	-	-	(10,406)
Total	(9,264,267)	(566,029)	14,404	-	(9,815,892)
Total capital assets, being depreciated, net	13,953,675	183,996	(14,991)	10,375,420	24,498,100
Total capital assets, net	$ 25,267,127	$ 183,996	$ (282,700)	$ -	$ 25,168,423

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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
2008 General obligation bonds	$ 9,600,000	$ -	$ (3,100,000)	$ 6,500,000	$ 3,200,000
Plus unamortized premium	52,215	-	(19,581)	32,634	-
General obligation bonds, net	9,652,215	-	(3,119,581)	6,532,634	3,200,000
Certificates of participation	5,867,627	-	(393,511)	5,474,116	412,528
Capital leases	2,596,536	-	(542,610)	2,053,926	468,811
Claims payable	601,660	739,224	(613,111)	727,773	232,851
Compensated absences	1,300,113	755,969	(789,047)	1,267,035	760,222
Landfill postclosure costs	1,131,585	-	(94,862)	1,036,723	102,452
Net Pension obligation	(643,926)	943,280	-	299,354	-
Net OPEB obligation	416,886	157,585	(24,759)	549,712	-
Governmental activities Long-term liabilities	$ 20,922,696	$ 2,596,058	$ (5,577,481)	$ 17,941,273	$ 5,176,864

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, 2013:

	Governmental Activities
Machinery and equipment	$ 3,087,222
Buildings	1,500,000
Less accumulated depreciation	(1,540,897)
Carrying value	$ 3,046,325

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,		
2014	$	547,197
2015		458,397
2016		458,397
2017		458,397
2018		180,817
2019-2023		180,817
Total minimum lease payments		2,284,022
Less amount representing interest		230,096
Present value of future minimum lease payments	$	2,053,926

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, 2013 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various	3.50 - 5.00%	6 years	2015	$ 15,500,000	$ 6,500,000
	Plus unamortized premium				32,634
					$ 6,532,634

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 3,200,000	$ 285,125
2015	3,300,000	132,000
Total	$ 6,500,000	$ 417,125

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, 2013, the floating rate being paid by the County is 0.37% and the market value of this agreement is $585,332, a decrease of $313,515 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, 2013 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 position. 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 a deferred inflow of resources in the statement of net position.

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 412,528	$ 118,750
2015	441,588	118,750
2016	375,000	118,750
2017	395,000	118,750
2018	425,000	118,750
2019-2023	925,000	593,750
2024-2028	2,500,000	593,750
Total	$ 5,474,116	$ 1,781,250

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, 2013, the County has a remaining 12 years of monitoring. Engineering studies estimate postclosure costs of approximately $1,036,723 over the 12-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, 2013. 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, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable, Series 2002	$ 2,000,000	$ -	$ (1,000,000)	$ 1,000,000	$ 1,000,000
Deferred amounts:					
Premium	11,932	-	(10,227)	1,705	-
Refunding loss	(47,337)	-	40,574	(6,763)	-
Bonds payable, Series 2008	11,380,000	-	-	11,380,000	20,000
Deferred amounts:					
Discount	(45,303)	-	2,876	(42,427)	-
Total bonds payable	13,299,292	-	(966,777)	12,332,515	1,020,000
Compensated absences	15,425	8,494	(7,964)	15,955	9,256
Water Authority					
Long-term liabilities	$ 13,314,717	$ 8,494	$ (974,741)	$ 12,348,470	$ 1,029,256

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, 2013, 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	$ 1,000,000
	Plus unamortized premium				1,705
	Less unamortized deferred refunding loss				(6,763)
					$ 994,942
Water Authority-Series 2008	4.00%	20 years	2028	$ 11,380,000	$ 11,380,000
	Less unamortized discount				(42,427)
					$ 11,337,573

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

Fiscal year ending June 30,	Principal	Interest
2014	$ 1,020,000	$ 667,600
2015	140,000	644,400
2016	255,000	636,181
2017	370,000	622,438
2018	495,000	601,738
2019-2023	3,720,000	2,487,925
2024-2028	5,150,000	1,202,468
2029	1,230,000	37,669
Total	$ 12,380,000	$ 6,900,419

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, 2013:

	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. During FY 2013, this property was sold and, as per the terms of the agreement, the Authority was released of its contractual obligation of $3,793,120.

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 44,043
Nonmajor governmental funds	Nonmajor governmental funds	887
Nonmajor governmental funds	General Fund	22,447
Fire District Fund	General Fund	45,103
		$ 112,480

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	$ 655,493
Nonmajor governmental funds	General Fund	654,278
		$ 1,309,771

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, 2013, (the most recent actuarial valuation date) are as follows:

	June 30, 2013	June 30, 2012
Derivation of Annual Pension Cost		
Annual Required Contribution	$ 1,204,916	$ 1,145,589
Interest on Net Pension Obligation	(19,322)	(48,236)
Amortization of Net Pension Obligation	20,674	51,611
Annual Pension Cost	$ 1,206,268	$ 1,148,964

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	$ 1,206,268
Actual Contributions to Plan	262,988
Increase in Net Pension Asset	943,280
Net Pension Asset as of Beginning of Year	(643,926)
Net Pension Obligation as of End of Year	$ 299,354

Basis of Valuation

Current Valuation Date	January 1, 2013
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)
2013	$ 1,206,268	$ 262,988	22 %	$ 299,354
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)

As of the most recent valuation date, January 1, 2013, the funded status of the Plan was as follows:

Actuarial Valuation & 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
12/31/2012	$ 17,000,117	$ 24,093,395	$ 7,093,278	70.6%	$ 14,667,323	48.4%

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, 2013.

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, 2013, 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, 2013, the County's contribution to the Plan was $188,772. The amount contributed by employees was $717,539.

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, 2013. 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, 2013. 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, 2013.

Active members	474
Retired members	5
	479

Contributions

The County contributed $24,759 to the postretirement benefit plan in fiscal year 2013. 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.

Fiscal Year Beginning	Annual Required Contribution/ Annual OPEB Cost	Actual County Contribution	Percentage of AOC Contributed	Net OPEB Obligation
7/1/12	$ 157,585	$ 24,759	16 %	$ 549,712
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

Annual Pension Cost

The County's annual OPEB cost and net OPEB obligation for the year ending June 30, 2013 are as follows:

	June 30, 2013
Derivation of Annual OPEB Cost	
Annual Required Contribution	$ 162,291
Interest on Net OPEB Obligation	19,686
Amortization of Net OPEB Obligation	(24,392)
Annual OPEB Cost	$ 157,585

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Derivation of Net OPEB Obligation		
Annual OPEB Cost	$	157,585
Actual Contributions to Plan		24,759
Increase in Net OPEB Obligation		132,826
Net OPEB Obligation as of Beginning of Year		416,886
Net OPEB Obligation as of End of Year	$	549,712

As of the most recent valuation date, June 30, 2013, the funded status of the postretirement benefit plan was as follows:

Actuarial Valuation & 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
6/30/2012	$ -	$ 1,210,735	$ 1,210,735	0.0%	$ 20,624,315	5.9%

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, 2013.

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, 2013. The assumptions used in the June 30, 2013 actuarial valuation are as follows:

Basis of Valuation	
Current Valuation Date	June 30, 2013
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 $727,773 as of June 30, 2013, 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 2013 and 2012 were as follows:

Workers' Compensation Trust Fund	June 30, 2013	June 30, 2012
Unpaid claims, beginning of fiscal year	$ 601,660	$ 790,410
Incurred claims (including IBNRs)	739,224	389,784
Claim payments and changes in estimates	(613,111)	(578,534)
Unpaid claims, end of fiscal year	$ 727,773	$ 601,660

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.

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, 2013, 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 2013 was $177,918.

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, 2013, the County paid $40,405 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 2013 was $59,000. The County has no further accountability for this organization.

NOTE 16. HOTEL/MOTEL LODGING TAX

During the year ended June 30, 2013, 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, 2013, the County collected $110,037 of hotel/motel taxes. Management represents that $51,521, or 47%, of the lodging tax received during the year ended June 30, 2013 was used for the promotion of tourism. The remainder has been restricted for the future promotion of tourism, conventions, or trade shows.

