CARROLL COUNTY, GEORGIA

Financial Statements and Supplementary Information
For the Year Ended June 30, 2010

And

Independent Auditor's Report

Carroll County, Georgia
For the Year Ended June 30, 2010

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FINANCIAL SECTION

Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Julie M. George	CPA
Frederick G. Thomas	CPA	Heather B. Foster	CPA
Deborah W. Cooke	CPA	Audrey L. McGhee	CPA
Johanna H. Tallent	CPA	Amber E. Ash	CPA
Brandy C. Smith	CPA		

Members of Georgia Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants
Members of Private Companies Practice Section, Division for CPA Firms

Independent Auditor's Report

The Board of Commissioners
Carroll County, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Carroll County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements of the Carroll County Department of Health, the Carroll County Water Authority and the Carroll City-County Hospital Authority which represent 97% of the assets and 99% of the revenues of the County's component units for the year ended June 30, 2010. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Carroll County Department of Health, the Carroll County Water Authority, and the Carroll City-County Hospital Authority is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the 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 audit 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 business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010, on our consideration of Carroll County'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.

P.O. Box 488 • Carrollton, Georgia 30112 • Tel. (770) 832-2439 • Fax (770) 834-8323 • Email gstandco@bellsouth.net
P.O. Box 357 • Villa Rica, Georgia 30180 • Tel. (770) 459-2211 • Fax (770) 459-2214 • Email gstthomas@bellsouth.net

The Board of Commissioners
Carroll County, Georgia

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Georgia's financial statements as a whole. The accompanying other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Garrett, Stephens, Thomas & Tazik, P.C.

December 30, 2010

As management of Carroll County, Georgia, we offer readers of Carroll County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The assets of Carroll County (the primary government) exceeded its liabilities at June 30, 2010, by $122,943,816 (net assets) vs. $121,539,879 as of June 30, 2009.
- At June 30, 2010, the County's General Fund reported an unreserved fund balance of $9,420,697, an increase of $1,697,749 or 22.0% from the last fiscal year. This increase is net of a prior period adjustment of $762,813.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Carroll 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 Carroll County's finances, in a manner similar to a private-sector business. 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 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 County'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).

The governmental activities of the County include general government, judicial, public safety, public works, health and welfare, culture and recreation, and economic development.

The government-wide financial statements include not only Carroll County itself (known as the primary government), but also the Carroll County Department of Public Health, the Carroll County Development Authority, the Carroll County Water Authority and the Carroll City/County Hospital 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.

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. Carroll 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.

Carroll County maintains governmental funds to account for the following activities: General; Special Revenue (Sheriff's Narcotics Fund, Emergency 911, Hotel/Motel Tax, Special Tax District, County's DATE Account, Law Library, Carroll County Clerk's Cooperative Fund, Juvenile Court – Supervision Fee Fund, Jail House Store Fund and Correctional Institute Commissary Fund); Capital Projects (1999 SPLOST Fund, 2004 SPLOST Fund and 2009 SPLOST Fund); and Debt Service (County Debt Service Fund and the 2009 SPLOST Debt Service Fund). 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 Fund, 1999 SPLOST Fund, 2004 SPLOST Fund, 2009 SPLOST Fund, and the 2009 SPLOST Debt Service Fund 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 non-major governmental funds is provided in the form of combining statements elsewhere in this report. Carroll County adopts an annual appropriated budget for its general, special revenue, and debt service funds. Carroll County adopts project length budgets for its capital projects funds. A budgetary comparison statement has been provided for the general fund.

Proprietary Fund. The County maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses an enterprise fund to account for its Solid Waste Fund activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Fund, which is considered to be a major fund of the County.

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 Carroll County's own programs. The accounting used for fiduciary funds is much like that used in the government-wide financial statements.

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.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements on pages 57 and 58.

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 Carroll County, assets exceed liabilities by $122,943,816 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (67.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads); less any related debt used to acquire those assets that is 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.

An additional portion of Carroll County's net assets (19.2%) represents resources that are subject to external restrictions on how they may be used. These amounts include funds set aside for debt service, unspent bond proceeds restricted for capital outlay and special purpose local option sales tax proceeds restricted for capital outlay. The remaining balance of net assets ($16,350,189) represents unrestricted net assets.

Carroll County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 68,055,201	$ 80,736,830	$ 5,319,874	$ 5,048,292	$ 73,375,075	$ 85,785,122
Capital assets	100,816,169	93,139,075	440,086	515,321	101,256,255	93,654,396
Total assets	168,871,370	173,875,905	5,759,960	5,563,613	174,631,330	179,439,518
Current liabilities	15,196,252	15,406,119	233,470	230,804	15,429,722	15,636,923
Long-term liabilities	34,610,000	40,690,000	1,647,792	1,572,716	36,257,792	42,262,716
Total liabilities	49,806,252	56,096,119	1,881,262	1,803,520	51,687,514	57,899,639
Net assets:						
Invested in capital assets, net of related debt	82,561,220	85,619,060	440,086	515,321	83,001,306	86,134,381
Restricted	23,592,321	20,003,064	00	00	23,592,321	20,003,064
Unrestricted	12,911,577	12,157,662	3,438,612	3,244,772	16,350,189	15,402,434
Total net assets	$ 119,065,118	$ 117,779,786	$ 3,878,698	$ 3,760,093	$ 122,943,816	$ 121,539,879

Change in Net Assets. Governmental activities increased the County's net assets by $2,880,591. Business-type activities during the same period increased net assets by $118,605 for a total increase in net assets of $2,999,196. Key elements of this increase are as follows:

Carroll County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	$ 9,515,852	$ 13,099,809	$ 2,410,465	$ 2,561,967	$ 11,926,317	$ 15,661,776
Operating grants and Contributions	517,308	658,220	00	00	517,308	658,220
Capital grants and contributions	3,364,766	5,902,645	00	255,966	3,364,766	6,158,611
General revenues:						
Property taxes	23,558,269	23,468,246	00	00	23,558,269	23,468,246
Sales taxes	25,192,033	26,636,086	00	00	25,192,033	26,636,086
Insurance premium tax	2,800,250	2,840,985	00	00	2,800,250	2,840,985
Other taxes	768,651	976,533	00	00	768,651	976,533
Unrestricted investment earnings	1,687,465	1,508,786	25,136	41,482	1,712,601	1,550,268
Gain on disposition of assets	539,267	00	00	00	539,267	00
Miscellaneous	280,296	176,054	00	00	280,296	176,054
Rental income	297,600	336,200	00	00	297,600	336,200
Total revenues	68,521,757	75,603,564	2,435,601	2,859,415	70,957,358	78,462,979
Expenses						
General government	5,256,648	5,611,316	00	00	5,256,648	5,611,316
Judicial	5,524,637	6,364,797	00	00	5,524,637	6,364,797
Public safety	29,202,641	32,486,570	00	00	29,202,641	32,486,570
Public works	12,635,989	10,447,233	00	00	12,635,989	10,447,233
Health and welfare	464,387	466,747	00	00	464,387	466,747
Culture and recreation	3,514,162	2,470,565	00	00	3,514,162	2,470,565
Economic development	2,054,306	4,686,488	00	00	2,054,306	4,686,488
Intergovernmental	5,384,692	3,788,927	00	00	5,384,692	3,788,927
Interest on long-term debt	1,603,704	1,038,467	00	00	1,603,704	1,038,467
Solid waste operations	00	00	2,316,996	2,398,709	2,316,996	2,398,709
Total expenses	65,641,166	67,361,110	2,316,996	2,398,709	67,958,162	69,759,819
Change in net assets	2,880,591	8,242,454	118,605	460,706	2,999,196	8,703,160
Net assets, beginning of year	117,779,786	108,428,202	3,760,093	3,299,387	121,539,879	111,727,589
Prior period adjustments	(1,595,259)	1,109,130	00	00	(1,595,259)	1,109,130
Net assets, end of year	$ 119,065,118	$ 117,779,786	$ 3,878,698	$ 3,760,093	$ 122,943,816	$ 121,539,879

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of Carroll 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 $44,953,624, a decrease of $10,317,399 in comparison with the prior year. Beginning governmental fund balances were also decreased by prior period adjustments of $1,595,259, as described in Note 15. Approximately 28.4% of this total amount ($12,807,109) 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 for prepaid assets ($82,314), debt service ($133,407), and capital outlay ($31,930,794).

