

SPALDING COUNTY, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2007**

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

**SPALDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

TABLE OF CONTENTS

<u>I. INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	i - v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
List of Principal Officials	viii
 <u>II. FINANCIAL SECTION</u> 	
Independent Auditor's Report	1 and 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11 and 12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	16 - 18
Statement of Net Assets – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	22
Notes to Financial Statements	23 - 54
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	55 - 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	59 - 62
Special Revenue Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	63 - 69
Debt Service Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	70 and 71
Capital Projects Funds - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	72 - 76
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 1997 Issue	77
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds – 2005 Issue	78
Combining Statement of Assets and Liabilities – Agency Funds	79 and 80
Combining Statement of Changes in Assets and Liabilities – Agency Funds	81 and 82
Statement of Cash Flows – Component Unit – Water Authority	83 and 84

SPALDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

III. <u>SUPPLEMENTARY INFORMATION</u>	<u>Page</u>
Independent Auditor's Report on the Schedule of State Contractual Assistance - DHR	85
Schedule of State Contractual Assistance – DHR	86
IV. <u>STATISTICAL SECTION</u>	
Net Assets by Component	87
Changes in Net Assets	88
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90
Assessed Value and Actual Value of Taxable Property	91 and 92
Direct and Overlapping Property Tax Rates	93
Principal Property Taxpayers	94 and 95
Property Tax Levies and Collections	96
Ratios of Outstanding Debt by Type	97
Legal Debt Margin Information	98 and 99
Demographic and Economic Statistics	100
Principal Employers	101
Full-Time Equivalent County Government Employees by Function	102
Operating Indicators by Function	103
Capital Asset Statistics by Function	104
Continuing Disclosure Information:	
Revenue Bond Coverage	105
Ten Largest Water Customers	106
Number of Customers and Consumption	107
V. <u>COMPLIANCE SECTION</u>	
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	108 and 109
Schedule of Findings and Responses	110 and 111
Schedule of Prior Year Findings	112
Independent Accountant's Report on Local Assistance Grants	113
State of Georgia Grant Certification Form	114

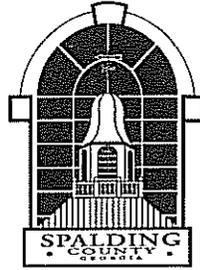
THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTORY SECTION

SPALDING COUNTY

BOARD OF COMMISSIONERS

Eddie L. Freeman, CHAIRMAN
Johnie A. McDaniel, VICE CHAIRMAN
Gwen Flowers-Taylor
Edward Goss, Jr.
David Phillips



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

December 13, 2007

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements 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 (the "County") for the fiscal year ended June 30, 2007.

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

Spalding County's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Spalding County for the fiscal year ended June 30, 2007 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, 2007 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.

In accordance with certain provisions contained in the 1996 amendments to the Single Audit Act, the County is not required to issue a separate single audit report on federal programs activity for its fiscal year ended June 30, 2007. The dollar threshold of applicability requiring a single audit is \$500,000 of which the County's program expenditures did not meet.

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 62,185. Spalding County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

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

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

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

of the Board of Commissioners. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

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

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 which recently had Governor Sonny Perdue at the groundbreaking ceremony. This active adult community of over 3400 homes on 1700 acres is touted to be an "active adult oasis" and the first Sun City branded product in Georgia. There are a significant number of homes under contract and this product seems to be isolated from the housing and banking downturns in this economic cycle. This building boom will bring jobs to Spalding County, and also an influx of new residents. These new residents will create a demand for additional retail and commercial services, which will fuel growth in this economic sector of our community.

At the same time that the County has enjoyed a closer affiliation with the rest of the Atlanta region, the traditional economic moorings of Spalding County have changed significantly. Although the textile industry remains a member of the County's industrial community, the local economy has diversified substantially in recent years. The University of Georgia Griffin Campus expansion will lead the transition from a "mill-town" to a "University community" for the foreseeable future. The UGA Griffin Campus, in cooperation with Griffin Technical College, is working to make Spalding County the higher education destination on the south side of Atlanta.

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

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

Long term financial planning. Following its annual financial review process of the Spalding County Capital Improvement Plan, the commissioners plan to maintain the unreserved, undesignated fund balance in the general fund between 15 and 20 percent of total general fund revenues so as to reduce the amount that will need to be borrowed to finance future acquisition and construction. Any significant changes to this plan can be reviewed on an as-necessary basis. The County is intentionally building up the unreserved, undesignated fund balance in order to be prepared for future real property purchases, transportation improvements, and infrastructure upgrades in anticipation of the residential and commercial growth.

Major Initiatives. Spalding County was made a part of the Atlanta Regional Commission (ARC) for transportation planning purposes in 2005. The ARC model requires a more comprehensive approach for funding transportation needs than has been required in the past. The County contracted with Grice and Associates for the preparation of a Comprehensive Transportation Plan for Spalding County that is scheduled to be completed in 2007. The plan will provide the County with the information needed to compete for funding within the region.

A Special Purpose Local Option Sales Tax, passed by an overwhelming majority in November 2005, showed that the voters have a long-term vision for their county and that vision included a county-wide 800 MHz radio system that will 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. Final installation and testing of the County's Enhanced 911 System to allow detailed information from cell phones, including latitude and longitude, to be displayed in order to locate persons in need of assistance will be completed in 2007.

The Spalding County Water Authority has approved the issuance of additional bonds to expand and improve water service in the County. The scope and magnitude of these improvements will improve water pressure, fire fighting capabilities, redundancy, and flow rates throughout the county for many years to come.

The County implemented a Development Impact Fee Ordinance in 2005 to provide an equitable program for planning and financing public facilities to serve new growth and development in the County. The first Impact Fee project was a playground at Airport Road Park which was completed in 2006. The County's newest recreation facility, Dundee Lake Park, a 183 acre pristine, conservation recreational area, was the subject of a master plan study for the park which was completed in 2007. A Comprehensive Park and Recreation Master Plan update is currently underway and will be completed in 2007. There will also be expanded services and activities offered at Dundee Lake Park in partnership with Sun City Peachtree that will be completed in 2008.

The Spalding County Fire Department will receive 4 new pumper trucks, a 75' high performance aerial truck, and a new heavy duty rescue truck in 2007. These vehicles will contain the latest technological advances in the fire service industry. One of these vehicles was on display at the Fire Rescue International Expo Conference in Atlanta and the Southeastern Association of Fire Chiefs Trade Show in Savannah. After the trade shows, these vehicles will be protecting the citizens of Spalding County with the latest innovations and improvements in fire services. The L.B. Norton Fire Station design is currently underway and construction is scheduled in Fiscal Year 2009. The new station will enhance and improve the coverage in the county.

Construction on the Arthur K. Bolton four-lane controlled access highway (Georgia State Route 16) continues on schedule for a December 2007 completion date. This project will provide the new Sun City community with a vital link to Interstate 75 and help us to remain competitive in our recruitment of industrial prospects.

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Spalding County for its comprehensive annual financial report for the year ended June 30, 2006. This was the sixth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



William P. Wilson, Jr.
County Manager



Jinna L. Garrison, CPA
Administrative Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Spalding County
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

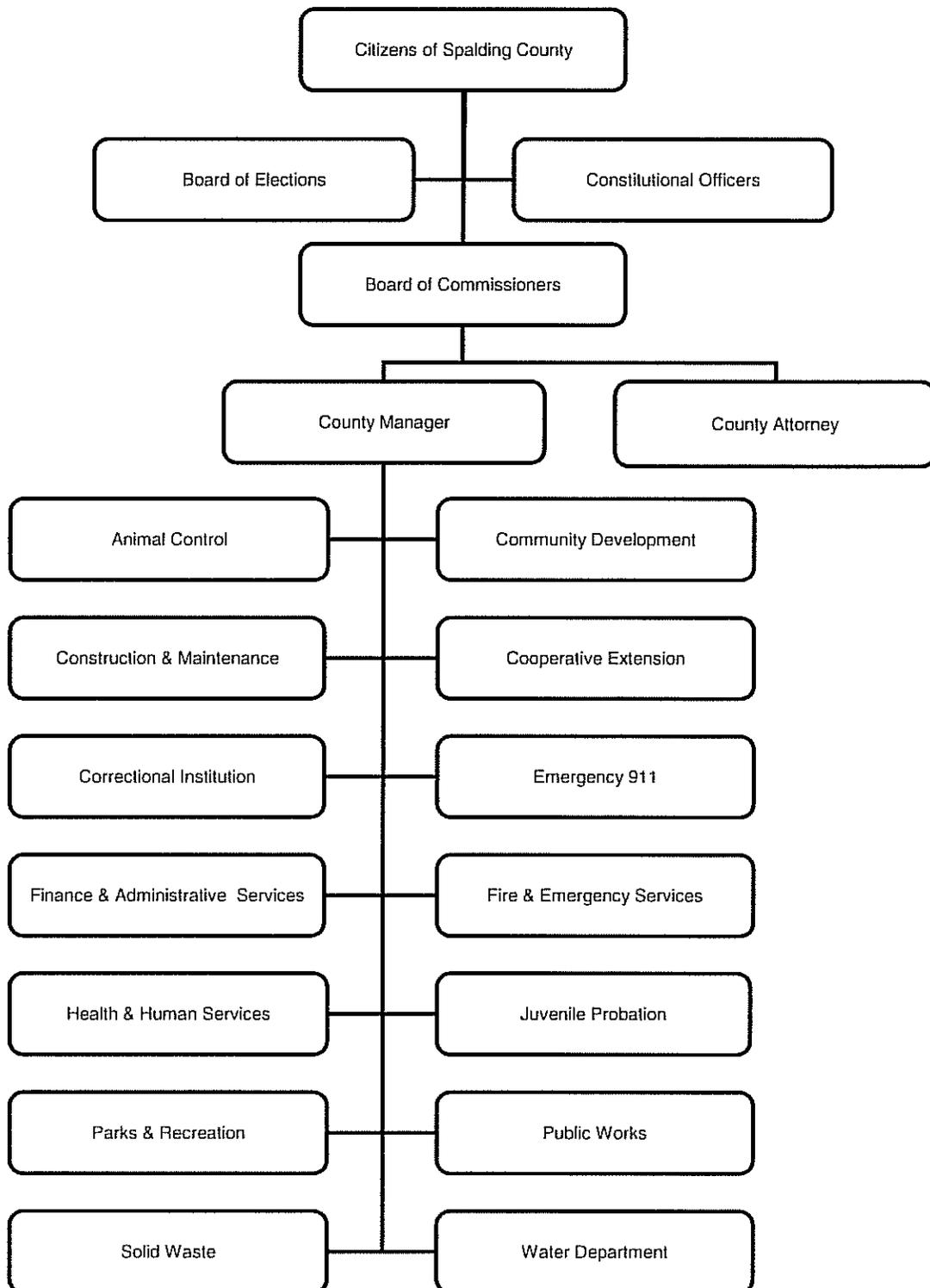
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

SPALDING COUNTY, GEORGIA ORGANIZATIONAL CHART



SPALDING COUNTY, GEORGIA
LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007

BOARD OF COMMISSIONERS

Eddie L. Freeman, Chairman
Johnie A. McDaniel, Vice-Chairman
Cecil L. Davis
Gwen Flowers-Taylor
Edward Goss, Jr.

COUNTY MANAGER

William P. Wilson, Jr.

ADMINISTRATIVE SERVICES DIRECTOR

Jinna L. Garrison, CPA

COUNTY ATTORNEY

James R. Fortune, Jr.

ASSISTANT TO THE COUNTY MANAGER

Paul Van Haute

SHERIFF

James D. Stewart

TAX COMMISSIONER

Sylvia W. Hollums

CLERK OF SUPERIOR COURT

Marcia L. Norris

STATE COURT JUDGE

Sidney R. Esary

PROBATE COURT JUDGE

Dewitt W. Simonton, Jr.

MAGISTRATE COURT JUDGE

Rita L. Cavanaugh

DISTRICT ATTORNEY

Scott Ballard

SUPERIOR COURT JUDGES

Paschal A. English, Jr.
Johnnie L. Caldwell
Christopher C. Edwards
Tommy R. Hankinson

II. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of **Spalding County, Georgia**, as of and for the year ended June 30, 2007, which collectively comprise Spalding County, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Spalding County Department of Public Health or the Griffin-Spalding Development Authority, which statements reflect total assets of \$987,519 and \$11,233,249, respectively, as of June 30, 2007, and total revenues of \$1,853,640 and \$537,049, respectively, for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Spalding County Department of Public Health and the Griffin-Spalding Development Authority in the component unit columns is based on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Spalding County, Georgia as of June 30, 2007, and the respective changes in financial position, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2007, on our consideration of Spalding County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Notes 1 and 6, the County has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of and for the year ended June 30, 2007.

The Management's Discussion and Analysis (on pages 3 through 9) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Spalding County, Georgia's basic financial statements. The introductory section, the combining and individual nonmajor fund financial statements and schedules, the statistical section, and continuing disclosure information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Spalding County, Georgia. The schedules of expenditures of special purpose local option sales tax proceeds are presented for purposes of additional analysis as required by the Official Code of Georgia Annotated 48-8-121, and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, statistical section, and continuing disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2007

Management's Discussion and Analysis

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, 2007. 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, 2007, by \$94,422,771 (net assets). Of this amount, \$1,486,098 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- At June 30, 2007, the County's governmental funds reported combined ending fund balances of \$29,622,206, an increase of \$489,152 or 1.68% in comparison with the prior year. Of this amount, \$8,509,174 remains in the various funds as unreserved.
- At June 30, 2007, the County's General Fund reported an unreserved fund balance of \$7,441,021, a decrease of \$2,340,407 or 23.93% from the last fiscal year.
- The Spalding County Impact Fee Fund closed fiscal year 2007 with a fund balance of \$1,285,073, an increase of \$451,652 or 54.19% from the last fiscal year. Spalding County implemented a Development Impact Fee Ordinance in January of 2005.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 10 – 12 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, CDBG EIP Coca Cola Building, Local Victims Assistance Program and Griffin Judicial Drug Court); Debt Service (2005 SPLOST Debt Service and GMA Lease Pool Debt Service) and Capital Projects (2005 SPLOST Capital Projects, General Capital Projects, 1997 SPLOST Capital Projects, Grant Capital Projects and Impact Fees). 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 and 2005 SPLOST Capital Projects funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Spalding County adopts an annual appropriated budget for its general, special revenue, and capital projects funds. A budgetary comparison statement has been provided for the General Fund. These statements are found on pages 16 – 18. The basic governmental fund financial statements can be found on pages 13 – 18. 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 22 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 23 – 54 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 55 – 82 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Spalding County, assets exceed liabilities by \$94,422,771 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (80.52%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Spalding County's Net Assets – Governmental Activities

	2007	2006
Current and other assets	\$ 32,793,994	\$ 31,543,551
Capital assets	83,285,925	80,000,555
Total assets	116,079,919	111,544,106
Long-term liabilities outstanding	19,344,430	24,168,090
Other liabilities	6,260,077	1,436,417
Total liabilities	21,657,148	25,604,507
Net assets:		
Invested in capital assets, net of related debt	76,031,982	70,791,873
Restricted	16,904,691	13,823,578
Unrestricted	1,486,098	1,324,148
Total net assets	\$ 94,422,771	\$ 85,939,599

An additional portion of Spalding County's net assets (17.90%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,486,098) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Spalding County is able to report positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental activities.