NOTE 17. SUBSEQUENT EVENT

On September 19, 2013, the County issued a tax anticipation note for cash flow purposes for an amount not to exceed $6,900,000. The note has an interest rate of 0.9832% with a maturity date of December 31, 2013.

The Georgia General Assembly, via House Bill 1261 and Act 536, created the Griffin-Spalding County Airport Authority effective July 1, 2012. This entity consists of nine members who are to be appointed by the governing authorities of Spalding County and the City of Griffin. There has been no activity by the Authority to date.

On May 14, 2013, the City and County entered into an intergovernmental agreement to effectively transfer all ownership and operation of the local airport to the newly created Airport Authority effective July 1, 2013. The City and the County have mutually agreed to fund one-half of the annual shortfall in revenues required to fund the Airport Authority's budget in future years.

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
12/31/2012	$ 17,000,117	$ 24,093,395	$ 7,093,278	70.6 %	$ 14,667,323	48.4 %
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)
12/31/2005	12,413,666	12,827,772	414,106	96.8	6,043,101	6.9

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

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT 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
6/302012	$ -	$ 1,210,735	$ 1,210,735	0.0 %	$ 20,624,315	5.9 %
6/30/2011	-	1,380,439	1,380,439	0.0	20,968,273	6.6
6/30/2010	-	710,507	710,507	0.0	20,927,701	3.4
6/30/2009	-	653,967	653,967	0.0	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.

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

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 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.

2005 SPLOST — To account 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.

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue			
ASSETS	**Community Services Block Grant**	**Emergency 911**	**Confiscated Assets**	**Law Library**
Cash and cash equivalents	$ 35,018	$ 34,782	$ 292,392	$ 151,084
Investments	-	-	-	-
Accounts receivable	-	146,529	-	-
Due from other governments	18,300	-	-	-
Due from other funds	-	14,867	-	-
Total assets	$ 53,318	$ 196,178	$ 292,392	$ 151,084
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 9,998	$ 6,567	$ -	$ 843
Accrued liabilities	-	16,106	-	-
Due to other funds	-	-	-	-
Total liabilities	9,998	22,673	-	843
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	43,320	-	-	-
Judicial	-	-	-	150,241
Public safety	-	173,505	292,392	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
	43,320	173,505	292,392	150,241
Total liabilities and fund balances	$ 53,318	$ 196,178	$ 292,392	$ 151,084

					Debt Service		Capital Projects
Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	GMA Lease Pool Debt Service	2008 SPLOST Debt Service	Capital Projects General
$ -	$ 475,862	$ 189,483	$ 7,270	$ 451,095	$ 1,607,069	$ 257,207
-	-	-	-	1,194,993	-	-
-	-	-	-	-	-	-
33,116	-	-	-	-	668,458	-
-	-	8,467	-	-	-	-
$ 33,116	$ 475,862	$ 197,950	$ 7,270	$ 1,646,088	$ 2,275,527	$ 257,207
$ 17,903	$ 1,230	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
32,700	-	12,230	-	-	-	-
50,603	1,230	12,230	-	-	-	-
-	-	-	-	-	-	-
-	-	185,720	7,270	-	-	-
-	-	-	-	-	-	-
-	474,632	-	-	-	-	-
-	-	-	-	961,615	961,615	-
-	-	-	-	684,473	1,313,912	-
-	-	-	-	-	-	257,207
(17,487)	-	-	-	-	-	-
(17,487)	474,632	185,720	7,270	1,646,088	2,275,527	257,207
$ 33,116	$ 475,862	$ 197,950	$ 7,270	$ 1,646,088	$ 2,275,527	$ 257,207

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS	Capital Projects			Total
	Impact Fees	CDBG Highland Mills Sewer Grant	Capital Projects 2005 SPLOST	
Cash and cash equivalents	$ 1,266,325	$ 14	$ 500,002	$ 5,267,603
Investments	-	-	-	1,194,993
Accounts receivable	-	-	-	146,529
Due from other governments	-	-	-	719,874
Due from other funds	-	-	-	23,334
Total assets	$ 1,266,325	$ 14	$ 500,002	$ 7,352,333
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 36,541
Accrued liabilities	-	-	-	16,106
Due to other funds	-	-	-	44,930
Total liabilities	-	-	-	97,577
FUND BALANCES (DEFICIT)				
Restricted for:				
Grant purposes	-	-	-	43,320
Judicial	-	-	-	343,231
Public safety	-	-	-	465,897
Culture and recreation	-	-	-	474,632
Capital projects	1,266,325	-	500,002	3,689,557
Debt service	-	-	-	1,998,385
Assigned for:				
Capital projects	-	-	-	257,207
Unassigned	-	14	-	(17,473)
	1,266,325	14	500,002	7,254,756
Total liabilities and fund balances	$ 1,266,325	$ 14	$ 500,002	$ 7,352,333

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue			
	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
REVENUES				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	109,269	-	-	-
Charges for services	-	1,020,156	-	-
Court fees, fines and forfeitures	-	-	362,813	30,175
Interest	-	366	143	168
Other	-	310	-	-
Total revenues	109,269	1,020,832	362,956	30,343
EXPENDITURES				
Current:				
General government	13,012	-	-	-
Judicial	27,283	-	-	35,393
Public safety	-	1,323,921	343,349	-
Health and welfare	68,110	-	-	-
Culture and recreation	-	-	-	-
Housing and development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	108,405	1,323,921	343,349	35,393
Excess (deficiency) of revenues over (under) expenditures	864	(303,089)	19,607	(5,050)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	864	(303,089)	19,607	(5,050)
FUND BALANCES (DEFICIT), beginning of year	42,456	476,594	272,785	155,291
FUND BALANCES (DEFICIT), end of year	$ 43,320	$ 173,505	$ 292,392	$ 150,241

					Debt Service		Capital Projects
Multiple Grant	Tourism	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	GMA Lease Pool Debt Service	2008 SPLOST Debt Service	Capital Projects General
$ -	$ 110,037	$ -	$ -	$ -	$ 2,101,415	-
47,640	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	42,893	-	-	-	-
-	229	146	2	141,353	104	176
-	-	-	-	-	-	-
47,640	110,266	43,039	2	141,353	2,101,519	176
-	-	-	-	-	-	-
-	-	52,655	-	-	-	-
-	-	-	-	-	-	-
47,397	-	-	-	-	-	-
-	-	-	-	-	-	-
-	51,521	-	-	-	-	-
-	-	-	-	-	-	88,293
-	-	-	-	-	3,100,000	-
-	-	-	-	129,583	399,979	-
47,397	51,521	52,655	-	129,583	3,499,979	88,293
243	58,745	(9,616)	2	11,770	(1,398,460)	(88,117)
-	-	-	-	634,278	-	20,000
-	-	-	-	(655,493)	-	-
-	-	-	-	(21,215)	-	20,000
243	58,745	(9,616)	2	(9,445)	(1,398,460)	(68,117)
(17,730)	415,887	195,336	7,268	1,655,533	3,673,987	325,324
$ (17,487)	$ 474,632	$ 185,720	$ 7,270	$ 1,646,088	$ 2,275,527	257,207

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Capital Projects			
	Impact Fees	CDBG Highland Mills Sewer Grant	Capital Projects 2005 SPLOST	Total
REVENUES				
Other taxes	$ -	$ -	$ -	$ 2,211,452
Intergovernmental	-	275,487	-	432,396
Charges for services	150,080	-	-	1,170,236
Court fees, fines and forfeitures	-	-	-	435,881
Interest	998	-	64	143,749
Other	-	-	-	310
Total revenues	151,078	275,487	64	4,394,024
EXPENDITURES				
Current:				
General government	9,626	-	-	22,638
Judicial	-	-	-	115,331
Public safety	-	-	-	1,667,270
Health and welfare	-	-	-	115,507
Housing and development	-	-	-	51,521
Capital outlay	-	187,509	2,771,446	3,047,248
Debt service:				
Principal	161,540	-	-	3,261,540
Interest	36,783	-	-	566,345
Total expenditures	207,949	187,509	2,771,446	8,847,400
Excess (deficiency) of revenues over (under) expenditures	(56,871)	87,978	(2,771,382)	(4,453,376)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	654,278
Transfers out	-	-	-	(655,493)
Total other financing sources (uses)	-	-	-	(1,215)
Net change in fund balances	(56,871)	87,978	(2,771,382)	(4,454,591)
FUND BALANCES (DEFICIT), beginning of year	1,323,196	(87,964)	3,271,384	11,709,347
FUND BALANCES (DEFICIT), end of year	$ 1,266,325	$ 14	$ 500,002	$ 7,254,756