The general fund is the chief operating fund of Carroll County. At the end of the current fiscal year, unreserved fund balance of the general fund was $9,420,697, while total fund balance reached $9,503,011. 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 21.40% of total general fund expenditures, while total fund balance represents 21.58% of that same amount.

The fund balance of the County's general fund increased during the current fiscal year by $2,463,156.

The 1999 SPLOST Capital Projects fund accounts for the financial resources provided from the 1999 one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the 2010 fiscal year, the 1999 SPLOST Capital Projects fund had a reserved fund balance of $19,982, an increase of $641 from the prior year. This increase in fund balance is due to interest income.

The 2004 SPLOST Capital Projects fund accounts for the financial resources provided from the 2004 one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the 2010 fiscal year, the 2004 SPLOST Capital Projects fund had a reserved fund balance of $10,087,092, a decrease of $7,719,888 from the prior year. This decrease in fund balance is expected as projects are completed.

The 2009 SPLOST Capital Projects fund accounts for the financial resources provided from the 2009 one percent Special Purpose Local Option Sales Tax. These resources must be used for various building projects and road improvements throughout the County. At the end of the 2010 fiscal year, the 2009 SPLOST Capital Projects fund had a reserved fund balance of $21,823,720, an increase of $3,463,223 from the prior year. This increase in fund balance is due to interest income and continued SPLOST collections. The beginning fund balance was decreased by a prior period adjustment of $832,446, as described in Note 15.

The 2009 SPLOST Debt Service fund accounts for the financial resources accumulated and payments made for principal and interest on the special purpose local option sales tax general obligation bonds. At the end of the 2010 fiscal year, the 2009 SPLOST Debt Service fund had a reserved fund balance of $693, a decrease of $1,101,837 from the prior year. This decrease in fund balance is expected as debt service expenditures are made or accrued.

General Fund Budgetary Highlights

The original budget of the general fund projected a net change in fund balance of $0. During the course of the year, the budget was amended several times to project a final net change in fund balance of $0.

Capital Asset and Debt Administration

Capital Assets. At the end of the fiscal year ending June 30, 2010, governmental activities and business-type activities had capital assets of $101,256,255 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. Capital assets increased as a result of the acquisition of new public safety vehicles, road equipment, and land.

Carroll County's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2010	(Restated) 2009	2010	2009	2010	(Restated) 2009
Land	$ 13,883,187	$ 11,798,481	$ 00	$ 00	$ 13,883,187	$ 11,798,481
Construction in progress	8,830,142	8,093,543	00	00	8,830,142	8,093,543
Easements	4,379,974	4,334,112	00	00	4,379,974	4,334,112
Buildings and improvements	32,590,790	29,112,997	333,007	352,734	32,923,797	29,465,731
Machinery and equipment	12,081,426	9,786,172	107,079	162,587	12,188,505	9,948,759
Land improvements	83,773	63,265	00	00	83,773	63,265
Infrastructure	28,966,877	29,950,505	00	00	28,966,877	29,950,505
Total	$ 100,816,169	$ 93,139,075	$ 440,086	$ 515,321	$ 101,256,255	$ 93,654,396

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

Long-term Debt. At the end of the current fiscal year, Carroll County had total bonded debt outstanding of $40,690,000. Of this amount, $40,690,000 comprises debt backed by the full faith and credit of the government.

Carroll County's Outstanding Debt

	Governmental Activities	
	2010	2009
General obligation bonds	$ 40,500,000	$ 40,500,000
Revenue bonds	190,000	250,000
Capital leases	00	101,966
Total	$ 40,690,000	$ 40,851,966

Carroll County's total debt decreased during the current fiscal year by $161,966.

Additional information regarding the County's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Carroll County is currently 10.9%, which is a decrease from a rate of 11.7% one year ago. The unemployment rate for the state of Georgia is 10.0%.
- In fiscal year 2011, Carroll County intends to continue to receive revenues from the Special Purpose Local Option Sales Tax (SPLOST). This money will continue to help fund the construction of new roads and bridges, paving of dirt roads, and pay for other capital improvement projects.
- Property tax, sales tax and other taxes are expected to remain consistent with that of 2010.

All of these factors were considered in preparing Carroll County's budgets for the 2011 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Carroll 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 Comptroller, Carroll County, Room 405, 423 College Street, Carrollton, Georgia 30117.

BASIC FINANCIAL STATEMENTS

Carroll County, Georgia
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Carroll County Department of Public Health	Carroll County Development Authority	Carroll County Water Authority	Carroll City-County Hospital Authority
Assets							
Cash and cash equivalents	$ 29,100,416	$ 5,121,426	$ 34,221,842	$ 347,761	$$ 761,211	$ 1,532,009	$ 00
Investments	24,326,406	00	24,326,406	00	1,031,412	00	00
Taxes receivable	2,484,628	00	2,484,628	00	00	00	00
Accounts receivable	501,592	133,190	634,782	47,210	00	7,052,609	00
Current portion of lease receivable	00	00	00	00	00	00	3,984,438
Lease receivable, net of current portion	00	00	00	00	00	00	66,135,000
Receivable, City of Carrollton	9,054,220	00	9,054,220	00	00	00	00
Due from other governments	1,857,955	00	1,857,955	00	00	00	00
Interest receivable	353,909	00	353,909	00	4,997	00	00
Internal balances	(65,258)	65,258	00	00	00	00	00
Inventories	00	00	00	00	00	158,860	00
Prepaid expenses	82,314	00	82,314	00	00	24,000	00
Restricted assets, cash and cash equivalents	00	00	00	00	00	3,404,206	00
Deferred charges, unamortized balance	359,019	00	359,019	00	00	646,572	00
Capital assets							
Nondepreciable	27,093,303	00	27,093,303	00	2,161,065	4,258,197	00
Depreciable, net of accumulated depreciation	73,722,866	440,086	74,162,952	6,341	00	48,465,145	00
Total assets	$ 168,871,370	$ 5,759,960	$ 174,631,330	$ 401,312	$ 3,958,685	$ 65,541,598	$ 70,119,438