During the current fiscal year restricted net asset increased \$3,081,113. This increase can be attributed to assets associated with the 2005 Special Purposed Local Option Sales Tax.

Governmental Activities. Governmental activities increased the County's net assets by \$8,483,172. Key elements of this increase are as follows:

Spalding County's Changes in Net Assets

	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
Revenues		
Program revenues:		
Charges for services	\$ 10,861,825	\$ 11,123,191
Operating grants and contributions	2,091,802	1,833,205
Capital grants and contributions	2,780,011	3,370,546
General revenues:		
Property taxes	20,055,001	19,157,931
Other taxes	19,598,179	12,119,326
Investment income	1,774,030	820,495
Total revenues	<u>57,160,848</u>	<u>48,424,694</u>
Expenses		
General government	5,333,341	4,873,556
Judicial	5,002,948	4,916,979
Public safety	25,519,501	24,049,681
Public works	6,137,324	4,292,007
Health and welfare	872,270	632,146
Culture and recreation	2,942,031	2,734,673
Housing and development	1,958,546	1,234,684
Interest on long-term debt	911,715	770,271
Total expenses	<u>48,677,676</u>	<u>43,503,997</u>
Increase in net assets	8,483,172	4,920,697
Net assets, beginning of year	85,939,599	81,018,902
Net assets, end of year	<u>\$ 94,422,771</u>	<u>\$ 85,939,599</u>

- Charges for services decreased by \$261,366, due mainly to a decrease in reimbursements from the State of Georgia relating to inmate housing at the Spalding County Correctional Institution and the Spalding County Sheriff's Department.
- Other taxes in general revenues increased by \$7,478,853, due mainly to tax collections associated with the 2005 Special Purpose Local Option Sales Tax.
- Investment income increased by \$953,535, due to an increase in interest rates and larger average balances because of 2005 Special Purpose Local Option Sales Tax collections.
- The increase in total expenses of \$5,173,679 reflects inflation and the growth in demand for services, specifically an increase in jail population and the need for a dental clinic to serve citizens of Spalding County.

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, unreserved 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 \$29,622,206, an increase of \$489,152 in comparison with the prior year. Approximately 28.73% of this total amount (\$8,509,174) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$2,679,678), to pay for capital improvements (\$17,907,036), or for various other restricted purposes (\$526,318).

The General Fund is the chief operating fund of Spalding County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,441,021, while total fund balance reached \$7,809,393. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 18.59% of total general fund expenditures, while total fund balance represents 19.51% of that same amount.

The fund balance of the County's General Fund decreased by \$3,460,258 during the current fiscal year. Of this amount, approximately \$1,536,000 was transferred to the GMA Lease Pool Fund which was established during 2007 to account for the County's investment in the 1998 Georgia Local Government Equipment Lease Pool. The remainder of the decrease was appropriated to balance the fiscal year 2007 budget in lieu of raising property taxes.

The 2005 SPLOST Capital Projects Fund accounts for the financial resources provided from the 2005 General Obligation Sales Tax Bonds and the 2005 1% Special Purpose Local Option Sales Tax approved by voters in November 2005. These resources must be used to finance the acquisition of capital projects, including a County-wide eight hundred megahertz radio system for law enforcement, fire and rescue, and public works personnel, a Student Learning Center on the University of Georgia Griffin campus, and a Spalding County Senior Citizens Center expansion and renovation or the purchase of a new facility. At the end of the 2007 fiscal year, the 2005 SPLOST Capital Projects fund had a reserved fund balance of \$15,832,700.

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

General Fund Budgetary Highlights

Differences between the expenditures original budget and the final amended budget were \$3,116,736 and can be summarized as follows:

- Increase in general government activities - \$812,580, due to an increase in capital asset purchases;
- Increase in judicial services - \$93,456, due to an increase in indigent defense costs;
- Increase in public safety functions - \$967,379, due mainly to an increase in capital asset purchases;
- Increase in public works services - \$1,114,895, due to an increase in infrastructure and capital asset purchases;

- Increase in health and welfare services - \$263,283, due to the funding of a dental clinic at the health department;
- Increase in culture and recreation activities - \$191,290, due to an increase in capital asset purchases;
- Increase in housing and development functions - \$49,978, due to an increase in capital asset purchases;
- Decrease in debt service - \$376,125, transferred from the General Fund to the GMA Lease Pool Fund.

Of this increase, \$2,014,677 was to be funded through the use of fund balance. The remaining budget increase was to be funded by increased general fund revenues.

The County ended fiscal 2007 with an unfavorable variance of \$1,211,181 between the final revenue budget and actual revenues received. Court fines and forfeitures were down due to the change in order of distribution by the State of Georgia. Previously, funds were distributed to the County first and then to various state agencies and funds. Fines and forfeitures are now distributed to the state public defenders council first with the County being much further down on the distribution list resulting in many court revenues never being collected. Also, a budgeted reimbursement grant through the Health Department for a dental clinic was implemented later in the year than had been budgeted, subsequently reducing the anticipated grant revenue. Finally, the unforeseen downturn in the housing market significantly impacted the County's premier adult residential community currently under construction reducing the number of new building permits issued.

The County's expenditures were aggressively managed in order to counteract the anticipated revenue shortfalls.

Capital Asset and Debt Administration

Capital Assets. Spalding County's investment in capital assets for its governmental activities as of June 30, 2007, amounts to \$83,285,925 (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	Governmental Activities
	<u>2007</u>	<u>2006</u>
Land	\$ 3,132,857	\$ 3,132,857
Construction in progress	3,145,065	2,052,467
Land improvements	5,785,230	5,811,204
Buildings and improvements	27,894,106	28,710,083
Machinery and equipment	4,590,418	4,283,160
Furniture and fixtures	19,829	23,476
Infrastructure (roads)	38,718,420	35,987,308
Total	<u>\$ 83,285,925</u>	<u>\$ 80,000,555</u>

The County's infrastructure purchased or constructed prior to the adoption of GASB 34 was retroactively recorded during 2007 in the amount of \$31,119,357. Governmental assets installed during the year totaled \$6,875,616. Major projects consisted of the following:

- Construction of an 800MHz Radio system
- New equipment for motorized fire apparatus
- Infrastructure improvements

Additional information on the County's capital assets can be found in Note 6 on pages 38 – 40 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 \$7,035,000.

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 \$150,079,254.

Spalding County maintains a "AAA" rating from Standard & Poor's and a "Aaa" 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 40 – 45 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Spalding County is currently 5.6%, which is a decrease from a rate of 6.8% one year ago. The unemployment rate for the State of Georgia at June 30, 2007, is 4.7%.
- Monthly LOST collections have been steadily increasing from year to year since 2002. Collections increased 4.37% in 2004, 3.82% in 2005, and 8.44% in 2006.
- The new Sun City Active Adult Community will increase the number of building permits issued during the next fiscal year.
- Court revenues will continue to decrease due to the realignment of fines and forfeitures distribution in accordance with the State of Georgia.

All of these factors were taken into consideration when preparing the 2008 budget. During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased 26.93% to \$6,735,677. A total of \$2,417,492 has been appropriated for spending in the 2008 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.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS JUNE 30, 2007

ASSETS	Primary Government	Component Units		
	Governmental Activities	Health Department	Development Authority	Water Authority
Cash and cash equivalents	\$ 27,854,594	\$ 792,536	\$ 848,609	\$ 4,364,913
Investments	1,009,196	-	1,500,000	-
Property taxes receivable	660,203	-	-	-
Accounts receivable	267,558	-	41,706	495,514
Interest receivable	58,731	-	-	-
Due from other governments	2,806,798	127,331	-	-
Deferred charges	116,717	-	-	382,111
Restricted assets:				
Bond sinking fund	-	-	-	976,207
Debt service reserve fund	-	-	-	695,770
Accrued interest	-	-	-	6,313
Capital assets, non-depreciable	6,277,922	-	8,300,519	13,500
Capital assets, depreciable (net of accumulated depreciation)	77,008,003	67,652	542,415	13,962,763
Other asset	20,197	-	-	-
Total assets	116,079,919	987,519	11,233,249	20,897,091
LIABILITIES				
Accounts payable	1,200,360	27,323	13,620	3,735
Accrued liabilities	386,189	-	4,204	5,502
Accrued interest payable	101,692	-	-	83,371
Due to other governments	113,140	-	-	-
Unearned revenue	511,337	-	-	-
Liabilities payable from restricted assets	-	-	-	865,000
Claims payable due within one year	403,029	-	-	-
Claims payable due in more than one year	121,000	-	-	-
Capital leases due within one year	397,484	-	-	-
Capital leases due in more than one year	1,241,473	-	-	-
Bonds payable due within one year	3,455,000	-	-	-
Bonds payable due in more than one year	3,604,361	-	-	5,592,859
Notes payable due in more than one year	-	-	3,793,120	-
Compensated absences due within one year	752,056	-	-	11,536
Compensated absences due in more than one year	501,371	107,634	-	7,691
Certificates of participation due within one year	290,967	-	-	-
Certificates of participation due in more than one year	7,220,189	-	-	-
Landfill due within one year	45,217	-	-	-
Landfill due in more than one year	1,312,283	-	-	-
Total liabilities	21,657,148	134,957	3,810,944	6,569,694
NET ASSETS				
Invested in capital assets, net of related debt	76,031,982	67,652	5,049,814	7,518,404
Restricted for:				
Other purposes	7,952	118,854	-	-
Capital improvements	16,378,802	-	-	-
Emergency communication	517,937	-	-	-
Debt service	-	-	-	729,919
Unrestricted	1,486,098	666,056	2,372,491	6,079,074
Total net assets	\$ 94,422,771	\$ 852,562	\$ 7,422,305	\$ 14,327,397

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

SPALDING COUNTY, GEORGIA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
General government	\$ 5,333,341	\$ 2,035,121	\$ 68,880	\$ -
Judicial	5,002,948	2,501,320	1,448,247	-
Public safety	25,519,501	5,360,736	172,199	-
Public works	6,137,324	537,482	32,500	2,780,011
Health and welfare	872,270	-	336,943	-
Culture and recreation	2,942,031	391,502	33,033	-
Housing and development	1,958,546	35,664	-	-
Interest on long-term debt	911,715	-	-	-
Total primary government	\$ 48,677,676	\$ 10,861,825	\$ 2,091,802	\$ 2,780,011
Component units:				
Health Department	\$ 2,045,845	\$ 534,787	\$ 1,285,433	\$ -
Development Authority	378,312	23,750	395,562	-
Water Authority	4,732,662	5,960,730	65	-
Total component units	\$ 7,156,819	\$ 6,519,267	\$ 1,681,060	\$ -

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 assets

Net assets, beginning of year, as restated

Net assets, end of year

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

Net (Expenses) Revenues and Changes in Net Assets

Primary Government	Component Units		
	Health Department	Development Authority	Water Authority
\$ (3,229,340)	\$ -	\$ -	\$ -
(1,053,381)	-	-	-
(19,986,566)	-	-	-
(2,787,331)	-	-	-
(535,327)	-	-	-
(2,517,496)	-	-	-
(1,922,882)	-	-	-
(911,715)	-	-	-
<u>(32,944,038)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(225,625)	-	-
-	-	41,000	-
-	-	-	1,228,133
<u>-</u>	<u>(225,625)</u>	<u>41,000</u>	<u>1,228,133</u>
20,055,001	-	-	-
313,605	-	-	-
1,734,970	-	-	-
14,836,157	-	-	-
466,888	-	-	-
1,596,904	-	-	-
118,899	-	-	-
530,756	-	-	-
<u>1,774,030</u>	<u>33,420</u>	<u>117,737</u>	<u>258,898</u>
<u>41,427,210</u>	<u>33,420</u>	<u>117,737</u>	<u>258,898</u>
8,483,172	(192,205)	158,737	1,487,031
<u>85,939,599</u>	<u>1,044,767</u>	<u>7,263,568</u>	<u>12,840,366</u>
<u>\$ 94,422,771</u>	<u>\$ 852,562</u>	<u>\$ 7,422,305</u>	<u>\$ 14,327,397</u>

SPALDING COUNTY, GEORGIA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2007

ASSETS	General	Capital Projects 2005 SPLOST	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 7,645,478	\$ 14,855,948	\$ 5,298,510	\$ 27,799,936
Investments	-	-	770,711	770,711
Property taxes receivable	538,484	-	121,719	660,203
Accounts receivable	190,231	-	77,327	267,558
Interest receivable	-	55,855	2,876	58,731
Due from other governments	1,185,976	1,562,167	58,655	2,806,798
Due from other funds	31,367	-	130,671	162,038
Total assets	\$ 9,591,536	\$ 16,473,970	\$ 6,460,469	\$ 32,525,975
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,019,983	\$ -	\$ 180,377	\$ 1,200,360
Accrued liabilities	317,314	-	68,875	386,189
Due to other governments	-	-	113,140	113,140
Due to other funds	10,952	141,270	9,816	162,038
Unearned revenue	433,894	500,000	108,148	1,042,042
Total liabilities	1,782,143	641,270	480,356	2,903,769
FUND BALANCES				
Fund balances:				
Reserved for:				
Encumbrances	367,943	-	2,311,735	2,679,678
Community service	-	-	7,952	7,952
Emergency communication	-	-	517,937	517,937
Capital improvements	-	15,832,700	2,074,336	17,907,036
Clerk of Superior Court	429	-	-	429
Unreserved, reported in:				
General fund, undesignated	6,735,677	-	-	6,735,677
General fund, designated for:				
Sales taxes	692,601	-	-	692,601
Tricentennial Celebration	1,897	-	-	1,897
Memorial Gifts	10,846	-	-	10,846
Special revenue funds, undesignated	-	-	87,568	87,568
Debt service funds, undesignated	-	-	980,585	980,585
Total fund balances	7,809,393	15,832,700	5,980,113	29,622,206
Total liabilities and fund balances	\$ 9,591,536	\$ 16,473,970	\$ 6,460,469	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	83,285,925
Other long-term assets are not available to pay for current period expenditures, and, therefore, are deferred in the funds.	530,705
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(18,805,376)
Net pension asset used in governmental activities is not a financial resource and, therefore, is not reported in the funds.	20,197
Internal service funds are used by management to charge the costs of various benefits and services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(230,886)
Net assets of governmental activities	\$ 94,422,771