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, 2013

	Community Services Block Grant		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	119,190	109,269	(9,921)
Charges for services	-	-	-
Court fees, fines and forfeitures	-	-	-
Interest	-	-	-
Other	-	-	-
Total revenues	119,190	109,269	(9,921)
EXPENDITURES			
Current:			
General government	20,000	13,012	6,988
Judicial	28,149	27,283	866
Public safety	-	-	-
Health and welfare	71,041	68,110	2,931
Housing and development	-	-	-
Total expenditures	119,190	108,405	10,785
Net change in fund balances	-	864	864
FUND BALANCES (DEFICIT), beginning of year	42,456	42,456	-
FUND BALANCES (DEFICIT), end of year	$ 42,456	$ 43,320	$ 864

Emergency 911			Confiscated Assets		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
920,000	1,020,156	100,156	-	-	-
-	-	-	375,000	362,813	(12,187)
400	366	(34)	-	143	143
-	310	310	-	-	-
920,400	1,020,832	100,432	375,000	362,956	(12,044)
-	-	-	-	-	-
-	-	-	-	-	-
1,396,400	1,323,921	72,479	375,000	343,349	31,651
-	-	-	-	-	-
-	-	-	-	-	-
1,396,400	1,323,921	72,479	375,000	343,349	31,651
(476,000)	(303,089)	172,911	-	19,607	19,607
476,594	476,594	-	272,785	272,785	-
$ 594	$ 173,505	$ 172,911	$ 272,785	$ 292,392	$ 19,607

(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, 2013

	Law Library		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	48,000	30,175	(17,825)
Interest	-	168	168
Other	-	-	-
Total revenues	48,000	30,343	(17,657)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	52,000	35,393	16,607
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	52,000	35,393	16,607
Net change in fund balances	(4,000)	(5,050)	(1,050)
FUND BALANCES (DEFICIT), beginning of year	155,291	155,291	-
FUND BALANCES (DEFICIT), end of year	$ 151,291	$ 150,241	$ (1,050)

Multiple Grant			Tourism		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 95,000	$ 110,037	$ 15,037
63,598	47,640	(15,958)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	229	229
-	-	-	-	-	-
63,598	47,640	(15,958)	95,000	110,266	15,266
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
63,598	47,397	16,201	-	-	-
-	-	-	95,000	51,521	43,479
63,598	47,397	16,201	95,000	51,521	43,479
-	243	243	-	58,745	58,745
(17,730)	(17,730)	-	415,887	415,887	-
$ (17,730)	$ (17,487)	$ 243	$ 415,887	$ 474,632	$ 58,745

(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, 2013

	Local Victims Assistance Program		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Other taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	80,000	42,893	(37,107)
Interest	-	146	146
Other	-	-	-
Total revenues	80,000	43,039	(36,961)
EXPENDITURES			
Current:			
General government	-	-	-
Judicial	80,000	52,655	27,345
Public safety	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Total expenditures	80,000	52,655	27,345
Net change in fund balances	-	(9,616)	(9,616)
FUND BALANCES (DEFICIT), beginning of year	195,336	195,336	-
FUND BALANCES (DEFICIT), end of year	$ 195,336	$ 185,720	$ (9,616)

Griffin Judicial Circuit Drug Court		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
-	-	-
-	-	-
-	-	-
-	2	2
-	-	-
-	2	2
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2	2
7,268	7,268	-
$ 7,268	$ 7,270	$ 2

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, 2013

	2008 SPLOST Debt Service		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ 3,499,875	$ 2,101,415	$ (1,398,460)
Interest	-	104	104
Total revenues	3,499,875	2,101,519	(1,398,356)
EXPENDITURES			
Debt service:			
Principal	3,100,000	3,100,000	-
Interest	399,875	399,979	(104)
Total expenditures	3,499,875	3,499,979	(104)
Excess of revenues over expenditures	-	(1,398,460)	(1,398,460)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(1,398,460)	(1,398,460)
FUND BALANCES, beginning of year	3,673,987	3,673,987	-
FUND BALANCES, end of year	$ 3,673,987	$ 2,275,527	$ (1,398,460)

GMA Lease Pool		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -
150,000	141,353	(8,647)
150,000	141,353	(8,647)
-	-	-
128,750	129,583	(833)
128,750	129,583	(833)
21,250	11,770	(9,480)
633,630	634,278	648
(654,880)	(655,493)	(613)
(21,250)	(21,215)	35
-	(9,445)	(9,445)
1,655,533	1,655,533	-
$ 1,655,533	$ 1,646,088	$ (9,445)

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, 2013

	Capital Projects General		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	-	176	176
Total revenues	-	176	176
EXPENDITURES			
Current:			
General government	-	-	-
Intergovernmental	-	-	-
Capital outlay	345,200	88,293	256,907
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	345,200	88,293	256,907
Excess (deficiency) of revenues over (under) expenditures	(345,200)	(88,117)	257,083
OTHER FINANCING SOURCES			
Transfers in	20,000	20,000	-
Total other financing sources	20,000	20,000	-
Net change in fund balances	(325,200)	(68,117)	257,083
FUND BALANCES, beginning of year	325,324	325,324	-
FUND BALANCES, end of year	$ 124	$ 257,207	$ 257,083

Impact Fees			Capital Projects 2008 SPLOST		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
$ -	$ -	$ -	$ 4,500,000	$ 5,684,208	$ 1,184,208
-	-	-	-	-	-
161,100	150,080	(11,020)	-	-	-
2,000	998	(1,002)	-	287	287
163,100	151,078	(12,022)	4,500,000	5,684,495	1,184,495
85,827	9,626	76,201	1,000	-	1,000
-	-	-	5,298,166	1,760,066	3,538,100
1,198,948	-	1,198,948	10,979,834	521,642	10,458,192
161,541	161,540	1	-	-	-
36,784	36,783	1	1,000	159	841
1,483,100	207,949	1,275,151	16,280,000	2,281,867	13,998,133
(1,320,000)	(56,871)	1,263,129	(11,780,000)	3,402,628	15,182,628
-	-	-	-	-	-
-	-	-	-	-	-
(1,320,000)	(56,871)	1,263,129	(11,780,000)	3,402,628	15,182,628
1,323,196	1,323,196	-	11,783,105	11,783,105	-
$ 3,196	$ 1,266,325	$ 1,263,129	$ 3,105	$ 15,185,733	$ 15,182,628

(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, 2013

	Capital Projects 2005 SPLOST		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Interest	-	64	64
Total revenues	-	64	64
EXPENDITURES			
Current:			
General government	1,250	-	1,250
Intergovernmental	-	-	-
Capital outlay	3,200,000	2,771,446	428,554
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,201,250	2,771,446	429,804
Excess (deficiency) of revenues over (under) expenditures	(3,201,250)	(2,771,382)	429,868
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Total other financing sources	-	-	-
Net change in fund balances	(3,201,250)	(2,771,382)	429,868
FUND BALANCES, beginning of year	3,271,384	3,271,384	-
FUND BALANCES, end of year	$ 70,134	$ 500,002	$ 429,868

CDBG Highland Mills		
Final Budget	Actual	Variance With Final Budget
$ -	$ -	-
500,000	275,487	(224,513)
-	-	-
-	-	-
-	275,487	(224,513)
-	-	-
-	-	-
500,000	187,509	312,491
-	-	-
-	-	-
500,000	187,509	312,491
(500,000)	87,978	87,978
-	-	-
-	-	-
(500,000)	87,978	87,978
(87,964)	(87,964)	-
$ (587,964)	$ 14	87,978

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
800 MHz radio communication system	$ 10,072,000	$ 10,072,000	$ 10,790,763	$ -	$ 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	996,250	2,771,446	3,767,696
	$ 20,672,000	$ 21,395,000	$ 22,510,013	$ 2,771,446	$ 25,281,459