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	Carroll County Department of Public Health	Carroll County Development Authority	Carroll County Water Authority	Carroll City-County Hospital Authority
Liabilities							
Accounts payable	$ 1,228,140	$ 158,570	$ 1,386,710	$ 61,568	$ 00	$ 42,169	$ 00
Accrued liabilities	2,009,899	00	2,009,899	00	00	290,944	00
Due to other governments	2,444,994	00	2,444,994	00	00	00	00
Customer deposits payable	00	00	00	00	00	905,684	00
Note payable due within one year	00	00	00	00	00	183,632	00
Note payable due in more than one year	00	00	00	00	00	5,678,967	00
Capital leases due within one year	00	00	00	00	00	00	00
Bond payables due within one year	6,080,000	00	6,080,000	00	00	970,000	2,385,000
Bond payables due in more than one year	34,610,000	00	34,610,000	00	00	17,713,131	66,135,000
Unamortized bond premium	1,466,110	00	1,466,110	00	00	00	00
Unearned revenue	219,839	00	219,839	00	00	00	00
Compensated absences	824,537	00	824,537	180,772	00	13,110	00
Accrued interest payable	922,733	00	922,733	00	00	462,964	1,599,438
Landfill postclosure care costs due within one year	00	74,900	74,900	00	00	00	00
Landfill postclosure care costs due in more than one year	00	1,647,792	1,647,792	00	00	00	00
Total liabilities	49,806,252	1,881,262	51,687,514	242,340	00	26,260,601	70,119,438
Net Assets							
Investment in capital assets, net of related debt	82,561,220	440,086	83,001,306	6,341	2,161,065	30,284,610	00
Restricted for:							
Economic development	00	00	00	00	1,797,620	00	00
Debt service	6,149,449	00	6,149,449	00	00	1,835,694	00
Capital projects	17,442,872	00	17,442,872	00	00	4,180,581	00
Other	00	00	00	00	00	61,937	00
Unrestricted	12,911,577	3,438,612	16,350,189	152,631	00	2,918,175	00
Total net assets	$ 119,065,118	$ 3,878,698	$ 122,943,816	$ 158,972	$ 3,958,685	$ 39,280,997	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Carroll County Department of Public Health	Component Units: Carroll County Development Authority	Component Units: Carroll County Water Authority	Component Units: Carroll City-County Hospital Authority
Primary government:											
Governmental activities:											
General government	$ 5,256,648	$ 814,196	$ 00	$ 6,170	$ (4,436,282)	$ 00	$ (4,436,282)	$	$	$	$
Judicial	5,524,637	2,899,097	129,379	00	(2,496,161)	00	(2,496,161)				
Public safety	29,202,641	5,266,095	387,929	960,518	(22,588,099)	00	(22,588,099)				
Public works	12,635,989	00	00	2,202,823	(10,433,166)	00	(10,433,166)				
Health and welfare	464,387	00	00	00	(464,387)	00	(464,387)				
Culture and recreation	3,514,162	536,464	00	195,255	(2,782,443)	00	(2,782,443)				
Economic Development	2,054,306	00	00	00	(2,054,306)	00	(2,054,306)				
Intergovernmental	5,384,692	00	00	00	(5,384,692)	00	(5,384,692)				
Interest on long-term debt	1,603,704	00	00	00	(1,603,704)	00	(1,603,704)				
Total governmental activities	65,641,166	9,515,852	517,308	3,364,766	(52,243,240)	00	(52,243,240)				
Business-type activities											
Solid Waste operations	2,316,996	2,410,465	00	00	00	93,469	93,469				
Total primary government	67,958,162	11,926,317	517,308	3,364,766	(52,243,240)	93,469	(52,149,771)				
Component units:											
Carroll County Department of Public Health	1,807,309	1,216,915	786,075	00				195,681	00	00	00
Carroll County Development Authority	49,185	00	00	00				00	(49,185)	00	00
Carroll County Water Authority	7,097,164	7,460,314	00	4,255,000				00	00	4,618,150	00
Carroll City/County Hospital Authority	3,284,425	3,284,425	00	00				00	00	00	00
Total component units	$ 12,238,083	$ 11,961,654	$ 786,075	$ 4,255,000				195,681	(49,185)	4,618,150	00
General revenues:											
Property taxes					23,558,269	00	23,558,269	00	00	00	00
Sales taxes					25,192,033	00	25,192,033	00	00	00	00
Insurance premium taxes					2,800,250	00	2,800,250	00	00	00	00
Alcoholic beverage taxes					416,596	00	416,596	00	00	00	00
Other taxes					352,055	00	352,055	00	00	00	00
Unrestricted investment earnings					1,687,465	25,136	1,712,601	195	29,601	17,492	00
Miscellaneous					280,296	00	280,296	00	00	00	00
Gain on disposition of assets					539,267	00	539,267	00	00	00	00
Rental income					297,600	00	297,600	00	00	00	00
Total general revenues					55,123,831	25,136	55,148,967	195	29,601	17,492	00
Change in net assets					2,880,591	118,605	2,999,196	195,876	(19,584)	4,635,642	00
Net assets, beginning of year					117,779,786	3,760,093	121,539,879	(36,904)	3,983,377	34,647,891	00
Prior period adjustments – Note 15					(1,595,259)	00	(1,595,259)	00	(5,108)	(2,536)	00
Net assets, end of year					$ 119,065,118	$ 3,878,698	$ 122,943,816	$ 158,972	$ 3,958,685	$ 39,280,997	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2010

	General	1999 Special Purpose Local Option Sales Tax	2004 Special Purpose Local Option Sales Tax	2009 Special Purpose Local Option Sales Tax	2009 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalent	$ 10,405,063	$ 161,793	$ 9,661,817	$ 5,627,759	$ 00	$ 3,243,984	$ 29,100,416
Investments	00	1	1,597,165	15,789,772	6,939,468	00	24,326,406
Taxes receivable	1,244,630	00	00	1,236,902	00	3,096	2,484,628
Accounts receivable	151,506	00	821	25,349	00	323,916	501,592
Interest receivable	00	00	00	353,909	00	00	353,909
Due from other governments	959,343	00	524,190	374,422	00	00	1,857,955
Due from other funds	70,655	00	93,317	00	00	18,056	182,028
Prepaid expenses	82,314	00	00	00	00	00	82,314
Total assets	$ 12,913,511	$ 161,794	$ 11,877,310	$ 23,408,113	$ 6,939,468	$ 3,589,052	$ 58,889,248
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 463,915	$ 00	$ 368,407	$ 362,346	$ 00	$ 33,472	$ 1,228,140
Accrued liabilities	2,009,899	00	00	00	6,938,775	00	8,948,674
Unearned revenues	00	00	00	219,839	00	00	219,839
Deferred revenues	846,691	00	00	00	00	00	846,691
Due to other governments	00	141,812	1,421,811	881,371	00	00	2,444,994
Due to other funds	89,995	00	00	120,837	00	36,454	247,286
Total liabilities	3,410,500	141,812	1,790,218	1,584,393	6,938,775	69,926	13,935,624

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet - continued
Governmental Funds
For the Year Ended June 30, 2010

Fund Balances	General	1999 Special Purpose Local Option Sales Tax	2004 Special Purpose Local Option Sales Tax	2009 Special Purpose Local Option Sales Tax	2009 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Reserved for:							
Prepaid assets	$ 82,314	$ 00	$ 00	$ 00	$ 00	$ 00	$ 82,314
Debt service	00	00	00	00	693	132,714	133,407
Capital projects	00	19,982	10,087,092	21,823,720	00	00	31,930,794
Unreserved							
Designated:							
Special revenue funds	00	00	00	00	00	3,386,412	3,386,412
Undesignated	9,420,697	00	00	00	00	00	9,420,697
Total fund balances	9,503,011	19,982	10,087,092	21,823,720	693	3,519,126	44,953,624
Total liabilities and fund balances	$ 12,913,511	$ 161,794	$ 11,877,310	$ 23,408,113	$ 6,939,468	$ 3,589,052	

Amounts reported for governmental activities of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	100,816,169
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	846,691
Receivable for the City's portion of bonds payable is not reported in the funds.	9,054,220
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(42,625,586)
Debt service payments due within 30 days are accrued in the funds.	6,020,000
Net assets of governmental activities.	$ 119,065,118

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General	1999 Special Purpose Local Option Sales Tax	2004 Special Purpose Local Option Sales Tax	2009 Special Purpose Local Option Sales Tax	2009 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	$ 23,611,207	$ 00	$ 00	$ 00	$ 00	$ 00	$ 23,611,207
Sales taxes	9,681,762	00	00	15,510,271	00	00	25,192,033
Insurance premium taxes	2,800,250	00	00	00	00	00	2,800,250
Other taxes	737,935	00	00	00	00	76,513	814,448
Licenses and permits	690,088	00	00	00	00	00	690,088
Intergovernmental	3,282,440	00	1,025,441	1,896,470	1,565,200	81,130	7,850,681
Charges for services	767,556	00	00	00	00	1,749,012	2,516,568
Fines and forfeitures	2,743,931	00	00	00	00	534,162	3,278,093
Reimbursements from other agencies	45,538	00	00	00	00	00	45,538
Interest and penalties	942,149	641	6,091	521,828	478,450	24,962	1,974,121
Rental income	222,600	00	00	00	00	75,000	297,600
Other revenues	846,525	00	00	306,353	00	321,343	1,474,221
Total revenues	46,371,981	641	1,031,532	18,234,922	2,043,650	2,862,122	70,544,848
Expenditures							
Current:							
General government	5,113,203	00	00	00	00	00	5,113,203
Judicial	5,155,109	00	00	00	00	66,778	5,221,887
Public safety	24,073,087	00	00	00	00	3,051,004	27,124,091
Public works	4,680,693	00	00	00	00	00	4,680,693
Health and welfare	416,450	00	00	00	00	00	416,450
Culture and recreation	2,560,352	00	00	00	00	00	2,560,352
Economic development	1,922,220	00	00	00	00	52,079	1,974,299
Intergovernmental	00	00	00	5,384,692	00	00	5,384,692
Capital outlay	00	00	8,751,420	10,498,334	00	00	19,249,754
Debt service	105,220	00	00	00	8,960,606	71,000	9,136,826
Total expenditures	44,026,334	00	8,751,420	15,883,026	8,960,606	3,240,861	80,862,247
Excess (deficiency) of revenues over expenditures	2,345,647	641	(7,719,888)	2,351,896	(6,916,956)	(378,739)	(10,317,399)