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

SPALDING COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	General	Capital Projects 2005 SPLOST	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 17,399,203	\$ -	\$ 2,591,387	\$ 19,990,590
Alcoholic beverage taxes	313,605	-	-	313,605
Vehicle taxes	1,734,970	-	-	1,734,970
Sales taxes	5,612,806	4,017,751	5,205,600	14,836,157
Other taxes	932,685	-	1,780,762	2,713,447
Licenses and permits	494,594	-	-	494,594
Intergovernmental	2,300,229	-	272,606	2,572,835
Charges for services	5,150,664	-	1,402,615	6,553,279
Court fees, fines and forfeitures	1,889,707	-	570,077	2,459,784
Interest	636,441	558,953	554,441	1,749,835
Contributions and donations	45,438	-	-	45,438
Rentals	330,726	-	-	330,726
Other	1,023,442	-	121	1,023,563
Total revenues	<u>37,864,510</u>	<u>4,576,704</u>	<u>12,377,609</u>	<u>54,818,823</u>
EXPENDITURES				
Current:				
General government	5,209,841	-	117,340	5,327,181
Judicial	4,764,001	-	258,687	5,022,688
Public safety	18,871,857	-	5,699,018	24,570,875
Public works	5,473,047	-	22,879	5,495,926
Health and welfare	767,485	-	97,604	865,089
Culture and recreation	2,799,932	-	-	2,799,932
Housing and development	1,303,064	-	543,529	1,846,593
Capital outlay	-	2,324,086	1,072,684	3,396,770
Debt service:				
Principal	546,347	-	3,507,599	4,053,946
Interest	300,679	-	649,992	950,671
Total expenditures	<u>40,036,253</u>	<u>2,324,086</u>	<u>11,969,332</u>	<u>54,329,671</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,171,743)</u>	<u>2,252,618</u>	<u>408,277</u>	<u>489,152</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	885,863	1,495,813	2,223,087	4,604,763
Transfers out	<u>(2,174,378)</u>	-	<u>(2,430,385)</u>	<u>(4,604,763)</u>
Total other financing sources (uses)	<u>(1,288,515)</u>	<u>1,495,813</u>	<u>(207,298)</u>	<u>-</u>
Net change in fund balances	(3,460,258)	3,748,431	200,979	489,152
FUND BALANCES, beginning of year	<u>11,269,651</u>	<u>12,084,269</u>	<u>5,779,134</u>	<u>29,133,054</u>
FUND BALANCES, end of year	<u>\$ 7,809,393</u>	<u>\$ 15,832,700</u>	<u>\$ 5,980,113</u>	<u>\$ 29,622,206</u>

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

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, 2007

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

Net change in fund balances - total governmental funds	\$	489,152
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 outlays exceeded depreciation in the current period.		1,286,406
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		1,998,964
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		64,411
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		4,893,164
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.		(77,874)
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.		<u>(171,051)</u>
	\$	<u>8,483,172</u>

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, 2007**

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 19,432,839	\$ 17,917,360	\$ 17,399,203	\$ (518,157)
Alcoholic beverage taxes	311,000	311,000	313,605	2,605
Vehicle taxes	35,000	1,635,000	1,734,970	99,970
Sales taxes	5,400,000	5,400,000	5,612,806	212,806
Other taxes	932,800	932,800	932,685	(115)
Licenses and permits	838,600	838,600	494,594	(344,006)
Intergovernmental	1,943,991	2,516,006	2,300,229	(215,777)
Charges for services	5,043,877	5,243,877	5,150,664	(93,213)
Court fees, fines and forfeitures	2,334,600	2,334,600	1,889,707	(444,893)
Interest	291,000	437,500	636,441	198,941
Contributions and donations	32,500	33,669	45,438	11,769
Rentals	392,925	392,925	330,726	(62,199)
Other	984,500	1,082,354	1,023,442	(58,912)
Total revenues	<u>37,973,632</u>	<u>39,075,691</u>	<u>37,864,510</u>	<u>(1,211,181)</u>
EXPENDITURES				
Current:				
General government:				
Board of commissioners	267,477	267,477	264,070	3,407
Board of elections	212,761	217,761	171,064	46,697
Administration	382,719	383,094	332,671	50,423
Finance	98,461	98,461	91,891	6,570
Information systems	135,833	136,747	128,907	7,840
Human resources	167,073	167,073	153,246	13,827
Tax commissioner	754,880	755,490	646,881	108,609
Tax assessors	371,867	394,078	380,573	13,505
Construction and maintenance	409,270	450,670	422,361	28,309
Janitorial services	136,699	136,699	126,410	10,289
General appropriations	2,122,995	2,865,065	2,491,767	373,298
Total general government	<u>5,060,035</u>	<u>5,872,615</u>	<u>5,209,841</u>	<u>662,774</u>
Judicial:				
Superior court	137,800	162,800	166,232	(3,432)
Griffin judicial circuit	800,522	801,609	773,439	28,170
Clerk of court	831,687	831,988	721,855	110,133
District attorney	372,585	372,585	372,041	544
State court	633,029	633,029	524,364	108,665
Solicitor	159,494	159,494	150,570	8,924
Magistrate court	653,329	680,044	609,686	70,358
Probate court	240,207	241,589	238,812	2,777
Public defender	40,635	51,512	53,593	(2,081)
Public defender circuit	1,276,807	1,304,901	1,153,409	151,492
Total judicial	<u>5,146,095</u>	<u>5,239,551</u>	<u>4,764,001</u>	<u>475,550</u>

(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, 2007

EXPENDITURES (Continued)	Budget		Actual	Variance With Final Budget
	Original	Final		
Current: (Continued)				
Public safety:				
Sheriff	\$ 593,409	\$ 701,176	\$ 632,694	\$ 68,482
Warrant division	541,909	566,951	495,254	71,697
Criminal investigation division	828,398	857,843	807,236	50,607
Uniform patrol division	2,659,389	3,056,654	2,604,644	452,010
Jail	6,576,593	6,666,970	6,574,653	92,317
Jail work release program	448,158	448,558	316,178	132,380
Narcotics task force	849,584	866,617	794,461	72,156
Correctional institution	5,702,379	5,965,135	5,843,712	121,423
Juvenile probation	443,028	476,273	459,699	16,574
Coroner	55,144	55,144	52,474	2,670
Animal control	316,216	317,385	278,006	39,379
Emergency management	13,559	16,439	12,846	3,593
Total public safety	19,027,766	19,995,145	18,871,857	1,123,288
Public works:				
Public works	3,448,873	4,451,150	4,256,120	195,030
Solid waste collection	888,695	1,001,313	1,002,827	(1,514)
Garage	228,026	228,026	214,100	13,926
Total public works	4,565,594	5,680,489	5,473,047	207,442
Health and welfare:				
Health	484,457	747,740	692,272	55,468
Welfare	112,316	112,316	75,213	37,103
Total health and welfare	596,773	860,056	767,485	92,571
Culture and recreation:				
Recreation	644,658	646,189	643,174	3,015
Parks	1,857,104	2,046,863	1,950,741	96,122
Libraries	206,017	206,017	206,017	-
Total culture and recreation	2,707,779	2,899,069	2,799,932	99,137
Housing and development:				
Cooperative extension service	121,831	121,869	108,828	13,041
Community development	682,180	682,781	664,920	17,861
Code enforcement	113,123	141,077	102,835	38,242
Development Authority	393,062	393,062	393,062	-
Enrichment of young minds	21,000	42,385	33,419	8,966
Total housing and development	1,331,196	1,381,174	1,303,064	78,110

(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, 2007

	Budget		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES (Continued)				
Debt service:				
Principal	\$ 935,000	\$ 594,700	\$ 546,347	\$ 48,353
Interest	425,800	389,975	300,679	89,296
Total debt service	<u>1,360,800</u>	<u>984,675</u>	<u>847,026</u>	<u>137,649</u>
Total expenditures	<u>39,796,038</u>	<u>42,912,774</u>	<u>40,036,253</u>	<u>2,876,521</u>
Deficiency of revenues under expenditures	<u>(1,822,406)</u>	<u>(3,837,083)</u>	<u>(2,171,743)</u>	<u>1,665,340</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	885,863	885,863	-
Transfers out	(595,086)	(2,507,211)	(2,174,378)	332,833
Total other financing sources (uses)	<u>(595,086)</u>	<u>(1,621,348)</u>	<u>(1,288,515)</u>	<u>332,833</u>
Net change in fund balances	(2,417,492)	(5,458,431)	(3,460,258)	1,998,173
FUND BALANCES, beginning of year	<u>11,269,651</u>	<u>11,269,651</u>	<u>11,269,651</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 8,852,159</u>	<u>\$ 5,811,220</u>	<u>\$ 7,809,393</u>	<u>\$ 1,998,173</u>

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

SPALDING COUNTY, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2007

	<u>Governmental Activities - Internal Service Funds Workers' Compensation</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 54,658
Investments	<u>238,485</u>
Total current assets	<u>293,143</u>
Total assets	<u>293,143</u>
LIABILITIES	
CURRENT LIABILITIES	
Claims payable	<u>524,029</u>
Total current liabilities	<u>524,029</u>
Total liabilities	<u>524,029</u>
NET ASSETS	
Unrestricted	<u>(230,886)</u>
Total net assets	<u>\$ (230,886)</u>

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

SPALDING COUNTY, GEORGIA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Governmental Activities - Internal Service Funds Workers' Compensation
OPERATING REVENUES	
Contributions	\$ 426,774
Total operating revenues	<u>426,774</u>
OPERATING EXPENSES	
Claims paid	403,893
Administration and other costs	218,127
Total operating expenses	<u>622,020</u>
Operating loss	<u>(195,246)</u>
NON-OPERATING REVENUES	
Interest income	24,195
Total non-operating revenues	<u>24,195</u>
Change in net assets	(171,051)
NET ASSETS, beginning of year	<u>(59,835)</u>
NET ASSETS, end of year	<u>\$ (230,886)</u>

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, 2007

	Governmental Activities - Internal Service Funds Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from employees	\$ 426,774
Payments for insurance claims	(436,882)
Payments to suppliers for services provided	(218,127)
	(228,235)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	255,817
Interest received	24,195
	280,012
Net increase in cash and cash equivalents	51,777
Cash and cash equivalents, beginning of year	2,881
Cash and cash equivalents, end of year	\$ 54,658
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (195,246)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Decrease in claims payable	(32,989)
Net cash used in operating activities	\$ (228,235)

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

SPALDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES FIDUCIARY FUNDS JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,210,027
Taxes receivable	1,640,453
Accounts receivable	<u>25,605</u>
Total assets	<u>\$ 2,876,085</u>
LIABILITIES	
Due to others	<u>\$ 2,876,085</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

GUIDE TO NOTES

	<u>Page</u>
Note 1: Summary of Significant Accounting Policies.....	23
Note 2: Reconciliation of Government-wide Financial Statements and Fund Financial Statements	30
Note 3: Legal Compliance - Budgets.....	33
Note 4: Deposits and Investments	35
Note 5: Receivables	36
Note 6: Capital Assets	38
Note 7: Long-term Debt.....	40
Note 8: Interfund Receivables, Payables, and Transfers	46
Note 9: Defined Benefit Pension Plan	47
Note 10: Defined Contribution Pension Plan	50
Note 11: Risk Management	50
Note 12: Commitments and Contingent Liabilities	52
Note 13: Joint Ventures	52
Note 14: Jointly Governed Organization	53
Note 15: Hotel/Motel Lodging Tax	53
Note 16: Changes in Reservations and Designations	54

SPALDING COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

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

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

B. Government-wide and Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (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 **capital projects 2005 SPLOST fund** accounts for the financial resources provided from the 2005 General Obligation Sales Tax Bonds and the 2005 1% Special Purpose Local Option Sales Tax. Such resources are to be used for a learning center, senior center, and 800 MHz radio system.

Additionally, the County reports the following fund types:

Internal service funds account 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (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. Retroactive Restatement of Net Assets in Accordance with GASB No. 34

The County has retroactively reported major general infrastructure assets, as allowed by the provisions of GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", as amended and interpreted, as of and for the year ended June 30, 2007. This resulted in restating the opening balance of net assets of the Government-wide Financial Statements' governmental activities by an amount of \$31,119,357 from \$54,820,242 to a restated amount of \$85,939,599.

E. 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.

F. 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."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

G. 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.

H. 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. During the current year, 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:

<u>Asset Category</u>	<u>Years</u>
Land improvements	30-50
Buildings and improvements	15-100
Machinery and equipment	5-15
Furniture and fixtures	10
Infrastructure	50

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (CONTINUED)

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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.

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$18,805,376 difference are as follows:

Capital leases payable	\$	(1,638,957)
General obligation bonds payable		(7,035,000)
Less: Deferred charge for issuance costs (to be amortized over life of debt)		116,717
Plus: Issuance premium (to be amortized against interest expense)		(24,361)
Certificates of participation		(7,511,156)
Landfill postclosure costs		(1,357,500)
Compensated absences		(1,253,427)
Accrued interest		<u>(101,692)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$	<u><u>(18,805,376)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,286,406 difference are as follows:

NOTES TO FINANCIAL STATEMENTS

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)

Capital outlay	\$ 4,622,197
Depreciation expense	<u>(3,335,791)</u>
Net adjustment to increase net changes in fund balances - total <i>governmental funds</i> to arrive at <i>changes in net assets</i> - <i>governmental activities</i>	<u>\$ 1,286,406</u>

Another element of the reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets." The details of this \$1,998,964 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	\$ 2,253,419
In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.	<u>(254,455)</u>
Net adjustment to increase <i>net changes in fund balances</i> - total <i>governmental activities</i>	<u>\$ 1,998,964</u>

Another element of the reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$4,893,164 difference are as follows:

NOTES TO FINANCIAL STATEMENTS

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)

Principal repayments:

Capital leases	\$	560,893
General obligation bonds		3,215,000
Certificates of participation		278,053
Claims and judgments payable		513,495
Landfill postclosure costs		<u>325,723</u>

Net adjustment to increase net changes in *fund balances - total governmental funds* to arrive at changes in *net assets - governmental activities*

\$ 4,893,164

Another element of that reconciliation states that "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." The details of this \$77,874 difference are as follows:

Compensated absences	\$	(115,203)
Amortization of issuance costs		(60,896)
Amortization of premium on general obligation bonds		12,710
Accrued interest		87,142
Net pension asset		<u>(1,627)</u>

Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at changes in *net assets - governmental activities*

\$ (77,874)

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE - BUDGETS

A. Budgets and Budgetary Accounting

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

1. Prior to June 1, the County Manager submits a proposed budget to the Board of Commissioners governing expenditures of all County funds for the fiscal year commencing the following July 1.
2. In June, the Board of Commissioners holds three public hearings on the proposed budget to obtain citizen comments.
3. The budget is legally adopted by the Board of Commissioners before the end of June. The legal level of budgetary control is the department level.
4. All budget revisions or changes must be approved as required by Georgia law and administrative policy. Transfer of budgeted amounts between object categories within departments requires the approval of the County Manager. Revisions that alter the total expenditures of any department or fund must be approved by the Board of Commissioners.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund, Special Revenue Funds, and Capital Projects 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

B. Encumbrances

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

C. Excess of Expenditures Over Appropriations

For the year ended June 30, 2007, expenditures exceeded budget, as follows:

<u>Fund or Department</u>	<u>Excess</u>
General Fund:	
Superior court	\$ 3,432
Public defender	2,081
Solid waste collection	1,514
Confiscated Assets Fund	7,938
Law Library Fund	7,650
CDBG EIP Coca-Cola Building Fund	72,649

These overexpenditures were funded by underexpenditures in other departments in the case of the General Fund, greater than anticipated revenues in the case of the Confiscated Assets Fund, and by fund balance in the case of the Law Library Fund and CDBG EIP Coca-Cola Building Fund.