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2008 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	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	$ 15,314,839	$ 15,266	$ 15,330,105
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	188	375
Roads, streets, bridges and transportation improvements and equipment	8,274,197	8,274,197	12,618	506,451	519,069
City of Griffin	10,924,198	10,924,198	5,836,335	1,740,618	7,576,953
City of Orchard Hill	475,605	475,605	201,312	19,448	220,760
City of Sunny Side	100,000	100,000	24,109	-	24,109
Bond issuance cost and interest expense	3,326,000	3,326,000	2,208,227	399,875	2,608,102
	$ 54,000,000	$ 54,000,000	$ 23,723,777	$ 2,681,846	$ 26,405,623

Total expenditures:	
Capital Projects 2008 SPLOST Fund	$ 2,281,867
2008 SPLOST Debt Service Fund	3,499,979
Repayment of principal on debt. Proceeds included in projects above.	(3,100,000)
Total 2008 SPLOST expenditures	$ 2,681,846

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, 2013

	Tax Commissioner	Magistrate Court	Probate Court	Clerk of Superior Court
ASSETS				
Cash	$ 144,954	$ 45,675	$ 9,710	$ 235,344
Taxes receivable	3,664,096	-	-	-
Accounts receivable	24,246	-	-	-
Total assets	$ 3,833,296	$ 45,675	$ 9,710	$ 235,344
LIABILITIES				
Due to others	$ 3,833,296	$ 45,675	$ 9,710	$ 235,344

Correctional Institution	Sheriff	Total
$ 32,648	$ 309,739	$ 778,070
-	-	3,664,096
-	-	24,246
$ 32,648	$ 309,739	$ 4,466,412
$ 32,648	$ 309,739	$ 4,466,412

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Tax Commissioner				
ASSETS				
Cash	$ 123,430	$ 56,743,786	$ 56,722,262	$ 144,954
Taxes receivable	2,691,706	3,664,096	2,691,706	3,664,096
Accounts receivable	23,232	1,014	-	24,246
Total assets	$ 2,838,368	$ 60,408,896	$ 59,413,968	$ 3,833,296
LIABILITIES				
Due to others	$ 2,838,368	$ 60,408,896	$ 59,413,968	$ 3,833,296
Magistrate Court				
ASSETS				
Cash	$ 42,477	$ 926,958	$ 923,760	$ 45,675
LIABILITIES				
Due to others	$ 42,477	$ 926,958	$ 923,760	$ 45,675
Probate Court				
ASSETS				
Cash	$ 5,731	$ 209,377	$ 205,398	$ 9,710
LIABILITIES				
Due to others	$ 5,731	$ 209,377	$ 205,398	$ 9,710
Clerk of Superior Court				
ASSETS				
Cash	$ -	$ 3,689,127	$ 3,453,783	$ 235,344
LIABILITIES				
Due to others	$ -	$ 3,689,127	$ 3,453,783	$ 235,344

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Correctional Institution				
ASSETS				
Cash	$ 18,128	$ 288,993	$ 274,473	$ 32,648
LIABILITIES				
Due to others	$ 18,128	$ 288,993	$ 274,473	$ 32,648
Sheriff				
ASSETS				
Cash	$ 360,603	$ 966,290	$ 1,017,154	$ 309,739
LIABILITIES				
Due to others	$ 360,603	$ 966,290	$ 1,017,154	$ 309,739
Total Agency Funds				
ASSETS				
Cash	$ 550,369	$ 62,824,531	$ 62,596,830	$ 778,070
Taxes receivable	2,691,706	3,664,096	2,691,706	3,664,096
Accounts receivable	23,232	1,014	-	24,246
Total assets	$ 3,265,307	$ 66,489,641	$ 65,288,536	$ 4,466,412
LIABILITIES				
Due to others	$ 3,265,307	$ 66,489,641	$ 65,288,536	$ 4,466,412

COMPONENT UNIT – WATER AUTHORITY

SPALDING COUNTY, GEORGIA

STATEMENT OF NET POSITION
COMPONENT UNIT - WATER AUTHORITY
JUNE 30, 2013

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 6,217,604
Accounts receivable	610,746
Due from primary government	124,422
Restricted assets, cash and cash equivalents	2,219,953
Total current assets	9,172,725
NONCURRENT ASSETS	
Deferred charges, unamortized balance	192,938
Capital assets:	
Capital assets, non-depreciable	670,323
Capital assets, depreciable, net of accumulated depreciation	24,498,100
Total capital assets	25,168,423
Total noncurrent assets	25,361,361
Total assets	34,534,086
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	142,738
Accrued liabilities	3,441
Current portion of compensated absences payable	9,573
Current portion of bonds payable from restricted assets	1,020,000
Accrued interest	229,333
Total current liabilities	1,405,085
NONCURRENT LIABILITIES	
Compensated absences payable, net of current portion	6,382
Bonds payable, net of current portion	11,312,515
Total noncurrent liabilities	11,318,897
Total liabilities	12,723,982
NET POSITION	
Invested in capital assets, net of related debt	12,963,647
Restricted for debt service	842,881
Unrestricted	8,003,576
Total net position	$ 21,810,104

SPALDING COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

OPERATING REVENUES	
Charges for services	$ 7,147,054
Total operating revenues	7,147,054
OPERATING EXPENSES	
Personal services and employee benefits	221,623
Contracted services	4,645,782
Material and supplies	199,839
Other operating expenses	74,977
Depreciation	566,029
Amortization	40,000
Total operating expenses	5,748,250
Operating income	1,398,804
NON-OPERATING INCOME (EXPENSES)	
Interest income	2,184
Interest expense	(755,169)
Total non-operating income (expenses)	(752,985)
Income before contributions	645,819
CAPITAL CONTRIBUTIONS	250,694
Change in net position	896,513
NET POSITION, beginning of year	20,913,591
NET POSITION, end of year	$ 21,810,104

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS
COMPONENT UNIT - WATER AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	7,158,314
Payments to employees		(221,094)
Payments to suppliers for goods and services provided		(5,483,799)
Net cash provided by operating activities		1,453,421
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(944,276)
Principal payments on long-term borrowings		(1,000,000)
Interest payments on long-term borrowings		(708,539)
Net cash used in capital and related financing activities		(2,652,815)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		2,184
Net cash provided by investing activities		2,184
Net decrease in cash and cash equivalents		(1,197,210)
Cash and cash equivalents, beginning of year		9,634,767
Cash and cash equivalents, end of year	$	8,437,557
Classified as:		
Cash and cash equivalents	$	6,217,604
Restricted assets:		
Bond sinking fund		1,104,214
Debt service reserve fund		988,000
Construction fund		127,739
	$	8,437,557
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	1,398,804
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		566,029
Amortization		40,000
Loss on asset disposal		14,991
Decrease in accounts receivable		3,197
Decrease in due from primary government		8,063
Decrease in accounts payable		(577,663)
Net cash provided by operating activities	$	1,453,421
Noncash investing, capital, and financing activities:		
Contributions of capital assets from primary government	$	250,694

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 ..... **94 – 101**

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 ..... **102 – 107**

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

Debt Capacity ..... **108 – 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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year				
	2004	2005	2006	2007	2008
Primary government:					
Governmental activities:					
Invested in capital assets, net of related debt	$ 34,544,273	$ 35,643,160	$ 39,672,516	$ 76,031,982 (2)	$ 84,301,495
Restricted	579,448	358,988	13,823,578 (1)	16,904,691	21,043,484
Unrestricted	12,355,174	13,897,397	1,324,148	1,486,098	1,083,258
Total primary government net position	$ 47,478,895	$ 49,899,545	$ 54,820,242	$ 94,422,771	$ 106,428,237

(1) Total Restricted Net Position 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.