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenditures and
Changes in Fund Balances - continued
Governmental Funds
For the Year Ended June 30, 2010

	General	1999 Special Purpose Local Option Sales Tax	2004 Special Purpose Local Option Sales Tax	2009 Special Purpose Local Option Sales Tax	2009 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
Other financing sources (uses):							
Transfers in	$ 117,509	$ 00	$ 00	$ 4,322,588	$ 10,137,707	$ 00	$ 14,577,804
Transfers out	00	00	00	(10,137,707)	(4,322,588)	(117,509)	(14,577,804)
Total other financing sources (uses)	117,509	00	00	(5,815,119)	5,815,119	(117,509)	00
Net change in fund balances	2,463,156	641	(7,719,888)	(3,463,223)	(1,101,837)	(496,248)	(10,317,399)
Fund balance, beginning of year	7,802,668	19,341	17,806,980	26,119,389	1,102,530	4,015,374	56,866,282
Prior period adjustments – Note 15	(762,813)	00	00	(832,446)	00	00	(1,595,259)
Fund balance, end of year	$ 9,503,011	$ 19,982	$ 10,087,092	$ 21,823,720	$ 693	$ 3,519,126	$ 44,953,624

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Reconciliation of the Statement of Revenues, Expenditures
and Changes in the Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances – total governmental funds	$ (10,317,399)
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 which capital outlays exceeded depreciation in the current period.	7,749,594
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(72,500)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(98,735)
Repayment of the City's portion of bonds payable increases the current financial resources of governmental funds, but has no effect on net assets.	(1,565,200)
Interest revenue is deferred in the funds until considered measureable and available.	(286,658)
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.	6,427,986
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	1,043,503
Change in net assets of governmental activities	$ 2,880,591

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenditures and Changes in the Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 22,404,500	$ 22,768,510	$ 23,611,207	$ 842,697
Sales taxes	10,700,000	10,590,311	9,681,762	(908,549)
Insurance premium taxes	2,885,000	2,885,000	2,800,250	(84,750)
Other taxes	969,000	969,000	737,935	(231,065)
Licenses and permits	787,500	787,500	690,088	(97,412)
Intergovernmental	2,948,875	3,006,361	3,282,440	276,079
Charges for services	692,100	696,595	767,556	70,961
Fines and forfeitures	3,274,200	3,274,200	2,743,931	(530,269)
Reimbursements from other agencies	27,801	32,340	45,538	13,198
Interest and penalties	573,415	573,415	942,149	368,734
Rental income	222,600	222,600	222,600	00
Other revenues	564,098	927,018	846,525	(80,493)
Total revenues	46,049,089	46,732,850	46,371,981	(360,869)
Expenditures:				
Current:				
General government:				
County Attorney	210,000	210,000	149,334	60,666
County Commission	904,002	904,002	878,546	25,456
Elections	271,034	271,034	231,030	40,004
General administration	2,821,458	2,111,444	1,893,373	218,071
Information technology services	104,000	229,000	187,616	41,384
Property tax appraisal	1,000,255	1,003,626	924,286	79,340
Tax Commissioner	853,354	906,566	849,018	57,548
Total general government	6,164,103	5,635,672	5,113,203	522,469
Judicial:				
District Attorney	716,354	716,354	716,349	5
Juvenile Court	686,227	692,227	699,109	(6,882)
Magistrate Court	548,527	553,927	539,776	14,151
Probate Court	364,226	366,226	353,108	13,118
Clerk of Courts	911,180	911,180	851,303	59,877
Solicitor of State Court	485,552	485,552	410,309	75,243
Superior Court	586,933	631,933	535,800	96,133
Public Defender	722,130	722,130	721,650	480
State Court	329,147	329,147	317,705	11,442
CASA	10,000	10,000	10,000	00
Total judicial	5,360,276	5,418,676	5,155,109	263,567

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenditures and Changes in the Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
800 MgH telecommunications system	$ 32,740	$ 32,740	$ 27,683	$ 5,057
Coroner	79,314	79,314	70,920	8,394
Animal control	461,727	476,727	499,425	(22,698)
Ambulance service	837,000	837,000	837,000	00
Fire department	7,038,749	7,244,286	6,588,088	656,198
Correctional Institute	3,189,658	3,344,197	3,169,680	174,517
Sheriff	12,613,277	13,105,825	12,880,291	225,534
Total public safety	24,252,465	25,120,089	24,073,087	1,047,002
Public works:				
Public works department	2,731,400	2,971,400	2,546,279	425,121
Solid waste disposal and recycling	2,282,000	2,282,000	2,134,414	147,586
Total public works	5,013,400	5,253,400	4,680,693	572,707
Health and Welfare:				
Community services	300,000	300,000	300,000	00
Welfare	94,195	97,195	91,450	5,745
West Georgia Mental Health Center	25,000	25,000	25,000	00
Total health and welfare	419,195	422,195	416,450	5,745
Recreation:				
Recreation department	1,610,502	2,145,502	2,064,526	80,976
Parks	286,437	295,870	280,075	15,795
Libraries	215,751	215,751	215,751	00
Total recreation	2,112,690	2,657,123	2,560,352	96,771
Economic development:				
Community development	2,120,745	2,135,695	1,922,220	213,475
Total economic development	2,120,745	2,135,695	1,922,220	213,475
Debt service:				
Principal	101,967	101,967	101,967	00
Interest	3,253	3,253	3,253	00
Total debt service	105,220	105,220	105,220	00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenditures and Changes in the Fund Balances
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Total expenditures	$ 45,548,094	$ 46,748,070	$ 44,026,334	$ 2,721,736
Excess (deficiency) of revenues over expenditures	500,995	(15,220)	2,345,647	2,360,867
Other financing sources (uses):				
Transfers in	00	15,220	117,509	102,289
Transfers out	(500,995)	00	00	00
Total other financing sources (uses)	(500,995)	15,220	117,509	102,289
Net change in fund balance	00	00	2,463,156	2,463,156
Fund balance, beginning of year	7,802,668	7,802,668	7,802,668	00
Prior period adjustment – Note 15	00	00	(762,813)	(762,813)
Fund balance, end of year	$ 7,802,668	$ 7,802,668	$ 9,503,011	$ 1,700,343

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
Proprietary Fund
June 30, 2010

	Solid Waste Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 5,121,426
Accounts receivable	133,190
Due from other funds	71,939
Total current assets	5,326,555
Noncurrent assets:	
Capital assets:	
Depreciable, net of accumulated depreciation	440,086
Total noncurrent assets	440,086
Total assets	$ 5,766,641
Liabilities	
Current liabilities:	
Accounts payable	$ 158,570
Due to other funds	6,681
Landfill postclosure care costs – current portion	74,900
Total current liabilities	240,151
Noncurrent liabilities:	
Landfill postclosure care costs – long-term portion	1,647,792
Total liabilities	1,887,943
Net Assets	
Investment in capital assets	440,086
Unrestricted	3,438,612
Total net assets	$ 3,878,698

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Fund
For the Year Ended June 30, 2010

	Solid Waste Fund
Operating revenues:	
Charges for services	$ 2,410,465
Operating expenses:	
Cost of sales and service	2,241,760
Depreciation	75,236
Total operating expenses	2,316,996
Operating income	93,469
Nonoperating income:	
Interest income	25,136
Total nonoperating income	25,136
Change in net assets	118,605
Net assets, beginning of year	3,760,093
Net assets, end of year	$ 3,878,698

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2010

	Solid Waste Fund
Cash flows from operating activities:	
Receipts from customers and users	$ 2,412,101
Payments to suppliers	(1,881,666)
Payments to employees	(266,251)
Net cash provided by operating activities	264,184
Cash flows from capital and related financing activities:	
Purchase of capital assets	00
Net cash provided by capital and related financing activities	00
Cash flows from investing activities:	
Interest received	25,135
Net cash provided by investing activities	25,135
Increase in cash and cash equivalents	289,319
Cash and cash equivalents:	
Beginning of year	4,832,107
End of year	$ 5,121,426
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 93,469
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	75,236
Change in assets and liabilities:	
Decrease in accounts receivable	1,636
Decrease in due from other funds	9,420
Decrease in accounts payable	(2,934)
Increase in landfill postclosure care costs	80,676
Increase in due to other funds	6,681
Net cash provided by operating activities	$ 264,184

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2010

	Agency Funds
Assets:	
Cash	$ 1,854,838
Taxes receivable	3,503,982
Total assets	$ 5,358,820
Liabilities:	
Due to other governments	$ 1,095,717
Due to others	759,121
Due to others – uncollected taxes	3,503,982
Total liabilities	$ 5,358,820

See accompanying notes to the basic financial statements.