D. Deficit Fund Equity

The Multiple Grant Fund had a deficit fund balance of \$4,841 as of June 30, 2007. This deficit will be eliminated through future grant reimbursement proceeds. The Workers' Compensation Fund had a deficit fund balance of \$230,886 as of June 30, 2007. This deficit will be eliminated through future transfers from the General Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2007 are summarized as follows:

Balances per statement of net assets:

Cash and cash equivalents - Primary government	\$ 27,854,594
Cash and cash equivalents - Health Department	792,536
Cash and cash equivalents - Development Authority	848,609
Cash and cash equivalents - Water Authority	4,364,913
Investments - Primary government	1,009,196
Investments - Development Authority	1,500,000
Restricted assets:	
Water Authority - Bond sinking fund	976,207
Water Authority - Debt service reserve fund	695,770

Balances per statement of fiduciary net assets:

Cash - Agency funds	1,210,027
	<u>\$ 39,251,852</u>
Cash deposited with financial institutions	\$ 21,586,246
Money Market	16,656,410
Mutual Bond Fund	238,485
Guaranteed Investment Contract	770,711
	<u>\$ 39,251,852</u>

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 banker's 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, 2007, the County's investment in the guaranteed investment contract was rated AA by Standard & Poor's and the investment in the mutual bond fund was rated AAA.

At June 30, 2007, the County had the following investments:

Investment	Maturities	Fair Value
Money Market	N/A	\$ 14,984,433
Mutual Bond Fund	4.5 years weighted-average	238,485
Guaranteed Investment Contract	June 1, 2028	770,711
		<u>\$ 15,993,629</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2007, the Water Authority had the following investment:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Money Market	N/A	\$ 1,671,977
		<u>\$ 1,671,977</u>

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, 2007, all of the deposits for the County and component units were fully collateralized in accordance with the state statutes.

NOTE 5. RECEIVABLES

Receivables at June 30, 2007 for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Capital Projects 2005 SPLOST</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ 909,738	\$ -	\$ 121,719	\$ 1,031,457
Accounts	190,231	-	77,327	267,558
Interest	-	55,855	2,876	58,731
Gross receivables	<u>1,099,969</u>	<u>55,855</u>	<u>201,922</u>	<u>1,357,746</u>
Less allowance for uncollectibles	371,254	-	-	371,254
Net total receivables	<u>\$ 728,715</u>	<u>\$ 55,855</u>	<u>\$ 201,922</u>	<u>\$ 986,492</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES (CONTINUED)

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, 2006, upon which the fiscal 2007 levy was based, was the gross digest amount of \$1,571,142,539 (40% of the estimated market value of \$3,927,856,348).

The tax billing cycle for fiscal year 2007 is as follows:

Levy date	July 27, 2006
Tax bills mailed	September 15, 2006
Payment due date	November 15, 2006
Delinquency date	November 16, 2006
Lien date	December 16, 2006

The distribution of the County's levy (tax rate per \$1,000 assessed value) as of June 30, 2007 is as follows:

General Government	13.39 mills
Fire District	3.04 mills
School System	18.82 mills
State of Georgia	.25 mills

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,132,857	\$ -	\$ -	\$ -	\$ 3,132,857
Construction in progress	2,052,467	3,064,637	(254,455)	(1,717,584)	3,145,065
Total	<u>5,185,324</u>	<u>3,064,637</u>	<u>(254,455)</u>	<u>(1,717,584)</u>	<u>6,277,922</u>
Capital assets, being depreciated:					
Land improvements	6,553,627	112,050	-	-	6,665,677
Buildings and improvements	39,535,207	-	-	-	39,535,207
Machinery and equipment	14,766,187	1,445,510	(104,760)	114,744	16,221,681
Furniture and fixtures	47,596	-	-	-	47,596
Infrastructure	68,065,026	2,253,419	-	1,602,840	71,921,285
Total	<u>128,967,643</u>	<u>3,810,979</u>	<u>(104,760)</u>	<u>1,717,584</u>	<u>134,391,446</u>
Less accumulated depreciation for:					
Land improvements	(742,423)	(138,024)	-	-	(880,447)
Buildings and improvements	(10,825,124)	(815,977)	-	-	(11,641,101)
Machinery and equipment	(10,483,026)	(1,252,997)	104,760	-	(11,631,263)
Furniture and fixtures	(24,120)	(3,647)	-	-	(27,767)
Infrastructure	(32,077,719)	(1,125,146)	-	-	(33,202,865)
Total	<u>(54,152,412)</u>	<u>(3,335,791)</u>	<u>104,760</u>	<u>-</u>	<u>(57,383,443)</u>
Total capital assets, being depreciated, net	<u>74,815,231</u>	<u>475,188</u>	<u>-</u>	<u>1,717,584</u>	<u>77,008,003</u>
Governmental activities capital assets, net	<u>\$ 80,000,555</u>	<u>\$ 3,539,825</u>	<u>\$ (254,455)</u>	<u>\$ -</u>	<u>\$ 83,285,925</u>

The net beginning balance of capital assets has been increased by \$31,119,357 to retroactively record the County's infrastructure purchased or constructed prior to the adoption of GASB 34.

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

Governmental activities:	
General government	\$ 350,978
Judicial	23,235
Public safety	1,339,574
Public works	1,326,984
Health and welfare	10,357
Culture and recreation	270,453
Housing and development	14,210
Total depreciation expense - governmental activities	<u>\$ 3,335,791</u>

NOTES TO FINANCIAL STATEMENTS

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	\$ 256,381	\$ 2,744	\$ -	\$ 259,125
Less accumulated depreciation for:				
Machinery and equipment	(158,633)	(32,840)	-	(191,473)
Total capital assets, net	\$ 97,748	\$ (30,096)	\$ -	\$ 67,652

C. Discretely Presented Component Unit – Development Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,667,280	\$ -	\$ -	\$ 7,667,280
Land improvements/development	633,239	-	-	633,239
Total	8,300,519	-	-	8,300,519
Capital assets, being depreciated:				
Buildings	693,195	-	-	693,195
Furniture and fixtures	160,590	2,744	-	163,334
Total	853,785	2,744	-	856,529
Less accumulated depreciation for:				
Buildings	(153,269)	(17,330)	-	(170,599)
Furniture and fixtures	(131,481)	(12,034)	-	(143,515)
Total	(284,750)	(29,364)	-	(314,114)
Total capital assets, being depreciated, net	569,035	(26,620)	-	542,415
Total capital assets, net	\$ 8,869,554	\$ (26,620)	\$ -	\$ 8,842,934

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

D. Discretely Presented Component Unit – Water Authority

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 13,500	\$ -	\$ -	\$ 13,500
Total	13,500	-	-	13,500
Capital assets, being depreciated:				
Water delivery system	19,763,266	125,376	-	19,888,642
Sewer system	432,064	-	-	432,064
Buildings	48,751	-	-	48,751
Machinery and equipment	862,235	-	-	862,235
Total	21,106,316	125,376	-	21,231,692
Less accumulated depreciation for:				
Water delivery system	(5,990,452)	(396,522)	-	(6,386,974)
Sewer system	(21,603)	(8,641)	-	(30,244)
Buildings	(25,947)	(2,141)	-	(28,088)
Machinery and equipment	(803,208)	(20,415)	-	(823,623)
Total	(6,841,210)	(427,719)	-	(7,268,929)
Total capital assets, being depreciated, net	14,265,106	(302,343)	-	13,962,763
Total capital assets, net	\$ 14,278,606	\$ (302,343)	\$ -	\$ 13,976,263

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, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 10,250,000	\$ -	\$ (3,215,000)	\$ 7,035,000	\$ 3,455,000
Plus unamortized premium	37,071	-	(12,710)	24,361	-
General obligation bonds, net	10,287,071	-	(3,227,710)	7,059,361	3,455,000
Capital leases	2,199,850	-	(560,893)	1,638,957	397,484
Claims payable	557,018	370,904	(403,893)	524,029	403,029
Certificates of participation	7,789,209	-	(278,053)	7,511,156	290,967
Compensated absences	1,138,224	952,503	(837,300)	1,253,427	752,056
Claims and judgments payable	513,495	-	(513,495)	-	-
Landfill postclosure costs	1,683,223	-	(325,723)	1,357,500	45,217
Governmental activities Long-term liabilities	\$ 24,168,090	\$ 1,323,407	\$ (6,147,067)	\$ 19,344,430	\$ 5,343,753

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

For governmental activities, compensated absences, claims and judgments payable, and landfill postclosure costs 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 inception.

The cost of assets under capital leases as of June 30, 2007:

	Governmental Activities
Machinery and equipment	\$ 3,029,360

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

Fiscal year ending June 30,	
2007	\$ 479,852
2008	352,840
2009	352,840
2010	250,228
2011	184,528
2013-2014	273,329
Total minimum lease payments	1,893,617
Less amount representing interest	254,660
Present value of future minimum lease payments	\$ 1,638,957

General Obligation Bonds. During the year ended June 30, 2006, the County issued general obligation bonds in the amount of \$10,250,000. The bond proceeds are to be used to finance the acquisition of various capital projects, including a radio system. General obligation bonds are direct obligations and pledge the full faith and credit of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. (Continued) General obligation bonds outstanding at June 30, 2007 are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Various	3.25 - 4.00%	4 years	2009	\$ 10,250,000	\$ 7,035,000
		Plus unamortized premium			24,361
					\$ 7,059,361

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

Fiscal year ending June 30,	Principal	Interest
2008	\$ 3,455,000	\$ 252,394
2009	3,580,000	121,918
Total	\$ 7,035,000	\$ 374,312

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Certificates of Participation. (Continued) 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 of \$2,500,000 is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The County draws from the investment to lease equipment from the Association. The lease pool agreement requires the County to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

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

Fiscal year ending June 30,	Principal	Interest
2008	\$ 290,967	\$ 370,615
2009	309,220	355,220
2010	327,547	338,964
2011	346,034	321,761
2012	369,642	303,536
2013-2017	2,017,746	1,206,425
2018-2022	1,350,000	700,282
2023-2027	-	593,750
2028	2,500,000	118,750
Total	<u>\$ 7,511,156</u>	<u>\$ 4,309,303</u>

Landfill Postclosure Costs. State and Federal regulations require that the County place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The County elected an early closure date of October 3, 1993, and for that reason was exempt from the 30-year rule, and was required to monitor the landfill for only five years. However, recent monitoring has detected levels of contamination higher than permissible, and engineers are in the process of assessing the corrective measures to be taken.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Landfill Postclosure Costs. (Continued) At this time, engineering studies estimate postclosure costs of approximately \$1,357,500 over the next 30 years. 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, 2007. However, actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 7,480,000	\$ -	\$ (835,000)	\$ 6,645,000	\$ 865,000
Deferred amounts:					
Premium	73,295	-	(10,227)	63,068	-
Refunding loss	(290,784)	-	40,572	(250,212)	-
Total bonds payable	7,262,511	-	(804,655)	6,457,856	865,000
Compensated absences	18,579	14,967	(14,319)	19,227	11,536
Water Authority Long-term liabilities	<u>\$ 7,281,090</u>	<u>\$ 14,967</u>	<u>\$ (818,974)</u>	<u>\$ 6,477,083</u>	<u>\$ 876,536</u>

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. 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, 2007, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
Water Authority	3.00 - 4.00%	10 years	2013	\$ 9,880,000	\$ 6,645,000
					63,068
					(250,212)
					<u>\$ 6,457,856</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

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

Revenue Bonds Payable. (Continued) Debt service requirements to maturity on the revenue bonds are as follows:

Fiscal year ending June 30,	Principal	Interest
2008	\$ 865,000	\$ 236,056
2009	890,000	206,425
2010	935,000	173,319
2011	965,000	137,694
2012	990,000	99,800
2013-2014	2,000,000	80,000
Total	<u>\$ 6,645,000</u>	<u>\$ 933,294</u>

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, 2007:

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

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2005 SPLOST Fund	\$ 21,551
General Fund	Nonmajor governmental funds	9,816
Nonmajor governmental funds	General Fund	10,952
Nonmajor governmental funds	2005 SPLOST Fund	119,719
		<u>\$ 162,038</u>

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.

Interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 885,863
2005 SPLOST Fund	Nonmajor governmental funds	1,495,813
Nonmajor governmental funds	General Fund	2,174,378
Nonmajor governmental funds	Nonmajor governmental funds	48,709
		<u>\$ 4,604,763</u>

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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN

A. Third Restated Pension Plan

Plan Description

The County sponsors the Association County Commissioners of Georgia Third Restated Pension Plan for Spalding County Employees (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. This plan was frozen as of September 30, 1998.

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, 2006, (the most recent actuarial valuation date) are as follows:

	<u>January 1, 2006</u>	<u>January 1, 2005</u>
<u>Derivation of Annual Pension Cost</u>		
Annual Required Contribution	\$ 265,770	\$ 258,594
Interest on Net Pension Obligation	(1,746)	(1,484)
Amortization of Net Pension Obligation	1,842	1,566
Annual Pension Cost	<u>\$ 265,866</u>	<u>\$ 258,676</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Third Restated Pension Plan (Continued)

Derivation of Net Pension Obligation

Annual Pension Cost for Current Year	\$ 265,866
Actual Contributions to Plan for Current Year	264,239
Increase in Net Pension Obligation	1,627
Net Pension Obligation (Asset) as of June 30, 2006	(21,824)
Net Pension Obligation (Asset) as of June 30, 2007	\$ (20,197)

Basis of Valuation

Current Valuation Date	January 1, 2006
Annual Return on Invested Plan Assets	8.0%
Projected Annual Salary Increases	6.0%
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 Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
1/1/06	\$ 265,866	\$ 264,239	99 %	\$ (20,197)
1/1/05	258,676	261,944	101	(21,824)
1/1/04	213,183	210,030	100	(18,556)
1/1/03	197,795	219,504	100	(21,709)
1/1/02	216,425	216,425	100	-
1/1/01	243,277	243,277	100	-

GASB 27 Required Supplementary Information 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
12/31/2006	\$ 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
12/31/2004	12,043,772	11,911,532	(132,240)	101.1	6,049,329	(2.2)
12/31/2003	11,432,336	11,437,174	4,838	100.0	6,038,591	0.1
12/31/2002	10,385,604	11,039,934	654,330	94.1	6,118,672	10.7
12/31/2001	11,133,971	10,801,420	(332,551)	103.1	6,281,632	(5.3)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Three-Tier Plan

Plan Description

Effective January 1, 2007, the County began sponsoring the Association County Commissioners of Georgia Defined Benefit Plan for Spalding County Employees (The Three-Tier Plan), which is a defined benefit pension plan. Employees hired prior to March 1, 2006 may elect to participate in this plan. All employees hired on or after March 1, 2006, are required to participate in The Three-Tier Plan. This plan is associated with the Spalding County Money Purchase Plan and the Spalding County Commission Public Employee Deferred Compensation Program, and therefore, called the Three-Tier Plan.

The Three-Tier Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Three-Tier 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 Three-Tier 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 will be 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 first actuarial valuation for The Three-Tier Plan will be performed as of December 31, 2007, with a valuation date of January 1, 2007. No information is available in order to determine the annual pension cost.

NOTES TO FINANCIAL STATEMENTS

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, 2007, there were 476 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 plus an amount equal to 50% of the amount contributed by the participant to the Spalding County Commission Public Employee Deferred Compensation Program, except that the County shall not match such participant's deferrals as provided in excess of 8% of the participant's compensation. For employees who have elected to participate in The Three-Tier Defined Benefit Plan, the County contributes an amount equal to 50% of the amount contributed by the participant to the Spalding County Commission Public Employee Deferred Compensation Program, except that the County shall not match such participant's deferrals as provided in excess of 8% of the 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, 2007, the County's contribution to the Plan was \$792,434. The amount contributed by employees was \$919,843.