2009	2010	2011	2012	2013
$ 86,170,339	$ 85,388,780	$ 82,982,348	$ 82,563,218	$ 85,013,668
19,227,417	21,882,136	20,114,417	23,034,482	22,485,176
(11,532,360)	(11,601,739)	(9,704,012)	(7,948,212)	(6,712,169)
$ 93,865,396	$ 95,669,177	$ 93,392,753	$ 97,649,488	$ 100,786,675

SPALDING COUNTY, GEORGIA

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities:					
General government	$ 4,893,104	$ 6,033,059	$ 4,873,556	$ 5,333,341	$ 5,608,517
Judicial	3,926,155	4,595,301	4,916,979	5,002,948	5,482,736
Public safety	20,327,829	21,286,267	24,049,681	25,519,501	26,428,329
Public works	8,379,030	6,409,403	4,292,007	6,137,324	5,762,303
Health and welfare	619,427	872,040	632,146	872,270	1,117,554
Culture and recreation	-	-	2,734,673 (2)	2,942,031	3,006,773
Housing and development	-	95,440 (1)	1,234,684	1,958,546	2,953,544 (4)
Interest on long-term debt	521,666	600,586	770,271	911,715	841,040
Total primary government expenses	$ 38,667,211	$ 39,892,096	$ 43,503,997	$ 48,677,676	$ 51,200,796
Program revenues					
Governmental activities:					
Charges for services:					
General government	$ 1,924,930	$ 2,092,558	$ 2,144,069	$ 2,035,121	$ 2,095,676
Judicial	2,536,910	3,225,109	2,638,519	2,501,320	2,494,816
Public safety	4,695,124	4,886,587	5,761,881	5,360,736	5,238,813
Other activities	176,200	370,255	578,722	964,648	973,826
Operating grants and contributions	1,064,480	1,453,774	1,833,205	2,091,802	2,669,648
Capital grants and contributions	1,566,625	1,570,046	3,370,546	2,780,011	7,288,834 (5)
Total primary government program revenues	$ 11,964,269	$ 13,598,329	$ 16,326,942	$ 15,733,638	$ 20,761,613
Net (expense)/revenue Total primary government net expense	$ (26,702,942)	$ (26,293,767)	$ (27,177,055)	$ (32,944,038)	$ (30,439,183)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	$ 18,348,163	$ 18,689,976	$ 19,157,931	$ 20,055,001	$ 21,553,608
Alcoholic beverage taxes	334,232	311,604	306,174	313,605	315,042
Vehicle taxes	1,595,669	1,652,480	1,653,825	1,734,970	1,828,660
Sales taxes	5,070,635	5,063,079	7,492,884	14,836,157 (3)	14,890,517
Intangible taxes	457,483	502,881	551,615	466,888	378,856
Insurance premium taxes	1,318,785	1,426,951	1,523,808	1,596,904	1,679,166
Hotel/motel taxes	91,429	99,229	109,543	118,899	110,198
Other taxes	349,149	497,818	481,477	530,756	554,588
Unrestricted investment earnings	120,188	574,106	820,495	1,774,030	1,134,014
Total primary government	$ 27,685,733	$ 28,818,124	$ 32,097,752	$ 41,427,210	$ 42,444,649
Change in Net Position Total primary government	$ 982,791	$ 2,524,357	$ 4,920,697	$ 8,483,172	$ 12,005,466

(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.

2009	2010	2011	2012	2013
$ 6,640,547	$ 7,107,940	$ 7,417,820	$ 7,236,133	$ 7,179,178
4,584,031	4,528,384	4,617,323	5,088,552	4,858,593
25,241,705	26,524,500	28,442,241	28,124,718	27,907,077
6,809,609	5,398,943	5,374,364	4,339,173	4,423,522
911,148	1,095,175	934,364	620,797	615,933
2,731,539	2,643,500	2,677,153	2,848,613	2,586,924
17,475,860 (6)	4,522,298	6,118,772	996,194	793,346
982,324	1,145,336	1,085,318	909,418	749,441
$ 65,376,763	$ 52,966,076	$ 56,667,355	$ 50,163,598	$ 49,114,014
$ 2,138,686	$ 1,983,902	$ 1,956,814	$ 2,203,046	$ 1,813,058
2,273,881	1,912,642	1,890,553	1,866,206	1,685,596
4,835,871	5,968,936	5,656,679	5,641,026	5,300,243
874,976	424,059	353,893	441,843	380,215
1,332,716	1,601,575	1,954,506	1,065,062	1,480,378
1,090,102	829,112	761,524	194,477	275,942
$ 12,546,232	$ 12,720,226	$ 12,573,969	$ 11,411,660	$ 10,935,432
$ (52,830,531)	$ (40,245,850)	$ (44,093,386)	$ (38,751,938)	$ (38,178,582)
$ 22,220,678	$ 23,667,798	$ 24,304,835	$ 23,803,917	$ 23,156,753
352,417	330,645	342,638	332,017	333,786
1,759,125	1,670,521	1,758,346	1,855,547	2,119,129
13,000,013	13,657,070	12,772,683	14,367,296	12,821,902
230,473	193,729	197,775	199,474	280,425
1,720,094	1,695,431	1,648,929	1,676,704	1,791,251
99,947	89,395	96,106	96,737	110,037
501,048	508,020	498,342	514,422	539,489
391,847	229,070	197,308	162,559	162,997
$ 40,275,642	$ 42,041,679	$ 41,816,962	$ 43,008,673	$ 41,315,769
$ (12,554,889)	$ 1,795,829	$ (2,276,424)	$ 4,256,735	$ 3,137,187

SPALDING COUNTY, GEORGIA

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	$ 684,692	$ 2,305,434	$ 1,488,223	$ 368,372	$ 854,839
Unreserved	6,921,241	8,788,002	9,781,428	7,441,021	5,760,262
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	7,605,933	11,093,436	11,269,651	7,809,393	6,615,101
All Other Governmental Funds					
Reserved, reported in					
Special revenue funds	321,965	349,275	983,692	2,837,624 (2)	817,703
Debt service funds	-	-	-	-	-
Capital projects funds	4,979,732	4,111,629	14,489,816 (1)	17,907,036	21,956,132
Unreserved, reported in					
Special revenue funds	2,006,425	2,506,862	2,389,895	87,568	2,279,816
Debt service funds	-	-	-	980,585 (2)	1,645,495
Capital projects funds	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	7,308,122	6,967,766	17,863,403	21,812,813	26,699,146
Total Governmental Funds					
Reserved	5,986,389	6,766,338	16,961,731	21,113,032	23,628,674
Unreserved	6,921,241	8,788,002	9,781,428	8,509,174	9,685,573
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Governmental Funds	$ 12,907,630	$ 15,554,340	$ 26,743,159	$ 29,622,206	$ 33,314,247

(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.

2009	2010	2011 (4)	2012	2013
$ 391,364	$ 193,337	$ -	$ -	$ -
3,736,485	4,310,343	-	-	-
-	-	2,622,751	1,625,609	1,428,381
-	-	899,412	1,289,814	396,132
4,127,849	4,503,680	3,522,163	2,915,423	1,824,513
1,017,770	119,813	-	-	-
-	-	-	-	-
17,549,649	- (3)	-	-	-
2,131,909	2,382,741	-	-	-
2,488,738	5,133,237	-	-	-
-	15,937,937 (3)	-	-	-
-	-	21,353,846	24,058,981	23,348,779
-	-	304,984	325,324	257,207
-	-	(21,258)	(105,694)	(17,473)
23,188,066	23,573,728	21,637,572	24,278,611	23,588,513
18,958,783	313,150	-	-	-
8,357,132	27,764,258	-	-	-
-	-	21,353,846	24,058,981	23,348,779
-	-	2,927,735	1,950,933	1,685,588
-	-	878,154	1,184,120	378,659
$ 27,315,915	$ 28,077,408	$ 25,159,735	$ 27,194,034	$ 25,413,026