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Note 1. Summary of Significant Accounting Policies

Note 2. Reconciliation of Government-wide Financial Statements and Fund Financial Statements

Note 3. Legal Compliance – Budgets

Note 4. Cash and Investments

Note 5. Receivables

Note 6. Capital Assets

Note 7. Long-Term Debt

Note 8. Excess of Expenditures Over Appropriations

Note 9. Interfund Transactions

Note 10. Pension Plans

Note 11. Risk Management

Note 12 Commitments and Contingencies

Note 13. Joint Ventures

Note 14. Hotel/Motel Lodging Tax

Note 15. Prior Period Adjustment

Note 16. Subsequent Events

Note 1 – Summary of Significant Accounting Policies

Carroll County, Georgia (the "County") was created by legislative act in 1826 and operates under a County Commissioners form of government, providing the following services as authorized by its charter: public safety, highways and streets, health and social services, culture-recreation, courts, correctional institute, public improvements, planning and zoning, and general administrative services.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The more significant of the County's accounting polices are described below.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Carroll County, Georgia (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 or financial relationship with the County.

Discretely Presented Component Units

Carroll County Department of Public Health (the "Health Department") – The Health Department is governed by a seven-member board consisting of one member of the County Commissioners and three members as appointed by the County Commissioners. The County has the authority to modify and approve the Health Department's budget and the ability to approve environmental health service fees. The Health Department has a June 30th year-end.

Separate financial statements for the Health Department can be obtained by writing to the Carroll County Department of Public Health, 1004 Newnan Road, Carrollton, Georgia 30117.

The Carroll County Development Authority (the "Development Authority") – The Development Authority is governed by a nine-member board consisting of one member of the County Commissioners and eight members as appointed by the County Commissioners. The Development Authority functions to promote economic development in Carroll County. The Development Authority has a June 30th year-end.

Separate financial statements for the Development Authority can be obtained by writing to the Carroll County Development Authority, 423 College Street, Carrollton, Georgia 30117.

The Carroll City-County Hospital Authority ("the Hospital Authority") – The Hospital Authority is governed by a nine-member board consisting of one member of the County Commissioners and eight members as appointed by the County Commissioners. The Hospital Authority owns Tanner Medical Center which operates two hospitals within the County. The County is obligated to pay the principal and interest on the Hospital Authority's revenue anticipation certificates should there be a default in payment by levying an additional tax. The Hospital Authority has a June 30th year-end.

Note 1 – Summary of Significant Accounting Policies – continued

Discretely Presented Component Units - continued

Separate financial statements for the Hospital Authority can be obtained by writing to the Carroll City-County Hospital Authority, 705 Dixie Street, Carrollton, Georgia 30117.

The Carroll County Water Authority (the "Water Authority") – The Water Authority is governed by a nine-member board consisting of seven members appointed by the County Commissioners. The Water Authority provides water and related services to the citizens in Carrollton and Carroll County. The County possesses the authority to review, approve and revise the Water Authority's budget. The Water Authority has a June 30th year-end.

Separate financial statements for the Water Authority can be obtained by writing to the Carroll County Water Authority, P.O. Box 739, Carrollton, Georgia 30112.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants 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 governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

Note 1 – Summary of Significant Accounting Policies – continued

C. Measurement Focus, Basis of Accounting and Basis of 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. 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 County 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, expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Debt service expenditures payable within 30 days are accrued.

Property taxes, sales taxes, franchise taxes, licenses, grant revenues 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 **1999 Special Purpose Local Option Sales Tax Fund** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road improvements; public safety projects; recreation projects; water and sewer projects; public building projects; and other City projects within Carroll County.

The **2004 Special Purpose Local Option Sales Tax Fund** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: road improvements; public safety projects; recreation projects; water and sewer projects; public building projects; and other City projects within Carroll County.

The **2009 Special Purpose Local Option Sales Tax Fund** accounts for the proceeds of a 1% Special Purpose Local Option Sales Tax. Funds are used for: roads, streets, bridges and sidewalks; water facilities and equipment; public works facilities and equipment; recreation facilities and equipment; judicial center facilities and equipment; watershed and farmland protection; public transportation facilities and equipment; economic development; public safety facilities and equipment; courthouse facilities and equipment; administrative facilities and equipment; sewer facilities and equipment; solid waste facilities and equipment; ag-ed improvements and equipment; and other City projects within Carroll County.

Note 1 – Summary of Significant Accounting Policies – continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - continued

The **2009 SPLOST Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on the general obligation sales tax revenue bonds.

The County reports the following major business-type fund:

The **Solid Waste Fund** accounts for the activities of the County's solid waste management operations. All activities necessary to provide such services are accounted for in the fund.

Additionally, the County reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **debt service funds** account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **agency funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals, such as cash bonds, traffic fines, support payments and ad valorem and property taxes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following a subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 – Summary of Significant Accounting Policies – continued

C. Measurement Focus, Basis of Accounting and Basis of Presentation - continued

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. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund and the following special revenue funds and debt service funds: Sheriff's Narcotics Fund, DATE Fund, Emergency Telephone System Fund, Hotel/Motel Tax Fund, Special Tax District, Law Library Fund, County Clerk's Cooperative Fund, Juvenile Court – Supervision Fee Fund, Jail House Store, Correctional Institute Commissary, the 2004 SPLOST Debt Service Fund, the 2009 SPLOST Debt Service Fund, and the County Debt Service Fund. All annual appropriations lapse at fiscal year end. 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 appropriations, 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 reappropriated and honored during the subsequent year. The County had no outstanding encumbrances at June 30, 2010.

E. Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity within three months of the date acquired by the County.

Statutes authorize the County to invest in obligations of the United States and of its agencies and instrumentalities, bonds of the State of Georgia and its agencies, instrumentalities and political subdivisions, certificates of deposit of national or state banks that are fully insured or collateralized by United States obligations, repurchase agreements, and Georgia Fund 1 – the Local Government Investment Pool.

Cash and investments are reported at carrying amounts, which reasonably estimate fair value.

F. Short-Term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Note 1 – Summary of Significant Accounting Policies - continued

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

H. Prepaid Expenditures/Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid expenditures/expenses.

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund type 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 straight line 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 debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

J. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets (i.e., easements) and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend useful lives are expensed as incurred.

Note 1 – Summary of Significant Accounting Policies - continued

J. Capital Assets - continued

Major outlays for capital assets and major improvements are capitalized as projects are constructed. Interest incurred during the construction period of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest capitalized is calculated by offsetting interest expense incurred (from the date of borrowing until the date of completion of the project) with interest earned on investment proceeds over the same period. During the fiscal year ended June 30, 2010, no amount of interest was capitalized.

The County has fully implemented the retroactive reporting of infrastructure assets and intangible assets.

Depreciation is provided on the straight-line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives
Buildings	50 years
Machinery and equipment	5 - 15 years
Infrastructure	40 - 50 years
Land improvements	15 years

The County's intangible assets, which are included in the County's capital assets, are considered to have indefinite useful lives, and therefore are not amortized.

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. 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 non-vesting accumulated rights to receive sick pay benefits. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds when it is expected to be liquidated with available resources.

The Health Department employs Georgia State Merit personnel and, therefore, provides employee benefits to include the accumulation of annual leave similar to the benefits provided to other State of Georgia employees.