NOTE 11. 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

The County has joined together with other municipalities in the state as a member of the Group Self Insurance Workers' Compensation Fund (GSIWCF) for its workers' compensation risks. GSIWCF exists by authority of the Official Code of Georgia (OCGA), and participates in risk sharing arrangements among Georgia county governments. As part of this risk pool, the County is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the fund.

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

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

The claims liability of \$524,029 as of June 30, 2007, 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.

Incurred-But-Not-Reported 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities for the Workers' Compensation Trust Fund in fiscal year 2007 and 2006 were as follows:

<u>Workers' Compensation Trust Fund</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Unpaid claims, beginning of fiscal year	\$ 557,018	\$ 491,927
Incurred claims (including IBNRs)	370,904	425,860
Claim payments and changes in estimates	(403,893)	(360,769)
Unpaid claims, end of fiscal year	<u>\$ 524,029</u>	<u>\$ 557,018</u>

NOTE 12. 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 13. JOINT VENTURES

Airport

During the year ended June 30, 2007, 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 2007 was \$155,219.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURES (CONTINUED)

McIntosh Trail Regional Development Center

Under Georgia law, the County, in conjunction with other cities and counties in a five county central Georgia area, is a member of the McIntosh Trail Regional Development Center ("RDC") and is required to pay annual dues thereto. During its year ended June 30, 2007, the County paid \$38,003 in such dues. Membership in an RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC. The RDC 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 Development Center. Information concerning the financial statements may be obtained from the McIntosh Trail Regional Development Center, P.O. Box 818, Griffin, Georgia 30224.

NOTE 14. JOINTLY GOVERNED ORGANIZATION

Land Bank Authority

During the year ended June 30, 2006, the County along with the City of Griffin entered into an inter-local 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 County has no further accountability for this organization.

NOTE 15. HOTEL/MOTEL LODGING TAX

During the year ended June 30, 2007, 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, 2007, the County collected \$118,899 of hotel/motel taxes. Management represents that \$100,845, or 84.82%, of the lodging tax received during the year ended June 30, 2007 was used for the promotion of tourism. The remainder has been reserved for the future promotion of tourism, conventions, or trade shows.

NOTES TO FINANCIAL STATEMENTS

NOTE 16. CHANGES IN RESERVATIONS AND DESIGNATIONS

The changes in reserved fund balances for the year ended June 30, 2007 are as follows:

	<u>General Fund</u>	<u>Capital Projects 2005 SPLOST</u>	<u>Emergency 911</u>	<u>Fire District</u>	<u>CDBG EIP Coca Cola Building</u>
Reserved for:					
Encumbrances	\$ 45,884	\$ -	\$ 1,685	\$ 2,231,168	\$ -
Emergency communication	-	-	99,689	-	-
Capital improvements	-	3,748,431	-	-	-
Grants	(10,551)	-	-	-	-
Noncurrent loans receivable	-	-	-	-	(478,610)
Unreserved, designated for:					
Sales taxes	141,111	-	-	-	-
Tricentennial Celebration	91	-	-	-	-
Memorial Gifts	522	-	-	-	-
	<u>Capital Projects General</u>	<u>Capital Projects 1997 SPLOST</u>	<u>Capital Projects Grant</u>	<u>Impact Fees</u>	
Reserved for:					
Capital improvements	\$ 29,712	\$ (756,456)	\$ (56,119)	\$ 451,652	

THIS PAGE INTENTIONALLY LEFT BLANK

SPALDING COUNTY
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.
CDBG EIP Coca-Cola Building	To account for revenues and expenditures applicable to the Community Development Block Grant – Employment Incentive Program Grant. Revenues are received from the federal government through the State of Georgia and used as a revolving loan fund for businesses in the community.
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.
Fire District Fund	To account 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.

SPALDING COUNTY

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Debt Service Funds

2005 SPLOST Debt Service To account for the accumulation of resources for the payment of debt principal and interest for the 2005 General Obligation Sales Tax Bonds.

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

Capital Projects Funds

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

Capital Projects 1997 SPLOST To account for the financial resources provided from the 1997 General Obligation Sales Tax Bonds and the 1997 1% Special Purpose Local Option Sales Tax. Such resources are to be used for improvements to parks and recreation facilities, recycling facilities, an industrial park, and storm water management.

Capital Projects Grant To account for the financial resources provided by a grant from the Georgia Department of Corrections for the construction of a new correctional facility to house state inmates.

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

THIS PAGE INTENTIONALLY LEFT BLANK

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2007

ASSETS	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
Cash and cash equivalents	\$ 9,171	\$ 1,092,522	\$ 345,585	\$ 134,981
Investments	-	-	-	-
Property taxes receivable	-	-	-	-
Accounts receivable	47,155	30,172	-	-
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 56,326</u>	<u>\$ 1,122,694</u>	<u>\$ 345,585</u>	<u>\$ 134,981</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 13,862	\$ 3,925	\$ -	\$ 707
Accrued liabilities	738	15,491	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	<u>14,600</u>	<u>19,416</u>	<u>-</u>	<u>707</u>
 FUND BALANCES (DEFICITS)				
Reserved for:				
Encumbrances	-	2,009	-	-
Community service	7,952	-	-	-
Emergency communication	-	517,937	-	-
Capital improvements	-	-	-	-
Unreserved	<u>33,774</u>	<u>583,332</u>	<u>345,585</u>	<u>134,274</u>
	<u>41,726</u>	<u>1,103,278</u>	<u>345,585</u>	<u>134,274</u>
Total liabilities and fund balances	<u>\$ 56,326</u>	<u>\$ 1,122,694</u>	<u>\$ 345,585</u>	<u>\$ 134,981</u>

Special Revenue					
Multiple Grant	Tourism	CDBG EIP Coca-Cola Building	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	Fire District
\$ -	\$ 354,055	\$ 113,726	\$ 231,579	\$ 65,056	\$ 766,298
-	-	-	-	-	-
-	-	-	-	-	121,719
-	-	-	-	-	-
-	-	-	-	-	-
34,461	-	1,800	-	22,394	-
-	-	-	10,952	-	-
<u>\$ 34,461</u>	<u>\$ 354,055</u>	<u>\$ 115,526</u>	<u>\$ 242,531</u>	<u>\$ 87,450</u>	<u>\$ 888,017</u>
\$ 29,486	\$ 9,500	\$ 200	\$ -	\$ 23,753	\$ 75,022
-	-	-	-	-	52,646
-	-	113,140	-	-	-
9,816	-	-	-	-	-
-	-	-	-	-	108,148
<u>39,302</u>	<u>9,500</u>	<u>113,340</u>	<u>-</u>	<u>23,753</u>	<u>235,816</u>
-	-	-	-	-	2,309,726
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(4,841)	344,555	2,186	242,531	63,697	(1,657,525)
<u>(4,841)</u>	<u>344,555</u>	<u>2,186</u>	<u>242,531</u>	<u>63,697</u>	<u>652,201</u>
<u>\$ 34,461</u>	<u>\$ 354,055</u>	<u>\$ 115,526</u>	<u>\$ 242,531</u>	<u>\$ 87,450</u>	<u>\$ 888,017</u>

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2007

ASSETS	Debt Service		Capital Projects	
	2005	GMA	Capital	Capital
	SPLOST Debt Service	Lease Pool Debt Service	Projects General	Projects 1997 SPLOST
Cash and cash equivalents	\$ 60,939	\$ 28,817	\$ 214,791	\$ 567,547
Investments	-	770,711	-	-
Property taxes receivable	-	-	-	-
Accounts receivable	-	-	-	-
Interest receivable	399	-	-	2,477
Due from other governments	-	-	-	-
Due from other funds	119,719	-	-	-
Total assets	\$ 181,057	\$ 799,528	\$ 214,791	\$ 570,024
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 23,922
Accrued liabilities	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	23,922
FUND BALANCES (DEFICITS)				
Reserved for:				
Encumbrances	-	-	-	-
Community service	-	-	-	-
Emergency communication	-	-	-	-
Capital improvements	-	-	214,791	546,102
Unreserved	181,057	799,528	-	-
Total liabilities and fund balances	\$ 181,057	\$ 799,528	\$ 214,791	\$ 570,024

Capital Projects Grant	Impact Fees	Total
\$ 28,370	\$ 1,285,073	\$ 5,298,510
-	-	770,711
-	-	121,719
-	-	77,327
-	-	2,876
-	-	58,655
-	-	130,671
<u>\$ 28,370</u>	<u>\$ 1,285,073</u>	<u>\$ 6,460,469</u>
\$ -	\$ -	\$ 180,377
-	-	68,875
-	-	113,140
-	-	9,816
-	-	108,148
<u>-</u>	<u>-</u>	<u>480,356</u>
-	-	2,311,735
-	-	7,952
-	-	517,937
28,370	1,285,073	2,074,336
-	-	1,068,153
<u>28,370</u>	<u>1,285,073</u>	<u>5,980,113</u>
<u>\$ 28,370</u>	<u>\$ 1,285,073</u>	<u>\$ 6,460,469</u>

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Community Services Block Grant	Emergency 911	Confiscated Assets	Law Library
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	150,457	-	-	-
Charges for services	-	920,330	-	-
Court fees, fines and forfeitures	-	-	405,132	48,432
Interest	865	53,800	5,258	102
Other	-	-	-	58
Total revenues	151,322	974,130	410,390	48,592
EXPENDITURES				
Current				
General government	16,495	-	-	-
Judicial	70,504	-	-	82,650
Public safety	-	1,296,555	185,938	-
Public works	22,879	-	-	-
Health and welfare	53,541	-	-	-
Housing and development	-	-	-	-
Capital outlay	-	15,786	-	-
Debt service				
Principal	-	116,802	-	-
Interest	-	10,211	-	-
Total expenditures	163,419	1,439,354	185,938	82,650
Excess (deficiency) of revenues over (under) expenditures	(12,097)	(465,224)	224,452	(34,058)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	394,886	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	394,886	-	-
Net change in fund balances	(12,097)	(70,338)	224,452	(34,058)
FUND BALANCES (DEFICIT), beginning of year				
	53,823	1,173,616	121,133	168,332
FUND BALANCES (DEFICIT), end of year				
	\$ 41,726	\$ 1,103,278	\$ 345,585	\$ 134,274

Special Revenue					
Multiple Grant	Tourism	CDBG EIP Coca-Cola Building	Local Victims Assistance Program	Griffin Judicial Circuit Drug Court	Fire District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,591,387
-	-	-	-	-	-
-	118,899	-	-	-	1,661,863
40,047	-	2,200	-	31,006	48,896
-	-	162	-	-	-
-	-	-	84,464	32,049	-
-	16,726	64,743	1,851	2,728	65,005
-	-	-	-	-	63
<u>40,047</u>	<u>135,625</u>	<u>67,105</u>	<u>86,315</u>	<u>65,783</u>	<u>4,367,214</u>
-	100,845	-	-	-	-
-	-	-	55,464	50,069	-
-	-	-	-	-	4,216,525
-	-	-	-	-	-
44,063	-	-	-	-	-
-	-	543,529	-	-	-
-	-	-	-	-	236,329
-	-	-	-	-	128,242
-	-	-	-	-	40,069
<u>44,063</u>	<u>100,845</u>	<u>543,529</u>	<u>55,464</u>	<u>50,069</u>	<u>4,621,165</u>
<u>(4,016)</u>	<u>34,780</u>	<u>(476,424)</u>	<u>30,851</u>	<u>15,714</u>	<u>(253,951)</u>
-	-	-	-	47,983	48,709
-	-	-	-	-	-
-	-	-	-	47,983	48,709
(4,016)	34,780	(476,424)	30,851	63,697	(205,242)
(825)	309,775	478,610	211,680	-	857,443
<u>\$ (4,841)</u>	<u>\$ 344,555</u>	<u>\$ 2,186</u>	<u>\$ 242,531</u>	<u>\$ 63,697</u>	<u>\$ 652,201</u>

(Continued)

SPALDING COUNTY, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Debt Service		Capital Projects	
	2005 SPLOST Debt Service	GMA Lease Pool Debt Service	Capital Projects General	Capital Projects 1997 SPLOST
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	5,205,600	-	-	-
Other taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Court fees, fines and forfeitures	-	-	-	-
Interest	132,275	92,041	9,712	54,113
Other	-	-	-	-
Total revenues	5,337,875	92,041	9,712	54,113
EXPENDITURES				
Current				
General government	-	-	-	-
Judicial	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Housing and development	-	-	-	-
Capital outlay	-	-	-	810,569
Debt service				
Principal	3,215,000	-	-	-
Interest	446,005	128,750	-	-
Total expenditures	3,661,005	128,750	-	810,569
Excess (deficiency) of revenues over (under) expenditures	1,676,870	(36,709)	9,712	(756,456)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,711,509	20,000	-
Transfers out	(1,495,813)	(875,272)	-	-
Total other financing sources (uses)	(1,495,813)	836,237	20,000	-
Net change in fund balances	181,057	799,528	29,712	(756,456)
FUND BALANCES (DEFICIT), beginning of year				
	-	-	185,079	1,302,558
FUND BALANCES (DEFICIT), end of year				
	\$ 181,057	\$ 799,528	\$ 214,791	\$ 546,102

<u>Capital Projects Grant</u>	<u>Impact Fees</u>	<u>Total</u>
\$ -	\$ -	\$ 2,591,387
-	-	5,205,600
-	-	1,780,762
-	-	272,606
-	482,123	1,402,615
-	-	570,077
3,181	52,041	554,441
-	-	121
<u>3,181</u>	<u>534,164</u>	<u>12,377,609</u>
-	-	117,340
-	-	258,687
-	-	5,699,018
-	-	22,879
-	-	97,604
-	-	543,529
-	10,000	1,072,684
-	47,555	3,507,599
-	24,957	649,992
-	<u>82,512</u>	<u>11,969,332</u>
<u>3,181</u>	<u>451,652</u>	<u>408,277</u>
-	-	2,223,087
<u>(59,300)</u>	-	<u>(2,430,385)</u>
<u>(59,300)</u>	-	<u>(207,298)</u>
(56,119)	451,652	200,979
<u>84,489</u>	<u>833,421</u>	<u>5,779,134</u>
<u>\$ 28,370</u>	<u>\$ 1,285,073</u>	<u>\$ 5,980,113</u>

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, 2007

	Community Services Block Grant		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	225,000	150,457	(74,543)
Charges for services	-	-	-
Court fees, fines and forfeitures	-	-	-
Interest	-	865	865
Other	-	-	-
Total revenues	225,000	151,322	(73,678)
EXPENDITURES			
Current			
General government	23,683	16,495	7,188
Judicial	69,569	70,504	(935)
Public safety	-	-	-
Public works	29,200	22,879	6,321
Health and welfare	102,548	53,541	49,007
Housing and development	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	225,000	163,419	61,581
Excess (deficiency) of revenues over (under) expenditures	-	(12,097)	(12,097)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	(12,097)	(12,097)
FUND BALANCES (DEFICIT), beginning of year	53,823	53,823	-
FUND BALANCES (DEFICIT), end of year	\$ 53,823	\$ 41,726	\$ (12,097)