SPALDING COUNTY, GEORGIA

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

	2004	2005	2006	2007	2008
REVENUES					
Taxes	$ 28,054,034	$ 28,153,082	$ 31,391,376	$ 39,588,769	$ 41,016,163
Licenses and permits	479,262	559,101	643,804	494,594	506,669
Intergovernmental	1,847,594	1,707,719	2,841,753	2,572,835	2,828,096
Court fees, fines and forfeitures	1,999,325	2,962,156	2,470,363	2,459,784	2,340,361
Charges for services	5,928,702	6,032,755	6,715,987	6,553,279	6,559,966
Interest	118,046	544,632	818,728	1,749,835	1,110,755
Contributions and donations	6,050	275	34,036	45,438	49,377
Rentals	369,717	366,814	384,657	330,726	348,312
Other	631,013	701,773	880,230	1,023,563	1,059,998
Total Revenues	39,433,743	41,028,307	46,180,934	54,818,823	55,819,697
EXPENDITURES					
General government	4,494,908	5,911,652	4,356,176	5,327,181	4,404,695
Judicial	3,890,772	4,553,368	5,084,271	5,022,688	5,463,165
Public safety	20,062,771	20,731,697	23,379,707	24,570,875	25,399,762
Public works	5,641,302	5,745,436	3,765,135	5,495,926	4,139,302
Health and welfare	619,427	1,027,402	630,612	865,089	1,107,197
Culture and recreation	-	-	2,663,822 (2)	2,799,932	2,747,082
Housing and development	-	95,440 (1)	1,225,100	1,846,593	1,337,687
Intergovernmental	-	-	-	-	-
Capital outlay	1,510,579	1,004,766	2,553,455	3,396,770	4,693,677
Debt service					
Principal	1,287,409	1,272,034	997,681	4,053,946 (3)	4,408,523
Interest	495,244	651,936	551,625	950,671	816,256
Issuance costs	-	-	192,837	-	-
Total Expenditures	38,002,412	40,993,731	45,400,421	54,329,671	54,517,346
Excess of Revenues Over (Under) Expenditures	1,431,331	34,576	780,513	489,152	1,302,351
OTHER FINANCING SOURCES (USES)					
Transfers in	699,321	716,249	722,368	4,604,763	2,927,705
Transfers out	(699,321)	(715,837)	(721,278)	(4,604,763)	(2,927,705)
Issuance of general obligation bonds	-	-	10,250,000	-	-
Premium on bond issue	-	-	40,249	-	-
Capital leases	1,669,757	-	-	-	2,389,690
Issuance of certificates of participation	-	750,000	-	-	-
Total Other Financing Sources (Uses)	1,669,757	750,412	10,291,339	-	2,389,690
Net Change in Fund Balances	$ 3,101,088	$ 784,988	$ 11,071,852	$ 489,152	$ 3,692,041
Debt Service as a Percentage of Noncapital Expenditures	4.99%	4.96%	4.18%	10.07%	10.10%

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

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

2009	2010	2011	2012	2013
$ 39,081,402	$ 41,747,867	$ 41,596,206	$ 43,300,961	$ 40,600,157
257,521	284,908	189,650	213,767	192,893
2,386,769	2,032,718	2,327,053	1,230,452	1,712,109
1,989,226	1,931,150	1,844,690	1,693,715	1,640,502
6,161,406	6,464,925	6,108,848	6,331,877	5,997,745
370,041	180,614	165,806	160,259	151,839
35,570	70,532	94,960	8,645	42,094
264,703	208,565	212,040	197,315	177,095
1,451,037	1,401,023	1,578,244	1,735,452	1,172,539
51,997,675	54,322,302	54,117,497	54,872,443	51,686,973
5,552,819	5,596,919	4,950,206	5,282,991	4,870,294
4,565,696	4,497,537	4,594,667	4,534,222	4,231,806
24,802,278	25,556,186	27,085,509	27,581,114	26,894,567
5,182,092	4,025,335	3,901,205	3,697,648	3,492,002
900,790	1,084,818	924,007	620,797	614,442
2,529,675	2,407,369	2,488,999	2,761,468	2,417,196
1,228,864	864,002	847,846	795,127	779,043
951,526 (4)	1,591,440	2,037,115	1,481,675	1,760,066
24,171,588	5,990,744	5,344,462	1,255,926	3,591,788
4,292,719	809,430	3,747,348	3,891,216	4,036,121
680,715	1,137,029	1,113,806	935,960	780,656
257,993	-	-	-	-
75,116,755	53,560,809	57,035,170	52,838,144	53,467,981
(23,119,080)	761,493	(2,917,673)	2,034,299	(1,781,008)
1,788,199	1,358,499	812,285	1,535,051	1,309,771
(1,788,199)	(1,358,499)	(812,285)	(1,535,051)	(1,309,771)
15,500,000	-	-	-	-
120,748	-	-	-	-
1,500,000	-	-	-	-
-	-	-	-	-
17,120,748	-	-	-	-
$ (5,998,332)	$ 761,493	$ (2,917,673)	$ 2,034,299	$ (1,781,008)
7.90%	3.87%	8.63%	9.57%	9.89%

SPALDING COUNTY, GEORGIA

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

Fiscal Year	Assessed Value				Total Taxable Assessed Value
	Real and Personal Property	Motor Vehicle and Mobile Home	Timber	Less: Tax Exempt Property	
2004	1,316,063,999	132,864,878	858,704	175,449,828	1,274,337,753
2005	1,347,653,513	129,077,465	294,034	170,956,221	1,306,068,791
2006	1,421,223,621	123,939,730	843,117	206,994,244	1,339,012,224
2007	1,451,860,481	118,468,421	813,637	183,587,634	1,387,554,905
2008	1,535,854,597	127,951,469	674,496	219,171,547	1,445,309,015
2009	1,564,104,831	130,690,963	538,170	213,179,506	1,482,154,458
2010	1,565,885,934	135,919,364	550,284	218,058,229	1,484,297,353
2011	1,561,951,450	117,213,357	358,789	188,380,545	1,491,143,051
2012	1,542,214,895	115,540,343	310,999	220,133,898	1,437,932,339
2013	1,482,663,636	121,069,324	650,043	220,190,953	1,384,192,050

SOURCE:

Spalding County Board of Equalization and Assessment

NOTES:

Spalding County completed a county-wide tax assessment revaluation during 2013. 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 Direct Tax Rate	Total Taxable Property: Estimated Actual Value	Assessed Value as a Percentage of Actual Value
13.53	3,185,844,383	40%
13.46	3,265,171,978	40%
13.41	3,347,530,560	40%
13.39	3,468,887,263	40%
13.89	3,613,272,538	40%
13.88	3,705,386,145	40%
14.88	3,710,743,383	40%
14.81	3,727,857,628	40%
15.01	3,594,830,848	40%
15.01	3,460,480,125	40%

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Spalding County direct rates:										
Unincorporated maintenance and operations	17.29	17.14	17.13	17.12	17.84	17.66	18.50	18.18	18.50	18.70
Sales tax reduction	(3.76)	(3.68)	(3.72)	(3.73)	(3.95)	(3.78)	(3.62)	(3.37)	(3.49)	(3.69)
Total direct rate	13.53	13.46	13.41	13.39	13.89	13.88	14.88	14.81	15.01	15.01
Municipal rates:										
City of Griffin:										
Maintenance and operations	8.85	8.65	8.63	8.63	8.60	8.64	8.64	8.64	8.64	8.64
City of Orchard Hill maintenance and operations	5.00	4.99	4.95	4.95	4.95	4.95	4.95	4.95	4.95	5.00
City of Sunny Side maintenance and operations	4.36	4.36	4.36	4.36	4.36	4.36	4.36	4.29	4.29	4.08
Fire protection (1)	4.70	4.76	4.81	4.81	4.83	4.82	5.04	5.98	5.92	6.00
Insurance premium rollback (1)	(1.61)	(1.69)	(1.76)	(1.76)	(1.79)	(1.79)	(1.81)	(1.81)	(1.75)	(1.83)
Board of Education	18.95	18.90	18.85	18.82	18.81	18.80	18.80	18.80	19.06	19.47
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	35.82	35.68	35.56	35.51	35.99	35.96	37.16	38.03	38.49	38.90
Total Municipalities:										
City of Griffin	41.58	41.26	41.14	41.09	41.55	41.57	42.57	42.50	42.96	43.37
City of Orchard Hill	37.73	37.60	37.46	37.41	37.90	37.88	38.88	38.81	39.27	39.73
City of Sunny Side	37.09	36.97	36.87	36.82	37.31	37.29	38.29	38.15	38.61	38.81

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 2013		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Caterpillar, Inc.	Power generation systems	$ 112,453,913	1	8.12%
Tenet/Spalding Regional Hospital	Hospital/Healthcare	39,694,069	2	2.87%
Wal-Mart Stores, Inc.	Retail	22,970,489	3	1.66%
Norcom, Inc.	School supplies	93,784,529	4	6.78%
Exopac LLC	Flexible packaging	26,024,297	5	1.88%
Pulte Home Corporation	Sun City Peachtree retirement community	21,176,375	6	1.53%
Central Georgia EMC	Public utility	17,866,994	7	1.29%
A E P Industries	Packaging film	28,405,827	8	2.05%
Hoshizaki	Commercial ice machines	29,503,015	8	2.13%
Norfolk Southern Corporation	Public utility	14,287,788	10	1.03%
Nacom	Automotive components	-	-	-
Springs Industries	Textile manufacturing	-	-	-
BellSouth Telecommunications	Public utility	-	-	-
Cooper-Standard Products	Automotive components	-	-	-
Halpern Enterprises	Commercial real estate	-	-	-
Mid-Georgia Bandag	Retread manufacturing	-	-	-
Total		$ 406,167,296		29.34%

SOURCE:

Spalding County Tax Commissioner's Office.