M. Estimates

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

Note 2 – Reconciliation of Government-wide Financial Statements and Fund Financial Statements

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

The governmental fund balance sheet includes a 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 $42,625,586 difference are as follows:

Accrued interest payable, portion not accrued in funds	$ 3,958
Bonds payable	40,690,000
Unamortized bond premium	1,466,110
Deferred bond issuance costs (to be amortized as interest expense)	(359,019)
Compensated absences	824,537
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets-governmental activities	$ 42,625,586

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 useful lives and reported as depreciation expense." The details of this $7,749,594 difference are as follows:

Capital outlay	$ 13,082,219
Depreciation expense	(5,332,625)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	$ 7,749,594

Note 2 – Reconciliation of Government-wide Financial Statements and Fund Financial Statements - continued

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

Another element of that reconciliation states that "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." The details of this $6,427,986 difference are as follows:

Accrual of debt service expenditures due within 30 days	$ 6,020,000
Amortization of bond issuance costs	(79,782)
Amortization of bond premiums	325,802
Principal repayments	
Capital leases payable	101,966
Bond payable	60,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ 6,427,986

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 $1,043,503 difference are as follows:

Accrued interest	$ 1,105,137
Compensated absences	(61,634)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ 1,043,503

Note 3 – Legal Compliance - Budgets

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

1. Prior to January 1, the Department Heads submit to the County Chief Administrative Officer a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. The proposed budgets are then submitted to the Board of Commissioners by the County Chief Administrative Officer for study.

2. Public hearings are conducted at the County Annex Building to obtain taxpayer comments.

Note 3 – Legal Compliance – Budgets – continued

3. Prior to July 1, the budget is legally adopted by the Board of Commissioners.

4. The County Chairman is authorized to transfer budgeted amounts between line items within a department; however, any revisions that increase salaries must be approved by the Board of Commissioners. All appropriations at year end lapse.

5. Formal budgetary integration is employed as a measurement control device during the year for the General Fund, Sheriffs' Narcotics Fund, DATE Fund, Emergency Telephone System Fund, Hotel/Motel Tax Fund, Special Tax District, Law Library Fund, County Clerk's Cooperative Fund, Juvenile Court – Supervision Fee Fund, Jail House Store, Correctional Institute Commissary, and the County Debt Service Fund.

6. The budget for the General Fund and the Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are presented in accordance with finance-related legal and contractual provisions.

Budgeted amounts are as originally adopted on June 9, 2009, or as amended by the Board of Commissioners.

Note 4 – Cash and Investments

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.

As of June 30, 2010, the County held the following investments:

Investment	Fair Value
Regions/Morgan Keegan Short-term Investments	$ 22,729,240
U.S. Bank and Citigroup Treasury Obligations	1,597,166
	$ 24,326,406

Note 4 – Cash and Investments – continued

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. The State requires that all deposits with financial institutions be collateralized in an amount equal to 110% of uninsured deposits. As of June 30, 2010, the County's bank balances were properly insured and collateralized. As of June 30, 2010, all of the County's component units bank balances were properly insured and collateralized.

Note 5 – Receivables

Receivables consisted of the following at June 30, 2010:

	General	Special Purpose Local Option Sales Tax 2004	Special Purpose Local Option Sales Tax 2009	Other Governmental Funds	Solid Waste	Total
Receivables:						
Taxes	$ 1,382,922	$ 00	$ 1,236,902	$ 3,096	$ 00	$ 2,622,920
Accounts	151,506	821	25,349	323,916	133,190	634,782
Gross receivables	1,534,428	821	1,262,251	327,012	133,190	3,257,702
Less allowance for uncollectibles	(138,292)	00	00	00	00	(138,292)
Net total receivables	$ 1,396,136	$ 821	$ 1,262,251	$ 327,012	$ 133,190	$ 3,119,410

Property taxes attached as an enforceable lien on property as of January 1, 2009. Property taxes were levied on July 30, 2009, and payable on or before December 1, 2009.

The County also has a receivable from the City of Carrollton totaling $9,054,220 that is further explained in Note 7.

Note 6 – Capital Assets

Capital assets activity for the County's governmental activities for the year ended June 30, 2010 was as follows:

	Beginning Balance (Restated)	Additions	Disposals, Transfers and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 11,798,481	$ 2,084,706	$ 00	$ 13,883,187
Construction in progress	8,093,543	3,674,081	(2,937,482)	8,830,142
Easements	4,334,112	45,862	00	4,379,974
Total capital assets, not being depreciated	24,226,136	5,804,649	(2,937,482)	27,093,303
Capital assets, being depreciated:				
Buildings	38,950,182	3,061,852	1,183,258	43,195,292
Machinery and equipment	28,476,972	3,330,359	(1,716,480)	30,090,851
Land improvements	65,447	25,728	00	91,175
Infrastructure	97,615,406	859,631	553,981	99,029,018
Total capital assets, being depreciated	165,108,007	7,277,570	20,759	172,406,336
Less accumulated depreciation for:				
Buildings	(9,837,185)	(767,317)	00	(10,604,502)
Machinery and equipment	(18,690,800)	(2,162,848)	2,844,223	(18,009,425)
Land improvements	(2,182)	(5,220)	00	(7,402)
Infrastructure	(67,664,901)	(2,397,240)	00	(70,062,141)
Total accumulated depreciation	(96,195,068)	(5,332,625)	2,844,223	(98,683,470)
Total capital assets, being depreciated, net	68,912,939	1,944,945	2,864,982	73,722,866
Governmental activities capital assets, net	$ 93,139,075	$ 7,749,594	$ (72,500)	$ 100,816,169

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

Governmental activities:	
General government	$ 103,725
Judicial	48,196
Public safety	1,583,163
Public works	3,344,912
Culture and recreation	187,637
Health and welfare	47,936
Economic development	17,056
Total depreciation expense – governmental activities	$ 5,332,625

Note 6 – Capital Assets – continued

Capital assets activity for the County's business-type activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activity:				
Land improvements	$ 69,614	$ 00	$ 00	$ 69,614
Buildings	622,541	00	00	622,541
Equipment	684,303	00	(13,799)	670,504
Total capital assets being depreciated	1,376,458	00	(13,799)	1,362,659
Less accumulated depreciation for:				
Land improvements	(69,614)	00	00	(69,614)
Buildings	(269,807)	(19,727)	00	(289,534)
Equipment	(521,716)	(55,508)	13,799	(563,425)
Total accumulated depreciation	(861,137)	(75,235)	13,799	(922,573)
Net capital assets	$ 515,321	$ (75,235)	$ 00	$ 440,086

A summary of the changes in capital assets of the Water Authority (component unit) follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 323,240	$ 5,000	$ 00	$ 328,240
Construction in progress	603,766	3,326,191	00	3,929,957
Total capital assets, not being depreciated	927,006	3,331,191	00	4,258,197
Capital assets, being depreciated:				
Buildings	967,000	00	00	967,000
Improvements other than buildings	61,966,301	00	00	61,966,301
Machinery and equipment	1,195,127	00	00	1,195,127
Vehicles	597,776	00	00	597,776
Total capital assets, being depreciated	64,726,204	00	00	64,726,204
Less accumulated depreciation for:				
Buildings	(192,839)	(37,994)	00	(230,833)
Improvements other than buildings	(13,345,242)	(1,097,747)	00	(14,442,989)
Machinery and equipment	(1,059,230)	(29,019)	00	(1,088,249)
Vehicles	(450,679)	(48,309)	00	(498,988)
Total accumulated depreciation	(15,047,990)	(1,213,069)	00	(16,261,059)
Total capital assets, being depreciated, net	49,678,214	(1,213,069)	00	48,465,145
Governmental activities capital assets, net	$ 50,605,220	$ 2,118,122	$ 00	$ 52,723,342

Note 6 – Capital Assets – continued

A summary of the changes in capital assets of the Department of Public Health (component unit) follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	$ 131,437	$ 3,000	$ 6,105	$ 128,332
Less accumulated depreciation for:	123,434	4,662	6,105	121,991
Net capital assets	$ 8,003	$ (1,662)	$ 00	$ 6,341

A summary of the changes in capital assets of the Development Authority (component unit) follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land and development costs	$ 2,161,065	$ 00	$ 00	$ 2,161,065
Net capital assets	$ 2,161,065	$ 00	$ 00	$ 2,161,065

Note 7 – Long-Term Debt

A. Revenue Bonds

During the year ended June 30, 2000, the Carrollton Redevelopment Authority (Redevelopment Authority) issued $13,060,000 of revenue bonds dated August 1, 1999 for the benefit of Carroll County, Georgia. The proceeds from the bonds were used to finance a portion of the costs of acquisition, construction, development and equipping of the new jail and to reimburse the County General Fund for the construction cost of a mental health facility built during the year ended June 30, 1999.