Emergency 911			Confiscated Assets		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
820,850	920,330	99,480	-	-	-
-	-	-	178,000	405,132	227,132
40,800	53,800	13,000	-	5,258	5,258
-	-	-	-	-	-
<u>861,650</u>	<u>974,130</u>	<u>112,480</u>	<u>178,000</u>	<u>410,390</u>	<u>232,390</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,413,250	1,296,555	116,695	178,000	185,938	(7,938)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,110	15,786	324	-	-	-
117,000	116,802	198	-	-	-
10,500	10,211	289	-	-	-
<u>1,556,860</u>	<u>1,439,354</u>	<u>117,506</u>	<u>178,000</u>	<u>185,938</u>	<u>(7,938)</u>
(695,210)	(465,224)	229,986	-	224,452	224,452
394,886	394,886	-	-	-	-
-	-	-	-	-	-
<u>394,886</u>	<u>394,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(300,324)	(70,338)	229,986	-	224,452	224,452
<u>1,173,616</u>	<u>1,173,616</u>	<u>-</u>	<u>121,133</u>	<u>121,133</u>	<u>-</u>
<u>\$ 873,292</u>	<u>\$ 1,103,278</u>	<u>\$ 229,986</u>	<u>\$ 121,133</u>	<u>\$ 345,585</u>	<u>\$ 224,452</u>

(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, 2007

	Law Library		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Court fees, fines and forfeitures	75,000	48,432	(26,568)
Interest	-	102	102
Other	-	58	58
Total revenues	<u>75,000</u>	<u>48,592</u>	<u>(26,408)</u>
EXPENDITURES			
Current			
General government	-	-	-
Judicial	75,000	82,650	(7,650)
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>75,000</u>	<u>82,650</u>	<u>(7,650)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(34,058)</u>	<u>(34,058)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(34,058)	(34,058)
FUND BALANCES (DEFICIT), beginning of year	<u>168,332</u>	<u>168,332</u>	<u>-</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 168,332</u>	<u>\$ 134,274</u>	<u>\$ (34,058)</u>

Multiple Grant			Tourism		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	100,000	118,899	18,899
54,000	40,047	(13,953)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	10,000	16,726	6,726
-	-	-	-	-	-
<u>54,000</u>	<u>40,047</u>	<u>(13,953)</u>	<u>110,000</u>	<u>135,625</u>	<u>25,625</u>
-	-	-	110,000	100,845	9,155
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
54,000	44,063	9,937	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>54,000</u>	<u>44,063</u>	<u>9,937</u>	<u>110,000</u>	<u>100,845</u>	<u>9,155</u>
-	(4,016)	(4,016)	-	34,780	34,780
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(4,016)	(4,016)	-	34,780	34,780
(825)	(825)	-	309,775	309,775	-
<u>\$ (825)</u>	<u>\$ (4,841)</u>	<u>\$ (4,016)</u>	<u>\$ 309,775</u>	<u>\$ 344,555</u>	<u>\$ 34,780</u>

(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, 2007

	CDBG EIP Coca-Cola Building		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	2,200	2,200
Charges for services	-	162	162
Court fees, fines and forfeitures	-	-	-
Interest	13,380	64,743	51,363
Other	-	-	-
Total revenues	13,380	67,105	53,725
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Housing and development	470,880	543,529	(72,649)
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	470,880	543,529	(72,649)
Excess (deficiency) of revenues over (under) expenditures	(457,500)	(476,424)	(18,924)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(457,500)	(476,424)	(18,924)
FUND BALANCES (DEFICIT), beginning of year	478,610	478,610	-
FUND BALANCES (DEFICIT), end of year	\$ 21,110	\$ 2,186	\$ (18,924)

Local Victims Assistance Program			Griffin Judicial Circuit Drug Court		
Final Budget	Actual	Variance With Final Budget	Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	48,000	31,006	(16,994)
-	-	-	-	-	-
120,000	84,464	(35,536)	28,000	32,049	4,049
-	1,851	1,851	2,300	2,728	428
-	-	-	-	-	-
<u>120,000</u>	<u>86,315</u>	<u>(33,685)</u>	<u>78,300</u>	<u>65,783</u>	<u>(12,517)</u>
-	-	-	-	-	-
120,000	55,464	64,536	50,300	50,069	231
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>120,000</u>	<u>55,464</u>	<u>64,536</u>	<u>50,300</u>	<u>50,069</u>	<u>231</u>
-	30,851	30,851	28,000	15,714	(12,286)
-	-	-	-	47,983	47,983
-	-	-	-	-	-
-	-	-	-	47,983	47,983
-	30,851	30,851	28,000	63,697	35,697
211,680	211,680	-	-	-	-
<u>\$ 211,680</u>	<u>\$ 242,531</u>	<u>\$ 30,851</u>	<u>\$ 28,000</u>	<u>\$ 63,697</u>	<u>\$ 35,697</u>

(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, 2007

	Fire District		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ 2,615,028	\$ 2,591,387	\$ (23,641)
Other taxes	1,620,000	1,661,863	41,863
Intergovernmental	31,900	48,896	16,996
Charges for services	-	-	-
Court fees, fines and forfeitures	-	-	-
Interest	50,000	65,005	15,005
Other	250	63	(187)
Total revenues	4,317,178	4,367,214	50,036
EXPENDITURES			
Current			
General government	-	-	-
Judicial	-	-	-
Public safety	4,591,109	4,216,525	374,584
Public works	-	-	-
Health and welfare	-	-	-
Housing and development	-	-	-
Capital outlay	117,681	236,329	(118,648)
Debt service			
Principal	147,000	128,242	18,758
Interest	42,000	40,069	1,931
Total expenditures	4,897,790	4,621,165	276,625
Excess (deficiency) of revenues over (under) expenditures	(580,612)	(253,951)	326,661
OTHER FINANCING SOURCES (USES)			
Transfers in	48,709	48,709	-
Transfers out	-	-	-
Total other financing sources (uses)	48,709	48,709	-
Net change in fund balances	(531,903)	(205,242)	326,661
FUND BALANCES (DEFICIT), beginning of year	857,443	857,443	-
FUND BALANCES (DEFICIT), end of year	\$ 325,540	\$ 652,201	\$ 326,661

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2007

	2005 SPLOST Debt Service		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	\$ 3,700,000	\$ 5,205,600	\$ 1,505,600
Interest	-	132,275	132,275
Total revenues	<u>3,700,000</u>	<u>5,337,875</u>	<u>1,637,875</u>
EXPENDITURES			
Debt service:			
Principal	3,253,500	3,215,000	38,500
Interest	446,500	446,005	495
Total expenditures	<u>3,700,000</u>	<u>3,661,005</u>	<u>38,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>1,676,870</u>	<u>1,676,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	(1,495,813)	(1,495,813)
Total other financing sources (uses)	<u>-</u>	<u>(1,495,813)</u>	<u>(1,495,813)</u>
Net change in fund balances	-	181,057	181,057
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ 181,057</u>	<u>\$ 181,057</u>

GMA Lease Pool		
Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
-	92,041	92,041
-	92,041	92,041
-	-	-
2,092,325	128,750	1,963,575
2,092,325	128,750	1,963,575
(2,092,325)	(36,709)	2,055,616
2,092,325	1,711,509	(380,816)
-	(875,272)	(875,272)
2,092,325	836,237	(1,256,088)
-	799,528	799,528
-	-	-
\$ -	\$ 799,528	\$ 799,528

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, 2007

	Capital Projects General		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest	5,000	9,712	4,712
Total revenues	<u>5,000</u>	<u>9,712</u>	<u>4,712</u>
EXPENDITURES			
Current			
General government	-	-	-
Capital outlay	205,000	-	205,000
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>205,000</u>	<u>-</u>	<u>205,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(200,000)</u>	<u>9,712</u>	<u>209,712</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	20,000	20,000	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(180,000)	29,712	209,712
FUND BALANCES, beginning of year	<u>185,079</u>	<u>185,079</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 5,079</u>	<u>\$ 214,791</u>	<u>\$ 209,712</u>

Capital Projects 1997 SPLOST

<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
\$ -	\$ -	\$ -
-	-	-
30,000	54,113	24,113
<u>30,000</u>	<u>54,113</u>	<u>24,113</u>
-	-	-
1,030,000	810,569	219,431
-	-	-
-	-	-
<u>1,030,000</u>	<u>810,569</u>	<u>219,431</u>
<u>(1,000,000)</u>	<u>(756,456)</u>	<u>243,544</u>
-	-	-
-	-	-
-	-	-
(1,000,000)	(756,456)	243,544
<u>1,302,558</u>	<u>1,302,558</u>	<u>-</u>
<u>\$ 302,558</u>	<u>\$ 546,102</u>	<u>\$ 243,544</u>

(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, 2007

	Capital Projects Grant		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Interest	-	3,181	3,181
Total revenues	-	3,181	3,181
EXPENDITURES			
Current			
General government	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	3,181	3,181
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(59,300)	(59,300)	-
Total other financing sources (uses)	(59,300)	(59,300)	-
Net change in fund balances	(59,300)	(56,119)	3,181
FUND BALANCES, beginning of year	84,489	84,489	-
FUND BALANCES, end of year	\$ 25,189	\$ 28,370	\$ 3,181

Impact Fees		
Final Budget	Actual	Variance With Final Budget
\$ -	\$ -	\$ -
621,600	482,123	(139,477)
15,000	52,041	37,041
<u>636,600</u>	<u>534,164</u>	<u>(102,436)</u>
66,400	-	66,400
822,600	10,000	812,600
47,600	47,555	45
25,000	24,957	43
<u>961,600</u>	<u>82,512</u>	<u>879,088</u>
<u>(325,000)</u>	<u>451,652</u>	<u>776,652</u>
-	-	-
-	-	-
-	-	-
<u>(325,000)</u>	<u>451,652</u>	<u>776,652</u>
<u>833,421</u>	<u>833,421</u>	<u>-</u>
<u>\$ 508,421</u>	<u>\$ 1,285,073</u>	<u>\$ 776,652</u>

(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, 2007

	Capital Projects 2005 SPLOST		
	Final Budget	Actual	Variance With Final Budget
REVENUES			
Sales taxes	\$ 4,700,000	\$ 4,017,751	\$ (682,249)
Charges for services	-	-	-
Interest	30,000	558,953	528,953
Total revenues	<u>4,730,000</u>	<u>4,576,704</u>	<u>(153,296)</u>
EXPENDITURES			
Current			
General government	-	-	-
Capital outlay	14,730,000	2,324,086	12,405,914
Debt service			
Principal	-	-	-
Interest	-	-	-
Issuance costs	-	-	-
Total expenditures	<u>14,730,000</u>	<u>2,324,086</u>	<u>12,405,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,000,000)</u>	<u>2,252,618</u>	<u>12,252,618</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,495,813	1,495,813
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,495,813</u>	<u>1,495,813</u>
Net change in fund balances	(10,000,000)	3,748,431	13,748,431
FUND BALANCES, beginning of year	<u>12,084,269</u>	<u>12,084,269</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 2,084,269</u>	<u>\$ 15,832,700</u>	<u>\$ 13,748,431</u>

SPALDING COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 1997 ISSUE FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Parks and recreation	\$ 9,866,379	\$ 5,970,000	\$ 5,969,841	\$ -	\$ 5,969,841
Industrial park	8,305,250	8,305,250	8,146,680	-	8,146,680
Solid waste	500,000	660,770	660,770	-	660,770
Storm water management	2,000,000	2,000,000	2,082,022	-	2,082,022
City of Sunny Side	250,000	250,000	249,981	-	249,981
City of Orchard Hill	250,000	250,000	250,000	-	250,000
Transportation	20,123,847	21,420,000	20,181,185	810,569	20,991,754
	\$ 41,295,476	\$ 38,856,020	\$ 37,540,479	\$ 810,569	\$ 38,351,048

SPALDING COUNTY, GEORGIA

**SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS - 2005 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
800 MHz radio communication system	\$ 10,072,000	\$ 10,072,000	\$ 41,362	\$ 2,204,367	\$ 2,245,729
University of Georgia Learning Center	10,000,000	10,000,000	-	119,719	119,719
Parks and recreation facilities	<u>600,000</u>	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,672,000</u>	<u>\$ 20,672,000</u>	<u>\$ 41,362</u>	<u>\$ 2,324,086</u>	<u>\$ 2,365,448</u>

SPALDING COUNTY

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, 2007**

	<u>Tax Commissioner</u>	<u>Magistrate Court</u>	<u>Probate Court</u>	<u>Clerk of Superior Court</u>
ASSETS				
Cash	\$ 319,568	\$ 41,004	\$ 2,242	\$ 495,548
Taxes receivable	1,640,453	-	-	-
Accounts receivable	<u>25,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,985,626</u>	<u>\$ 41,004</u>	<u>\$ 2,242</u>	<u>\$ 495,548</u>
LIABILITIES				
Due to others	<u>\$ 1,985,626</u>	<u>\$ 41,004</u>	<u>\$ 2,242</u>	<u>\$ 495,548</u>

<u>Correctional Institution</u>	<u>Sheriff</u>	<u>Total</u>
\$ 28,980	\$ 322,685	\$ 1,210,027
-	-	1,640,453
-	-	25,605
<u>\$ 28,980</u>	<u>\$ 322,685</u>	<u>\$ 2,876,085</u>
<u>\$ 28,980</u>	<u>\$ 322,685</u>	<u>\$ 2,876,085</u>

SPALDING COUNTY, GEORGIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
<u>Tax Commissioner</u>				
ASSETS				
Cash	\$ 304,818	\$ 32,887,902	\$ 32,873,152	\$ 319,568
Taxes receivable	1,587,776	1,640,453	1,587,776	1,640,453
Accounts receivable	23,345	2,260	-	25,605
Total assets	\$ 1,915,939	\$ 34,530,615	\$ 34,460,928	\$ 1,985,626
LIABILITIES				
Due to others	\$ 1,915,939	\$ 34,530,615	\$ 34,460,928	\$ 1,985,626
<u>Magistrate Court</u>				
ASSETS				
Cash	\$ 37,313	\$ 710,024	\$ 706,333	\$ 41,004
LIABILITIES				
Due to others	\$ 37,313	\$ 710,024	\$ 706,333	\$ 41,004
<u>Probate Court</u>				
ASSETS				
Cash	\$ 1,901	\$ 45,505	\$ 45,164	\$ 2,242
LIABILITIES				
Due to others	\$ 1,901	\$ 45,505	\$ 45,164	\$ 2,242
<u>Clerk of Superior Court</u>				
ASSETS				
Cash	\$ 569,446	\$ 1,918,152	\$ 1,992,050	\$ 495,548
LIABILITIES				
Due to others	\$ 569,446	\$ 1,918,152	\$ 1,992,050	\$ 495,548

SPALDING COUNTY, GEORGIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
<u>Correctional Institution</u>				
ASSETS				
Cash	\$ 33,315	\$ 279,141	\$ 283,476	\$ 28,980
LIABILITIES				
Due to others	\$ 33,315	\$ 279,141	\$ 283,476	\$ 28,980
<u>Sheriff</u>				
ASSETS				
Cash	\$ 270,322	\$ 329,675	\$ 277,312	\$ 322,685
LIABILITIES				
Due to others	\$ 270,322	\$ 329,675	\$ 277,312	\$ 322,685
<u>Total Agency Funds</u>				
ASSETS				
Cash	\$ 1,217,115	\$ 36,170,399	\$ 36,177,487	\$ 1,210,027
Taxes receivable	1,587,776	1,640,453	1,587,776	1,640,453
Accounts receivable	23,345	2,260	-	25,605
Total assets	\$ 2,804,891	\$ 37,810,852	\$ 37,765,263	\$ 2,850,480
LIABILITIES				
Due to others	\$ 2,828,236	\$ 37,813,112	\$ 37,765,263	\$ 2,876,085