	Fiscal Year 2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
$	87,046,539	2	6.83%
	27,492,364	4	2.16%
	24,412,735	6	1.92%
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	26,674,914	5	2.09%
	-	-	-
	-	-	-
	109,006,873	1	8.55%
	79,710,955	3	6.26%
	25,771,103	6	2.02%
	21,677,132	8	1.70%
	17,927,556	10	1.41%
	21,210,630	9	1.66%
$	440,930,801		34.60%

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
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%
2013	20,986,164	19,551,976	93.17%	-	19,551,976	93.17%

SOURCE:

Spalding County Tax Commissioner's Office

SPALDING COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	General Bonded Debt			Other Governmental Activities Debt		Total Primary Government Outstanding Governmental Debt		
Fiscal Year	General Obligation Bonds (1)	Percentage of Actual Value of Property (2)	Bonded Debt Per Capita (3)	Certificates of Participation	Capital Lease Obligations	Total Debt	Percentage of Per Capita Income (3)	Total Debt Per Capita (3)
2004	$ -	$ -	$ -	$ 5,168,764	$ 3,874,144	$ 9,042,908	0.58%	$ 150
2005	-	-	-	8,050,000	2,936,740	10,986,740	0.67%	181
2006	10,250,000	0.31%	167	7,789,209	2,199,850	20,239,059	1.18%	330
2007	7,059,361	0.20%	114	7,511,156	1,638,957	16,209,474	0.91%	261
2008	3,591,651	0.10%	57	7,220,170	3,004,706	13,816,527	0.77%	220
2009	15,610,958	0.42%	244	6,910,956	4,101,201	26,623,115	1.52%	417
2010	15,591,377	0.42%	241	6,583,362	3,619,365	25,794,104	1.47%	399
2011	12,671,796	0.34%	198	6,237,305	3,118,074	22,027,175	1.19%	344
2012	9,652,215	0.27%	151	5,867,627	2,596,536	18,116,378	0.95%	283
2013	6,532,634	0.19%	102	5,867,627	2,596,534	14,996,795	N/A	235

NOTE:

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

(1) Presented net of original issuance discounts and premiums.

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

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

SPALDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Debt limit	$ 144,978,758	$ 147,702,501	$ 154,600,647	$ 157,114,254
Total net debt applicable to limit	-	-	10,250,000	7,035,000
Legal debt margin	$ 144,978,758	$ 147,702,501	$ 144,350,647	$ 150,079,254
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	7.10%	4.69%

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.

2008	2009	2010	2011	2012	2013
$ 166,448,056	$ 169,533,396	$ 170,235,558	$ 167,952,360	$ 165,806,624	$ 160,438,300
3,580,000	15,500,000	15,500,000	12,600,000	9,600,000	6,500,000
$ 162,868,056	$ 154,033,396	$ 154,735,558	$ 155,352,360	$ 156,206,624	$ 153,938,300
2.20%	10.06%	10.02%	8.11%	6.15%	4.22%

Legal Debt margin Calculation for Fiscal Year 2012

Assessed value	$ 1,604,383,003
Debt limit (10% of assessed value)	160,438,300
Debt applicable to limit:	
General obligation bonds	6,500,000
Total net debt applicable to limit	6,500,000
Legal debt margin	$ 153,938,300

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)
2004	60,451	1,572,074	25,947	10,693	6.30%
2005	60,745	1,633,520	26,739	10,813	8.00%
2006	61,289 (4)	1,714,942	27,673	10,833	6.70%
2007	62,185	1,786,808	28,506	10,967	6.00%
2008	62,826	1,794,214	28,188	10,953	8.70%
2009	63,913	1,757,198	27,398	10,823	16.20%
2010	64,708	1,760,360	27,458	10,860	12.30%
2011	64,073	1,852,834	28,891	10,685	12.80%
2012	64,033	1,897,560	29,712	10,614	11.40%
2013	63,865	N/A	N/A	10,582	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 SEVEN YEARS AGO

		Fiscal Year 2013			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	1,455	1	4.84 %	1,650	1	5.86 %
Spalding Regional Medical Center	Healthcare	900	2	2.99	-	-	-
Caterpillar, Inc.	Automotive generators	900	3	2.99	900	2	3.20
Spalding County	Government	572	4	1.90	469	6	1.67
City of Griffin	Government	490	5	1.63	480	5	1.71
University of Georgia Griffin Campus	Agricultural research 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		5,987		19.90 %	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	145	137	139	144	147	148	147	147	150	147
Public Safety										
Sheriff										
Officers	57	57	62	70	70	67	84	83	85	76
Civilians	22	32	33	35	35	35	37	35	40	38
Corrections	74	75	76	81	80	79	71	71	70	79
Correctional Institution										
Officers	66	69	70	76	77	77	78	78	78	77
Civilians	7	7	7	6	6	7	7	7	7	6
Fire										
Firefighters	62	62	65	68	68	68	80	78	82	81
Civilians	2	2	2	2	2	2	2	2	2	1
Public Works										
Streets and Highways	27	27	27	31	30	30	30	30	30	30
Solid Waste	17	17	17	17	17	17	17	17	17	10
Culture and Recreation	36	36	36	36	40	42	38	37	38	36
Total	515	521	534	566	572	572	591	585	599	581

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 TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Sheriff:										
Physical arrests	4,703	4,761	5,002	2,705	3,412	3,066	3,154	2,831	2,477	1,124
Traffic violations	1,821	1,971	2,188	2,158	2,160	1,625	1,114	1,269	1,397	1,528
Fire District:										
Calls answered	1,354	1,517	1,613	1,624	1,524	1,379	1,374	1,710	1,619	1,734
Inspections	181	176	197	235	277	234	448	394	311	267
Public Works										
Street resurfacing (miles)	11	11	21	15	-	18	10	3	7	6

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.

SPALDING COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Sheriff:										
Detention facilities	1	1	2	2	2	2	2	2	2	2
Patrol units	30	33	36	37	40	42	43	45	45	53
Fire District:										
Fire stations	6	6	6	6	6	6	7	7	7	7
Fire trucks	12	12	10	10	13	12	13	11	9	11
Public Works										
Roads (miles)	402	406	418	431	438	438	440.0	445	446	446.6
Culture and Recreation										
Parks acreage	300	483	483	483	485	497	497	509	509	508.5
Playgrounds	9	11	11	11	11	13	13	13	13	13
Baseball/Softball diamonds	19	19	19	19	19	20	20	20	20	20
Soccer fields	10	10	11	11	11	7	7	7	7	7
Football fields	2	2	2	2	2	2	2	3	3	3
Recreation centers	3	3	3	3	3	3	3	4	4	4
Senior centers	1	1	1	1	1	1	1	1	1	1
Nature trails	0	0	0	0	1	1	1	1	1	1
Walking trails	8	8	8	8	8	8	8	10	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	
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	824,357	1,759,357	1.47
2011	7,421,996	5,453,767	1,968,229	965,000	787,232	1,752,232	1.12
2012	7,766,773	5,659,962	2,106,811	990,000	748,340	1,738,340	1.21
2013	7,149,238	5,142,221	2,007,017	1,000,000	708,539	1,708,539	1.17