The bonds are limited obligations of the Redevelopment Authority. Bonds are payable solely from payments to be made by the County pursuant to an intergovernmental contract, dated as of August 1, 1999, between the Redevelopment Authority and the County. The County intends to (1) make payments with respect to that portion of the project constituting a jail from a portion of the revenues received from the County's special 1% sales and use tax and (2) make payments with respect to that portion of the project constituting a mental health facility from rental payments received under a rental agreement, dated as of September 1, 1999, between the County, as landlord, and the Pathways Community service Board, as tenant.

Note 7 – Long-Term Debt – continued

A. Revenue Bonds – continued

The bonds debt service requirements to maturities, including interest varying from 4.0% to 5.0%, is as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 60,000	$ 8,000	$ 68,000
2012	65,000	4,875	69,875
2013	65,000	1,625	66,625
Total	$ 190,000	$ 14,500	$ 204,500

B. General Obligation Bonds

During the year ended June 30, 2009, Carroll County, Georgia issued $40,500,000 of General Obligation Sales Tax Bonds, Series 2008. The proceeds from the bonds are to be used to fund a portion of the 2009 SPLOST Carroll County projects and City of Carrollton projects.

The bonds are direct and general obligations of the County. The principal of and interest on the Bonds are payable first from a one percent sales and use tax received by the County and the City of Carrollton. To the extent that the proceeds of the Sales and Use Tax received by the County and the City of Carrollton are insufficient to make such payments, the principal of and interest on the Bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes.

The City of Carrollton received $10,619,420 from the bond proceeds. This amount is reflected as a receivable from the City of Carrollton because the bonds issued are a general obligation of the County. Therefore, the full amount of bonds payable is reflected in the County's liabilities. The City of Carrollton will pay 26% of the bond interest and principal each year. Interest paid by the City will be recognized as interest income on the receivable, and the County will recognize the full amount of interest expense on the Bonds. The City's portion of bond principal paid will decrease the receivable from the City, while the County will use the proceeds to pay down its bonds payable balance.

The bonds' debt service requirements to maturity, including interest varying from 3.5% to 5.0%, is as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 6,020,000	$ 1,702,100	$ 7,722,100
2012	6,290,000	1,423,837	7,713,837
2013	6,580,000	1,123,838	7,703,838
2014	6,890,000	812,462	7,702,462
2015	7,205,000	498,088	7,703,088
2016	7,515,000	168,950	7,683,950
	$ 40,500,000	$ 5,729,275	$ 46,229,275

Note 7 – Long-Term Debt – continued

C. Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of various equipment and property. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and have been recorded at the present values of the future minimum lease payment as of the inception date.

The amount of leased equipment within the governmental capital assets at June 30, 2010 is $2,212,551.

The final payment was made during the year ended June 30, 2010.

D. Landfill Postclosure Care Costs

Effective May 1997, the Carroll County Landfill was closed and no additional waste has been accepted. According to state and federal laws and regulations, the County must perform certain maintenance and monitoring functions at the sites for a minimum of 30 years. Engineering studies estimate postclosure costs of approximately $1,722,692 over the remaining 23 year period. These costs are based on what it would cost to perform all postclosure care in 2004, adjusted for inflation. Actual costs may be higher due to changes in inflation, changes in technology, or changes in regulations. Should any problems occur during this postclosure period, the costs and time period required for the maintenance and monitoring functions may substantially increase.

E. Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 40,750,000	$ 00	$ (60,000)	$ 40,690,000	$ 6,080,000
Plus unamortized premiums	1,791,912	00	(325,802)	1,466,110	00
Net bonds payable	42,541,912	00	(385,802)	42,156,110	6,080,000
Capital lease obligations	101,966	00	(101,966)	00	00
Compensated absences	762,903	731,525	(669,891)	824,537	824,537
Governmental activity long-term liabilities	$ 43,406,781	$ 731,525	$ (1,157,659)	$ 42,980,647	$ 6,904,537

For governmental activities, compensated absences are generally liquidated by the General Fund.

Note 7 – Long-Term Debt – continued

E. Changes in Long-Term Liabilities - continued

Long-term liability activity for business-type activities for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Landfill postclosure care costs	$ 1,642,016	$ 134,260	$ (53,584)	$ 1,722,692	$ 74,900

The addition is to adjust for cumulative prior year inflation rate changes.

F. Component Unit Long-Term Liabilities

Water Authority:

The Water Authority (a component unit) issues bonds where the Water Authority pledges its revenues derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at June 30, 2010 are as follows:

Issue	Original Amount	Purpose	Interest Rate	Due Date	Balance
Series 2005	$ 19,425,000	Refunding of Series 1999 Bonds and Water Project Improvements	3.60% - 5.25%	2031	$ 14,870,000
Series 2002	4,635,000	Water Treatment Plant Expansion	3.00% - 5.25%	2025	3,690,000
			Less unamortized deferred charges		(572,583)
			Plus unamortized premium, net		695,714
					$ 18,683,131

Water Authority revenue bond debt service requirements to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 970,000	$ 896,635	$ 1,866,635
2012	1,015,000	850,385	1,865,385
2013	1,050,000	813,935	1,863,935
2014	1,090,000	775,375	1,865,375
2015	1,145,000	722,875	1,867,875
2016 - 2020	6,615,000	2,716,465	9,331,465
2021 - 2025	5,710,000	926,400	6,636,400
2026 - 2030	785,000	149,400	934,400
2031	180,000	8,100	188,100
Total	$ 18,560,000	$ 7,859,570	$ 26,419,570

Note 7 – Long-Term Debt – continued

F. Component Unit Long-Term Liabilities - continued

Water Authority - continued:

The Water Authority has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water projects. During this fiscal year, the Authority incurred additional debt to the GEFA to fund payment of its Rural Water Line Extension and Automated Meter Reading Meters projects. These notes are as follows at June 30, 2010:

Purpose	Interest Rate	Term	Due Date	Balance
Various water projects, line expansions and upgrades	2.00%	10 years	2011	$ 15,754
Various water projects, line expansions and upgrades	3.75%	20 years	2026	1,801,845
Various water projects, line expansions and upgrades	3.00%	20 years	2030	2,175,000
Various water projects, line expansions and upgrades	3.00%	20 years	2030	1,870,000
				$ 5,862,599

The Water Authority's other long-term debt service requirements to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 183,633	$ 137,090	$ 320,723
2012	236,954	180,016	416,970
2013	244,797	172,172	416,969
2014	252,903	164,066	416,969
2015	261,281	155,688	416,969
2016 - 2020	1,442,245	642,599	2,084,844
2021 - 2025	1,839,044	392,743	2,231,787
2026 - 2030	1,312,294	111,295	1,423,589
2031	89,448	560	90,008
Total	$ 5,862,599	$ 1,956,229	$ 7,818,828

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 19,495,000	$ 00	$ (935,000)	$ 18,560,000	$ 970,000
Unamortized premiums	729,578	00	(33,864)	695,714	00
Unamortized deferred charges	(620,298)	00	47,715	(572,583)	00
Revenue bonds, net	19,604,280	00	(921,149)	18,683,131	970,000
Notes payable	1,910,673	4,045,000	(93,074)	5,862,599	183,632
Compensated absences	13,536	00	(426)	13,110	13,110
Total long-term liabilities	$ 21,528,489	$ 4,045,000	$ (1,014,649)	$ 24,558,840	$ 1,166,742

Note 7 – Long-Term Debt – continued

F. Component Unit Long-Term Liabilities - continued

Hospital Authority:

A schedule of changes in the Authority's noncurrent liabilities for 2010 follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts Due Within One Year
Bonds and notes payable:					
Revenue Certificates	$ 70,805,000	$ 00	$ (2,285,000)	$ 68,520,000	$ 2,385,000

Long-term debt consisted of the following at June 30, 2010:

Revenue Certificates, Series 1998, bearing interest of 4.5% to 5.375%, maturing in installments of $830,000 to $1,270,000 each July 1 until 2018. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	$ 9,575,000
Revenue Certificates, Series 2001, bearing interest of 3.70% to 5.25%, maturing in installments of $880,000 to $2,060,000 each July 1 until 2028. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	26,550,000
Revenue Certificates, Series 2008, bearing interest of 3.0% to 5.0%, maturing in installments of $575,000 to $1,985,000 each July 1 until 2038. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	32,395,000
	68,520,000
Less current portion	2,385,000
	$ 66,135,000

The long-term debt relates to the Revenue Anticipation Certificates, Series 2008, 2001 and 1998, issued by the Carroll City-County Hospital Authority. The lease agreement states that the payments required under the Trust Indenture and the Certificates shall be made by Tanner Medical Center, Inc., as rent.