THIS PAGE INTENTIONALLY LEFT BLANK

COMPONENT UNIT – WATER AUTHORITY

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - WATER AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 6,019,834
Payments to employees	(374,227)
Payments to suppliers for goods and services provided	<u>(3,832,616)</u>
Net cash provided by operating activities	<u>1,812,991</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of capital assets	(125,376)
Principal payments on long-term borrowings	(835,000)
Interest payments on long-term borrowings	<u>(263,176)</u>
Net cash used in capital and related financing activities	<u>(1,223,552)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>258,239</u>
Net cash provided by investing activities	<u>258,239</u>

Net increase in cash and cash equivalents

847,678

Cash and cash equivalents, beginning of year

5,189,212

Cash and cash equivalents, end of year

\$ 6,036,890

Classified as:

Cash and cash equivalents	\$ 4,364,913
Restricted assets:	
Bond sinking fund	976,207
Debt service reserve fund	<u>695,770</u>
	<u>\$ 6,036,890</u>

(Continued)

SPALDING COUNTY, GEORGIA

STATEMENT OF CASH FLOWS COMPONENT UNIT - WATER AUTHORITY FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Reconciliation of operating income to net cash provided by operating activities:

Operating income	\$	1,529,866
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		427,719
Amortization		40,000
Decrease in accounts receivable		59,039
Decrease in accounts payable		(244,466)
Increase in accrued liabilities		185
Increase in compensated absences		648
		<hr/>
Net cash provided by operating activities	\$	<u>1,812,991</u>

III. SUPPLEMENTARY INFORMATION

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

**Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia**

We have audited the financial statements of Spalding County, Georgia as of and for the year ended June 30, 2007, and have issued our report thereon dated December 13, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of State Contractual Assistance - DHR is presented for purposes of additional analysis and is not a required part of the financial statements of Spalding County, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2007

SPALDING COUNTY, GEORGIA

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE - DHR FOR THE FISCAL YEAR ENDED JUNE 30, 2007

<u>State Program Name</u>	<u>Contract Number</u>	<u>Due From State June 30, 2006</u>	<u>Revenue Received</u>	<u>Expenditures</u>	<u>Due From State June 30, 2007</u>
Community Services Block Grant	427-93-06060790	\$ 31,564	\$ 41,868	\$ 10,304	\$ -
Community Services Block Grant	427-93-07070782	-	61,434	108,589	47,155
		<u>\$ 31,564</u>	<u>\$ 103,302</u>	<u>\$ 118,893</u>	<u>\$ 47,155</u>

IV. 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	87 - 90
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	91 - 96
<i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
Debt Capacity	97 - 99
<i>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.</i>	
Demographic and Economic Information	100 and 101
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
Operating Information	102 - 104
<i>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.</i>	

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

SPALDING COUNTY, GEORGIA

NET ASSETS BY COMPONENT LAST FIVE FISCAL YEARS

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

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

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

SPALDING COUNTY, GEORGIA

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 4,517,366	\$ 4,893,104	\$ 6,033,059	\$ 4,873,556	\$ 5,333,341
Judicial	3,802,465	3,926,155	4,595,301	4,916,979	5,002,948
Public safety	20,072,792	20,327,829	21,286,267	24,049,681	25,519,501
Public works	5,432,948	8,379,030	6,409,403	4,292,007	6,137,324
Health and welfare	562,723	619,427	872,040	632,146	872,270
Culture and recreation	-	-	-	2,734,673 (2)	2,942,031
Housing and development	-	-	95,440 (1)	1,234,684	1,958,546
Interest on long-term debt	507,239	521,666	600,586	770,271	911,715
Total primary government expenses	<u>\$ 34,895,533</u>	<u>\$ 38,667,211</u>	<u>\$ 39,892,096</u>	<u>\$ 43,503,997</u>	<u>\$ 48,677,676</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,913,326	\$ 1,924,930	\$ 2,092,558	\$ 2,144,069	\$ 2,035,121
Judicial	2,888,899	2,536,910	3,225,109	2,638,519	2,501,320
Public safety	4,680,289	4,695,124	4,886,587	5,761,881	5,360,736
Other activities	150,450	176,200	370,255	578,722	964,648
Operating grants and contributions	1,252,639	1,064,480	1,453,774	1,833,205	2,091,802
Capital grants and contributions	1,109,533	1,566,625	1,570,046	3,370,546	2,780,011
Total primary government program revenues	<u>\$ 11,995,136</u>	<u>\$ 11,964,269</u>	<u>\$ 13,598,329</u>	<u>\$ 16,326,942</u>	<u>\$ 15,733,638</u>
Net (expense)/revenue					
Total primary government net expense	<u>\$ (22,900,397)</u>	<u>\$ (26,702,942)</u>	<u>\$ (26,293,767)</u>	<u>\$ (27,177,055)</u>	<u>\$ (32,944,038)</u>
General Revenues and Other					
 Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 15,654,326	\$ 18,348,163	\$ 18,689,976	\$ 19,157,931	\$ 20,055,001
Alcoholic beverage taxes	351,221	334,232	311,604	306,174	313,605
Vehicle taxes	1,398,079	1,595,669	1,652,480	1,653,825	1,734,970
Sales taxes	4,746,913	5,070,635	5,063,079	7,492,884	14,836,157 (3)
Intangible taxes	439,742	457,483	502,881	551,615	466,888
Insurance premium taxes	1,229,696	1,318,785	1,426,951	1,523,808	1,596,904
Hotel/motel taxes	82,702	91,429	99,229	109,543	118,899
Other taxes	407,974	349,149	497,818	481,477	530,756
Unrestricted investment earnings	131,272	120,188	574,106	820,495	1,774,030
Total primary government	<u>\$ 24,441,925</u>	<u>\$ 27,685,733</u>	<u>\$ 28,818,124</u>	<u>\$ 32,097,752</u>	<u>\$ 41,427,210</u>
Change in Net Assets					
Total primary government	<u>\$ 1,541,528</u>	<u>\$ 982,791</u>	<u>\$ 2,524,357</u>	<u>\$ 4,920,697</u>	<u>\$ 8,483,172</u>

(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.

SPALDING COUNTY, GEORGIA

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

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

(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.

SPALDING COUNTY, GEORGIA

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

	2003	2004	2005	2006	2007
REVENUES					
Taxes	\$ 24,343,205	\$ 28,054,034	\$ 28,153,082	\$ 31,391,376	\$ 39,588,769
Licenses and permits	496,501	479,262	559,101	643,804	494,594
Intergovernmental	1,517,043	1,847,594	1,707,719	2,841,753	2,572,835
Court fees, fines and forfeitures	2,341,617	1,999,325	2,962,156	2,470,363	2,459,784
Charges for services	5,824,494	5,928,702	6,032,755	6,715,987	6,553,279
Interest	123,780	118,046	544,632	818,728	1,749,835
Contributions and donations	2,000	6,050	275	34,036	45,438
Rentals	434,917	369,717	366,814	384,657	330,726
Other	764,037	631,013	701,773	880,230	1,023,563
Total Revenues	35,847,594	39,433,743	41,028,307	46,180,934	54,818,823
EXPENDITURES					
General government	5,156,819	4,494,908	5,911,652	4,356,176	5,327,181
Judicial	3,754,883	3,890,772	4,553,368	5,084,271	5,022,688
Public safety	18,515,628	20,062,771	20,731,697	23,379,707	24,570,875
Public works	5,432,707	5,641,302	5,745,436	3,765,135	5,495,926
Health and welfare	380,698	619,427	1,027,402	630,612	865,089
Culture and recreation	-	-	-	2,663,822 (2)	2,799,932
Housing and development	-	-	95,440 (1)	1,225,100	1,846,593
Capital outlay	2,239,538	1,510,579	1,004,766	2,553,455	3,396,770
Debt service					
Principal	4,156,018 (3)	1,287,409	1,272,034	997,681	4,053,946 (4)
Interest	494,089	495,244	651,936	551,625	950,671
Issuance costs	-	-	-	192,837	-
Total Expenditures	40,130,380	38,002,412	40,993,731	45,400,421	54,329,671
Excess of Revenues					
Over (Under) Expenditures	(4,282,786)	1,431,331	34,576	780,513	489,152
OTHER FINANCING SOURCES (USES)					
Transfers in	1,986,780	699,321	716,249	722,368	4,604,763
Transfers out	(1,986,780)	(699,321)	(715,837)	(721,278)	(4,604,763)
Issuance of general obligation bonds	-	-	-	10,250,000	-
Premium on bond issue	-	-	-	40,249	-
Capital leases	1,099,892	1,669,757	-	-	-
Issuance of certificates of participation	-	-	750,000	-	-
Total Other Financing Sources (Uses)	1,099,892	1,669,757	750,412	10,291,339	-
Net Change in Fund Balances	\$ (3,182,894)	\$ 3,101,088	\$ 784,988	\$ 11,071,852	\$ 489,152
Debt Service as a Percentage					
of Noncapital Expenditures	11.38%	3.61%	3.28%	2.86%	8.16%

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

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

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

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

SPALDING COUNTY, GEORGIA

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

Fiscal Year	Assessed Value				Less: Exemptions
	Real and Personal Property	Motor Vehicle and Mobile Home	Timber	Total Property	
1998	\$ 820,758,563	\$ 58,446,108	\$ 858,753	\$ 880,063,424	\$ 163,713,742
1999	833,656,543	115,472,620	967,915	950,097,078	138,662,874
2000	986,673,690	113,173,250	2,265,239	1,102,112,179	159,824,110
2001	1,061,700,056	121,009,711	884,572	1,183,594,339	175,184,648
2002	1,095,644,116	131,753,302	827,654	1,228,225,072	185,495,757
2003	1,304,323,470	135,689,312	652,125	1,440,664,907	210,334,643
2004	1,316,063,999	132,864,878	858,704	1,449,787,581	175,449,828
2005	1,347,653,513	129,077,465	294,034	1,477,025,012	170,956,221
2006	1,421,223,621	123,939,730	843,117	1,546,006,468	206,994,244
2007	1,451,860,481	118,468,421	813,637	1,571,142,539	183,587,634

SOURCE:

Spalding County Board of Equalization and Assessment

NOTES:

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

Total Taxable Property		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
Assessed Value	Actual Value		
\$ 716,349,682	\$ 1,790,874,205	40%	\$ 11.55
811,434,204	2,028,585,510	40%	11.55
942,288,069	2,355,720,173	40%	9.70
1,008,409,691	2,521,024,228	40%	9.70
1,042,729,315	2,606,823,288	40%	9.88
1,230,330,264	3,075,825,660	40%	11.91
1,274,337,753	3,185,844,383	40%	13.53
1,306,068,791	3,265,171,978	40%	13.46
1,339,012,224	3,347,530,560	40%	13.41
1,387,554,905	3,468,887,263	40%	13.39

THIS PAGE INTENTIONALLY LEFT BLANK

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,									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Spalding County direct rates:										
Unincorporated maintenance and operations	17.86	16.82	14.51	14.43	14.89	16.27	17.29	17.14	17.13	17.12
Sales tax reduction	(6.31)	(5.27)	(4.81)	(4.73)	(5.01)	(4.36)	(3.76)	(3.68)	(3.72)	(3.73)
Municipal rates:										
City of Griffin:										
Maintenance and operations	8.32	9.59	9.46	9.46	9.46	8.85	8.85	8.65	8.63	8.63
Debt service	0.28	-	-	-	-	-	-	-	-	-
City of Orchard Hill maintenance and operations	-	-	5.00	5.00	5.00	5.00	5.00	4.99	4.95	4.95
City of Sunny Side maintenance and operations	5.00	5.00	5.00	5.00	4.36	4.36	4.36	4.36	4.36	4.36
Fire protection (1)	5.74	5.77	5.26	5.13	5.16	4.58	4.70	4.76	4.81	4.81
Insurance premium rollback (1)	(2.51)	(2.54)	(2.18)	(2.05)	(2.08)	(1.49)	(1.61)	(1.69)	(1.76)	(1.76)
Board of Education	18.83	18.64	18.02	19.57	18.94	18.55	18.95	18.90	18.85	18.82
State of Georgia	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Total Unincorporated Spalding County	33.86	33.67	31.05	32.60	32.15	33.80	35.82	35.68	35.56	35.51
Total Municipalities:										
City of Griffin	39.23	40.03	37.43	38.98	38.53	39.56	41.58	41.26	41.14	41.09
City of Orchard Hill	30.63	30.44	32.97	34.52	34.07	35.71	37.73	37.60	37.46	37.41
City of Sunny Side	35.63	35.44	32.97	34.52	33.43	35.07	37.09	36.97	36.87	36.82

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

Taxpayer	Type of Business	Fiscal Year 2007		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
NACOM Corporation	Automotive electronics	\$ 31,955,113	1	2.30%
Caterpillar, Inc.	Power generation systems	19,153,132	2	1.38%
Tenet/Spalding Regional Hospital	Hospital/health care	13,545,478	3	0.98%
Hoshizaki Americas, Inc.	Commercial refrigeration systems	11,545,647	4	0.83%
Wal-Mart Stores, Inc.	Retail	10,007,621	5	0.72%
A E P Industries	Packaging film	8,154,581	6	0.59%
North Spalding Development Company	Real estate development	7,805,376	7	0.56%
BellSouth Telecommunications	Public Utility	7,578,548	8	0.55%
Weyerhaeuser Company	Corrugated Manufacturing	6,181,435	9	0.45%
Central Georgia EMC	Public Utility	6,081,496	10	0.44%
Springs Global U.S., Inc.	Finished cotton goods	-		-
Union Camp Corporation	Plastic Bag Manufacturing	-		-
Mid-Georgia Bandag	Retread Manufacturing	-		-
Willamette Industries	Corrugated Manufacturing	-		-
Norfolk Southern	Railroad	-		-
Halpern Properties LLC	Real estate	-		-
Total		\$ 122,008,427		8.79%

SOURCE:

Spalding County Tax Commissioner's Office.