(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	27,200,500	$ 252,616	3.38 %
Spalding County Law Enforcement Complex	Government	2	17,663,200	164,186	2.20
Northside Griffin, LLC	Apartment homes	3	12,838,400	118,296	1.58
Brightmoor Health	Nursing home	4	8,918,300	82,979	1.11
AEP Industries, Inc.	Packaging film	5	8,016,500	73,918	0.99
Spalding County Correctional Institution	Government	6	7,682,400	71,570	0.96
Caterpiller, Inc.	Power generation systems	7	7,019,500	65,173	0.87
Sumika Polymer Compounds	Plastic compounds for automotive parts	8	5,347,300	49,650	0.66
Pulte Homes Corporation	Residential construction	9	4,083,300	39,553	0.53
Gregory Williams	Mobile home park	10	3,420,800	31,851	0.43
Total			102,190,200	$ 949,793	12.72 %

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
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
2013	12,193	776,411,400	7.64	8.86	9.68

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise Spalding County, Georgia's basic financial statements and have issued our report thereon dated December 16, 2013. Our report includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources,* and Net Position. Our report also includes a reference to other auditors. Our report also includes a reference to other auditors who audited the financial statements of the Spalding County Department of Public Health and the Griffin-Spalding County Development Authority, 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

In planning and performing our audit of the financial statements, we considered Spalding County, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Spalding County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Spalding County, Georgia's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements

will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02 to be material weaknesses.

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*.

Spalding County Georgia's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2013

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia

Report on Compliance for Each Major Federal Program

We have audited Spalding County, Georgia's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2013

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF JUSTICE			
JAG Program Cluster			
Edward Byrne Memorial Justice Assistance Grant	16.804	2010-DJ-BX-1402	$ 17,027
Passed through Council of Juvenile Court Judges of Georgia:			
Juvenile Accountability Block Grant	16.523	JB-09ST-004	1,085
Passed though Criminal Justice Coordinating Council:			
2012 Victims of Crime Act Grant	16.575	C12-8-122-JP	24,157
2010 Victims of Crime Act Grant	16.575	C11-8-115-JP	6,555
			30,712
Total U.S. Department of Justice			48,824
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Georgia Emergency Management Agency:			
Emergency Management Performance Grant	97.042	EMW-2012-EP-0051	19,222
Early Warning System Grant	97.039	HMGP 1973-0024	37,268
Citizens Corp	97.053	EMW-2011-SS-00081	9,605
Public Assistance Grant	97.036	FEMA-1686-DR-GA	13,015
Public Assistance Grant	97.036	FEMA-1973-DR-GA	23,027
			36,042
Total U.S. Department of Homeland Security			102,137
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Georgia Department of Human Services:			
Community Service Block Grant	93.569	427-040-000001061	8,834
Community Service Block Grant	93.569	427-040-000013217	109,648
Total U.S. Department of Health and Human Services			118,482
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Georgia Department of Community Affairs:			
CDBG - State Administered CDBG Cluster			
Community Development Block Grant	14.228	11p-y-126-1-5414	275,487
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Georgia Office of School Readiness:			
Child Nutrition Cluster			
Summer Food Service Program	10.559	08060	47,640
Total Expenditures of Federal Awards			$ 592,571

SPALDING COUNTY, GEORGIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Measurement Focus

The determination of when an award is expended is based on when the activity related to the award occurred.

Program Type Determination

Type A programs are defined as federal programs with federal expenditures exceeding the larger of $300,000 or three percent of total federal expenditures. The threshold of $300,000 was used in distinguishing between Type A and Type B programs.

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended June 30, 2013.

SPALDING COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	X yes ___ 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

Internal Control over major programs:	
Material weaknesses identified?	___ yes X no
Significant deficiencies identified not considered to be material weaknesses?	___ yes X none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	___ yes X no

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	U.S. Department of Homeland Security:
97.039	Early Warning System Warning Grant
	U.S. Department of Housing and Urban Dev. (CDBG Cluster):
14.228	Community Development Block Grant

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

SPALDING COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013 - 1. Management of Due To/From (Internal) Accounts

Criteria: Internal controls should be in place to ensure that financial statements are properly presenting the financial position and results of the City in accordance with generally accepted accounting principles.

Condition: During our testing of interfund due to/ due from accounts, we noted that the amounts recorded between the funds did not properly net to zero. Additionally, some of the accounts had the same balance as the prior year and had not been properly adjusted to reflect current year activity prior to our arrival.

Context: We addressed this matter with County personnel and they were able to determine the amount of the appropriate adjustments needed to properly reflect the due to/ due from other funds accounts at June 30, 2013.

Effect: Audit adjustments were required to adjust the interfund due to / due from balances as follows:

- General Fund – adjustments were required for: $122,381 to decrease other financing sources and decrease due from Water Authority; and $287,895 to decrease due from SPLOST capital project funds and decrease capital outlay expenditures;
- SPLOST 2008 Fund – an adjustment was required to reverse the prior year balance in the amount of $118,366 which decreased the due to General Fund account and decreased capital outlay expenditures;
- Water Authority – adjustments were required for: $73,730 to increase other contributions revenue, $28,175 to increase current year expenditures and decrease due from Highland Mills CDBG Fund for the net amount; and $122,381 to increase due from General Fund and increase contributions and donations for $94,207 and decrease expenditures for $28,174.

Cause: Due to/from (internal) accounts are not being properly reconciled and recorded timely.

Recommendation: We recommend that all interfund activity be properly recorded through the due to/from accounts as appropriate and reconciled on a periodic basis.

Views of Responsible Officials and Planned Corrective Action: Management concurs with this finding. The Finance Department will begin reconciling interfund due to/due from accounts on a regular basis to ensure current year activity is properly recorded and that the amounts recorded between funds properly net to zero.

2013 - 2. GMA Lease Pool - Fair Value Reporting

Criteria: The Governmental Accounting Standards Board (GASB) Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires derivative instruments to be measured at fair value. Changes in the fair value are to be reported as a component of investment income.

Condition: During our audit of the GMA Lease Pool investment maintained by the Trustee, Bank of New York, we noted that the ending investment balance at June 30, 2013 per the bank did not properly reflect all transactions that had occurred during the fiscal year.

Context: We addressed this matter with County personnel and the Trustee at the bank, and they were able to determine the appropriate adjustments needed to properly reflect the investment balance and investment income at June 30, 2013 on the books of the County.

Effect: An audit adjustment was required to decrease the book balance of investments and decrease interest income in the amount of $165,970. This adjustment reconciled the book balance of the investments with the corrected bank balance to reflect all of the transactions that had occurred during the fiscal year ending June 30, 2013. By not monitoring the transactions recorded by the Trustee, there is no way to ensure that investment balances are properly being accounted for.

Cause: The Trustee did not properly record the investment transactions in the monthly statement issued to the County. The County identified that there was an issue subsequent to year-end when reconciling the investment account, but did not follow up with the Trustee to properly resolve the issue.

Recommendation: We recommend that the County monitor the information related to the GMA Lease Pool program being reported by the Trustee to ensure the investments are being properly recorded at fair value.

Views of Responsible Officials and Planned Corrective Action: Management concurs with this finding. The Finance Department will begin reviewing the GMA Lease Pool Investment statements from the Bank of New York on a regular basis to ensure that all transactions are properly recorded by the bank and that the investment balances are being properly accounted for.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SPALDING COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Not applicable- No prior year findings

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 the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise Spalding County, Georgia's basic financial statements. We have issued our report thereon dated December 16, 2013, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of State Contractual Assistance - DHR is presented for purposes of additional analysis as required by OMB Circular A-133, and is 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of State Contractual Assistance - DHR is fairly stated in all material respects in relation to the basic 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 bv anvone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 16, 2013

SPALDING COUNTY, GEORGIA

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE - DHR
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Program Name	Contract Number	Contract Period	Due From State June 30, 2012	Revenue Received	Expenditures	Due From State June 30, 2013
Community Services Block Grant	427-040-000001061	October 2011-September 2012	$ 26,754	$ 17,920	$ 8,834	$ -
Community Services Block Grant	427-040-000013217	October 2012 - September 2013	-	91,348	109,648	18,300
			$ 26,754	$ 109,268	$ 118,482	$ 18,300