Fiscal Year 1998			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$	40,485,132	1	4.99%
	-		-
	9,608,487	4	1.18%
	-		-
	-		-
	5,312,508	8	0.65%
	-		0.00%
	10,292,386	3	1.27%
	-		-
	-		-
	18,623,102	2	2.30%
	6,607,634	5	0.81%
	6,413,129	6	0.79%
	5,502,563	7	0.68%
	3,848,270	9	0.47%
	3,447,516	10	0.42%
<u>\$</u>	<u>110,140,727</u>		<u>10.39%</u>

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
1998	\$ 8,273,839	\$ 7,930,256	95.85%	\$ 169,903	\$ 8,100,159	97.90%
1999	9,384,494	9,287,102	98.96%	708,289	9,995,391	106.51%
2000	9,140,194	9,052,785	99.04%	250,271	9,303,056	101.78%
2001	9,781,575	9,483,320	96.95%	446,311	9,929,631	101.51%
2002	10,302,165	9,887,459	95.97%	493,367	10,380,826	100.76%
2003	14,653,233	13,803,624	94.20%	411,854	14,215,478	97.01%
2004	15,430,968	14,850,164	96.24%	595,438	15,445,602	100.09%
2005	17,579,687	16,979,276	96.58%	426,493	17,405,769	99.01%
2006	17,956,154	17,405,961	96.94%	350,112	17,756,073	98.89%
2007	18,579,360	18,130,563	97.58%	384,496	18,515,059	99.65%

SOURCE:

Spalding County Tax Commissioner's Office

SPALDING COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Other Governmental Activities Debt					
	General Obligation Bonds	Percentage of Actual Property Value (1)	Per Capita (2)	Capital Lease Obligations		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
				Certificates of Participation				
1998	\$ 14,455,000	0.81 %	\$ 249.84	\$ -	\$ 2,052,511	\$ 16,507,511	1.42 %	\$ 285.32
1999	11,790,000	0.58	203.13	978,527	1,876,634	14,645,161	1.20	252.32
2000	9,010,000	0.38	154.74	6,334,124	1,761,042	17,105,166	1.35	293.77
2001	6,110,000	0.24	104.48	6,156,007	2,363,557	14,629,564	1.11	250.16
2002	3,075,000	0.12	51.94	5,848,634	2,793,052	11,716,686	0.84	197.91
2003	-	-	-	5,521,424	3,139,136	8,660,560	0.61	145.04
2004	-	-	-	5,168,764	3,874,144	9,042,908	0.64	149.59
2005	-	-	-	8,050,000	2,936,740	10,986,740	0.73	180.87
2006	10,250,000	0.31	167	7,789,209	2,199,850	20,239,059	1.29	330.22
2007	7,035,000	0.20	113.13	7,511,156	1,638,957	16,185,113	N/A	260.27

NOTE:

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

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

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

SPALDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt limit	\$ 88,006,342	\$ 95,009,708	\$ 110,211,218	\$ 118,359,434	\$ 122,822,507
Total net debt applicable to limit	<u>14,455,000</u>	<u>11,790,000</u>	<u>9,010,000</u>	<u>6,110,000</u>	<u>3,075,000</u>
Legal debt margin	<u>\$ 73,551,342</u>	<u>\$ 83,219,708</u>	<u>\$ 101,201,218</u>	<u>\$ 112,249,434</u>	<u>\$ 119,747,507</u>
Total net debt applicable to the limit as a percentage of debt limit	16.42%	12.41%	8.18%	5.16%	2.50%

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.

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 144,066,491	\$ 144,978,758	\$ 147,702,501	\$ 154,600,647	\$ 157,114,254
-	-	-	10,250,000	7,035,000
<u>\$ 144,066,491</u>	<u>\$ 144,978,758</u>	<u>\$ 147,702,501</u>	<u>\$ 144,350,647</u>	<u>\$ 150,079,254</u>
0.00%	0.00%	0.00%	6.63%	4.48%

Legal Debt margin Calculation for Fiscal Year 2007

Assessed value	\$ 1,571,142,539
Debt limit (10% of assessed value)	157,114,254
Debt applicable to limit:	
General obligation bonds	7,035,000
Less: Amount set aside for repayment of General obligation debt	-
Total net debt applicable to limit	<u>7,035,000</u>
Legal debt margin	<u>\$ 150,079,254</u>

SPALDING COUNTY, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1998	57,857	\$ 1,159,926	\$ 20,048	10,507	5.50%
1999	58,041	1,219,653	21,014	10,456	3.90%
2000	58,227	1,265,689	21,737	10,384	4.40%
2001	58,481	1,323,856	22,637	10,303	4.90%
2002	59,203	1,395,744	23,576	10,458	6.80%
2003	59,711	1,416,683	23,729	10,648	7.80%
2004	60,451	1,420,585	23,500	10,693	6.50%
2005	60,745	1,499,120	24,679	10,813	8.20%
2006	61,289 (4)	1,569,925	25,626	10,833	6.80%
2007	62,185	N/A	N/A	10,953	5.60%

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 TEN YEARS AGO

Employer	Industry	Fiscal Year 2007			Fiscal Year 1997		
		Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Griffin-Spalding County School System	Education	1,650	1	5.91 %	1,600	2	5.89 %
Spalding Regional Medical Center	Healthcare	1,000	2	3.58	750	4	2.76
Caterpillar, Inc.	Automotive generators	780	3	2.79	-	-	-
Springs Industries	Finished cotton goods	600	4	2.15	2,264	1	8.34
Spalding County	Government	529	5	1.90	380	8	1.40
City of Griffin	Government	477	6	1.71	401	7	1.48
NACOM Corporation	Automotive services	440	7	1.58	1,000	3	3.68
1888 Mills/Southern Terry	Terry cloth towels	400	8	1.43	-	-	-
Griffin Technical College	Education	366	9	1.31	-	-	-
University of Georgia Griffin Campus	Education	300	10	1.07	-	-	-
5 Rubber Corporation	Automotive rubber seals	-	-	-	645	5	2.38
William Carter Company	Children's knitwear	-	-	-	552	6	2.03
Georgia Experiment Station	Agricultural research	-	-	-	300	9	1.11
MetroTrans Corporation	Shuttle buses	-	-	-	247	10	0.91
Totals		<u>6,542</u>		<u>23.44 %</u>	<u>8,139</u>		<u>29.98 %</u>

SOURCE:

Spalding County Chamber of Commerce

Note:

Information on the principal employers was not readily available for fiscal year 1998.

SPALDING COUNTY, GEORGIA

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

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	126	133	131	134	134	134	136	138	140	145
Public Safety										
Sheriff										
Officers	124	125	54	57	57	54	58	58	63	70
Civilians	17	17	16	19	19	24	22	32	33	35
Corrections	-	-	71	68	69	72	74	75	76	81
Correctional Institution										
Officers	24	25	25	66	66	66	66	69	70	76
Civilians	4	4	4	6	7	7	7	7	7	6
Fire										
Firefighters	57	57	57	66	66	62	62	62	65	68
Civilians	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets and Highways	26	25	26	27	27	27	27	27	27	31
Solid Waste	13	17	17	16	16	16	17	17	17	17
Culture and Recreation	27	28	32	35	36	34	36	36	36	36
Total	420	433	435	496	499	498	507	523	536	567

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 FOUR FISCAL YEARS

Function	2004	2005	2006	2007
Public Safety				
Sheriff:				
Physical arrests	4,703	4,761	5,002	2,705
Traffic violations	1,821	1,971	2,188	2,158
Fire District:				
Calls answered	1,354	1,517	1,613	1,624
Inspections	181	176	197	235
Public Works				
Street resurfacing (miles)	11	11	21	15

SOURCE:

Various County departments.

NOTES:

Indicators are not available for the general government, judicial, culture and recreation, health and welfare, and housing and development functions. Indicators are not readily available for fiscal years 1998 through 2003.

SPALDING COUNTY, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Safety										
Sheriff:										
Detention facilities	1	1	1	1	1	1	1	1	2	2
Patrol units	23	25	26	27	27	30	30	33	36	37
Fire District:										
Fire stations	6	6	6	6	6	6	6	6	6	6
Fire trucks	11	11	11	14	14	12	12	12	10	10
Public Works										
Roads (miles)	395.8	395.8	395.8	395.8	395.8	395.8	402.1	405.8	418.4	431.4
Culture and Recreation										
Parks acreage	300	300	300	300	300	300	300	483	483	483
Playgrounds	5	6	8	9	9	9	9	11	11	11
Baseball/Softball diamonds	13	14	19	19	19	19	19	19	19	19
Soccer fields	10	10	10	10	10	10	10	10	11	11
Football fields	2	2	2	2	2	2	2	2	2	2
Recreation centers	3	3	3	3	3	3	3	3	3	3
Senior centers	1	1	1	1	1	1	1	1	1	1

SOURCE:

Various County departments.

NOTE:

Indicators are not available for the general government, judicial, health and welfare, and housing and development functions. The County completed construction of the Wyomia Tyus Park soccer complex in 1998 and the baseball complex in 2000. Dundee Lake Park was purchased in 2005.

CONTINUING DISCLOSURE INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

**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	
1998	\$ 3,194,876	\$ 1,696,196	\$ 1,498,680	\$ 519,824	\$ 778,507	\$ 1,298,331	1.15
1999	3,532,964	2,065,090	1,467,874	470,000	754,797	1,224,797	1.20
2000	3,870,064	1,902,787	1,967,277	505,000	722,149	1,227,149	1.60
2001	3,992,891	2,027,867	1,965,024	535,000	699,326	1,234,326	1.59
2002	3,867,418	2,140,154	1,727,264	560,000	666,569	1,226,569	1.41
2003	4,094,113	2,208,423	1,885,690	-	376,753	376,753	5.01
2004	4,469,426	3,312,061	1,157,365	790,000	335,313	1,125,313	1.03
2005	4,849,148	3,662,231	1,186,917	805,000	333,685	1,138,685	1.04
2006	5,018,602	3,479,940	1,538,662	805,000	309,535	1,114,535	1.38
2007	6,219,693	3,930,710	2,288,983	835,000	284,635	1,119,635	2.04

(1) Exclusive of depreciation and amortization.

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

<u>Customer</u>	<u>Industry</u>	<u>Rank</u>	<u>Usage (in gallons)</u>	<u>Total Annual Billing</u>	<u>Percentage of Total Annual Charges</u>
Spalding Heights	Nursing Home	1	339,149	\$ 156,011	2.61 %
Spalding County Correctional Institution	Government	2	95,846	46,236	0.77
Caterpillar, Inc.	Power Generation Systems	3	66,721	32,912	0.55
Brightmoor Health	Nursing Home	4	66,272	32,533	0.54
A & D Mobile Home Park	Mobile Home Park	5	43,135	20,922	0.35
AEP Industries, Inc.	Packaging Film	6	40,183	19,304	0.32
Jones Mobile Home Park	Mobile Home Park	7	34,738	16,551	0.28
DSY Investment Group	Mobile Home Park	8	30,546	14,826	0.25
Spalding County Law Enforcement Complex	Government	9	29,320	25,495	0.43
Spalding Convalescent Center	Nursing Home	10	28,437	13,405	0.22
Total			<u>774,347</u>	<u>\$ 378,195</u>	<u>6.32 %</u>

SOURCE:
City of Griffin

**SPALDING COUNTY, GEORGIA
DISCRETELY PRESENTED COMPONENT UNIT
SPALDING COUNTY WATER AUTHORITY
NUMBER OF CUSTOMERS AND CONSUMPTION
LAST SIX FISCAL YEARS**

<u>Fiscal Year</u>	<u>Number of Customers (as of June 30)</u>	<u>Total Water Consumption</u>	<u>Rates per 1,000 Gallons</u>	
			<u>1,000 - 10,000 Gallons</u>	<u>Over 10,000 Gallons</u>
2002	9,967	765,002,400	\$ 2.28	\$ 2.94
2003	10,465	843,248,300	2.95	3.65
2004	10,835	814,634,600	3.40	4.10
2005	10,686	903,326,600	3.40	4.10
2006	11,190	959,563,900	3.53	4.23
2007	11,710	893,319,200	4.72	5.42

SOURCE:
City of Griffin

THIS PAGE INTENTIONALLY LEFT BLANK

V. COMPLIANCE SECTION

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

**Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Spalding County, Georgia as of and for the year ended June 30, 2007, which collectively comprise Spalding County, Georgia's basic financial statements and have issued our report thereon dated December 13, 2007. We did not audit the financial statements of the Griffin-Spalding Development Authority or the Spalding County Department of Public Health. Those financial statements were audited by other auditors whose reports have been furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Spalding County, Georgia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Spalding County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2007-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

We noted certain additional matters that we reported to the management of Spalding County, Georgia in a separate letter dated December 13, 2007.

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

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

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2007

SPALDING COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

There was not an audit of major federal award programs as of June 30, 2007 due to the total amount expended being less than \$500,000.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2007-1. Maintenance of Records for Tax Commissioner Accounts (repeat)

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective asset balances maintained.

Condition: For the fiscal year ending June 30, 2007, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances, and therefore, there was an excess of cash in the accounts of the Tax Commissioner.

Context: There was an excess of approximately \$75,000 in the Tax Commissioner's account.

Effect: By not reconciling the cash balances on hand to the supporting detail listings of amounts payable, differences could occur and go undetected by the Tax Commissioner's office.

Cause: In the past, proper documentation was not kept for all funds held, and therefore it is hard to determine to whom it is owed.

SPALDING COUNTY, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2007

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (Continued)

2007-1. Maintenance of Records for Tax Commissioner Accounts (repeat)

Recommendation: We recommend the Tax Commissioner's office make every effort to determine who the proper payee(s) are for these funds and disburse the monies as quickly as possible. If the payee cannot be determined, consultation with the County Attorney is recommended.

Response: We concur. We will work to determine to whom the excess cash is owed and detail listings will be reconciled to the cash balances on hand.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not Applicable

SPALDING COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2007

2006-1. Maintenance of Records for Sheriff's Office Accounts (repeat)

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective asset balances maintained.

Condition: For the fiscal year ending June 30, 2006, we noted the Sheriff's office did not have sufficient records to support the ending balance in the Assets and Forfeitures account.

Auditee Response/Status: The above finding was corrected during fiscal year 2007 and is not included as a finding for the current year.

2006-2. Maintenance of Records for Tax Commissioner Accounts (repeat)

Criteria: Agency funds are used to account for resources held by the County in a purely custodial capacity, which means that all funds held are owed to other governments, organizations, or individuals. Due to the nature of these funds, it is important that adequate records be maintained to account for receipts, disbursements, and any residual funds that are held to be paid at a later date. Such listings should be reconciled to the respective asset balances maintained.

Condition: For the fiscal year ending June 30, 2007, we noted the detail listings of amounts payable to (or on behalf of) various parties were not being reconciled to the respective recorded cash balances, and therefore, there was an excess of cash in the accounts of the Tax Commissioner.

Auditee Response/Status: Unresolved. See current finding number 2007-1.

**INDEPENDENT ACCOUNTANT'S REPORT
ON LOCAL ASSISTANCE GRANTS**

**To the Board of Commissioners
of Spalding County, Georgia
Griffin, Georgia**

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Spalding County, Georgia's compliance during the year ended June 30, 2007, with the requirement to use grant proceeds solely for the purpose or purposes for which the grants were made for Local Assistance Grant #07-C-L-071. Management is responsible for Spalding County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Spalding County, Georgia's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting Spalding County, Georgia's compliance with the above mentioned requirement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Spalding County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Spalding County, Georgia complied with the aforementioned requirement for the year ended June 30, 2007, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Spalding County, Georgia Board of Commissioners and the Georgia Department of Audits and Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Macon, Georgia
December 13, 2007

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

LINE

- A Local Government
- B State Awarding Agency
- C Grant Identification Number
- D Grant Title
- E Grant Award Date
- F Grant Amount

Spalding County, Georgia
Department of Community Affairs State of Georgia
07-C-L-071
Local Assistance Grant
01/12/07
\$15,000.00

	<u>COLUMN 1</u> Current Year Activity		<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended: June 30, 2007		Through the Year Ended: June 30, 2007
H	Balance - Prior Year (Cash or Accrued or Deferred Revenue) \$0.00		
I	Grant Receipts or Revenue Recognized \$11,250.00		\$11,250.00
J	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES \$14,938.00		\$14,938.00
K	Disbursements or Expenditures for Audit Fees \$0.00		\$0.00
L	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K] (\$3,688.00)		(\$3,688.00)

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made.

Signature of Chief Elected Official *Eddie Freeman* Date 12-20-07

Signature of Chief Financial Officer *Yvonne L. Garrison* Date 12/20/07