Under the terms of the Revenue Note Indenture, the Authority is required to maintain certain deposits with a trustee. Such deposits are included with restricted cash and investments in the balance sheet of the Tanner Medical Center, Inc. The Revenue Note Indenture also places limits on the incurrence of additional borrowings and requires that Tanner Medical Center, Inc. satisfy certain measures of financial performance as long as notes are outstanding.

Note 7 – Long-Term Debt – continued

F. Component Unit Long-Term Liabilities - continued

Hospital Authority – continued:

Hospital Authority Revenue Anticipation Certificates debt service requirements to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 2,385,000	$ 3,199,914	$ 5,584,914
2012	2,480,000	3,100,263	5,580,263
2013	2,580,000	2,998,913	5,578,913
2014	2,690,000	2,890,888	5,580,888
2015	2,805,000	2,775,950	5,580,950
2016 – 2020	14,720,000	11,849,156	26,569,156
2021 – 2025	12,455,000	8,786,667	21,241,667
2026 – 2030	13,565,000	5,510,847	19,075,847
2031 – 2035	7,450,000	2,962,274	10,412,274
2036 – 2039	7,390,000	946,250	8,336,250
Total	$ 68,520,000	$ 45,021,122	$ 113,541,122

Development Authority:

Conduit Debt

The Development Authority has issued revenue bonds to provide financial assistance to local entities for economic development. The bonds are secured by the property financed and are payable solely from payments from underlying lease or funding agreements. The Development Authority is not obligated in any manner for repayment of the bonds. The Development Authority does not report these bonds as liabilities in their financial statements. The aggregate principal amount payable at June 30, 2010, for all conduit debt which has been issued by the Development Authority is $10,970,000.

Note 8 – Excess of Expenditures over Appropriations

The following general fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2010:

General Fund – Animal Control

These over expenditures were funded by available fund balance.

Note 9 – Interfund Transactions

Interfund receivable and payable balances as of June 30, 2010 are as follows:

	Due From				
Due To	General Fund	Solid Waste	Other Governmental Funds	2009 SPLOST	Total
General Fund	$ 00	$ 6,681	$ 36,454	$ 27,520	$ 70,655
Solid Waste	71,939	00	00	00	71,939
Other governmental funds	18,056	00	00	00	18,056
2004 SPLOST	00	00	00	93,317	93,317
Total	$ 89,995	$ 6,681	$ 36,454	$ 120,837	$ 253,967

Interfund receivables and payables result from timing differences related to payroll and other year end transactions which normally clear within one to two months.

Interfund transfers for the year ended June 30, 2010 consisted of the following:

	Transfer From			
Transfer To	SPLOST 2009	SPLOST 2009 Debt Service	Other Governmental	Total
General Fund	$ 00	$ 00	$ 117,509	$ 117,509
2009 SPLOST	00	4,322,588	00	4,322,588
2009 SPLOST Debt Service Fund	10,137,707	00	00	10,137,707
Total	$ 10,137,707	$ 4,322,588	$ 117,509	$ 14,577,804

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute of budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 – Pension Plans

A. ACCG Pension Plan

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Carroll County Employees (the "Plan"), which is a defined benefit pension plan . This plan covers eligible County employees as of July 15, 1999 who made a one-time irrevocable choice to continue participating in the Plan. No employee hired after July 15, 1999 is eligible to participate in this plan.

Plan Description

The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (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 retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 1100 Circle 75 Parkway, Suite 300, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. The required contribution for the 2010 Plan year is $81,160. This amount represents 30.2% of covered payroll. Plan participants are not required to contribute to the Plan.

Annual Pension Cost and Net Pension Obligation

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2010, was 7 years. The County's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

Annual pension cost for prior year	$ 80,601
Actual contributions to Plan for prior year	(41,738)
Change in net pension obligation	38,863
Net pension obligation (assets) as of January 1, 2009	(30,107)
Net pension obligation (assets) as of January 1, 2010	$ 8,756

Note 10 – Pension Plans – continued

A. ACCG Pension Plan - continued

Basis of Valuation

Current valuation date	January 1, 2010
Annual return on invested Plan assets	7.75%
Projected annual salary increases	5.0% - 7.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit

Trend Information

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
01/01/10	$ 81,113	$ N/A	N/A	$ 8,756
01/01/09	80,601	41,738	52%	(30,107)
01/01/08	59,820	59,686	100	(30,241)
01/01/07	74,016	72,346	98	(31,911)
01/01/06	91,322	95,085	104	(28,148)
01/01/05	116,219	129,512	111	(14,855)
01/01/04	110,390	125,245	113	00
01/01/03	115,422	115,422	100	00
01/01/02	130,534	381,534	292	00
01/01/01	88,980	88,980	100	00

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/09	$ 2,822,545	$ 3,354,080	$ 531,535	84.2%	$ 253,987	209.3%
12/31/08	2,878,421	3,265,435	387,014	88.1	387,259	99.9
12/31/07	3,151,082	3,321,542	170,460	94.9	436,762	39.0
12/31/06	3,112,896	3,315,350	202,454	93.9	552,748	36.6
12/31/05	2,987,507	3,421,715	434,208	87.3	650,362	66.8
12/31/04	2,795,252	3,436,006	640,754	81.4	669,187	95.8
12/31/03	2,864,860	3,361,662	496,802	85.2	617,109	80.5
12/31/02	2,743,578	3,598,446	854,868	76.2	720,341	118.7
12/31/01	3,017,679	3,434,296	416,617	87.9	630,127	66.1
12/31/00	3,181,306	3,470,356	289,050	91.7	839,692	34.4

Note 10 – Pension Plan – continued

B. Deferred Compensation Plan:

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The County contributes a match of up to 3% of compensation. This match is contributed to the Carroll County Money Purchase Plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

In accordance with GASB Statement No. 32 "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the assets and liabilities of the County's Deferred Compensation Plan are not included within the County's financial statements.

C. Defined Contribution Plan:

All full-time employees of Carroll County who have performed at least six months of service are allowed to participate in the Carroll County Money Purchase Plan (the "Money Purchase Plan") administered by Nationwide Retirement Solutions Company. This plan is intended to qualify under the Internal Revenue Code Section 401(a). Plan provisions and contribution requirements are established and may be amended by the Carroll County Board of Commissioners. The County is required to contribute 1% of compensation for each participant with less than three years of service and 6% of compensation for each participant with three or more years of service. Participants' vesting in the Money Purchase Plan is based on years of credited service, as defined. A participant becomes 100% vested after five years of credited service. Total County contributions for the year ended June 30, 2010, were $1,134,866.

Note 11 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County purchases commercial insurance to cover property and professional liability claims.

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. Insurance coverage is a $250,000 per occurrence deductible.

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 funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

Note 11 – Risk Management - continued

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

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

Note 12 – Commitments and Contingencies

Litigation:

The County is involved in a number of legal matters, which either have or could result in litigation. The nature of the lawsuits varies considerably. In the opinion of County management, the outcome of these contingencies will not have a material effect on the financial position of the County. The County will continue to assert its position in a defense against these claims.

Pollution Remediation:

The Environmental Protection Division determined that the County had not obtained a general permit for storm water discharge at the site of the new Recreation Complex, and buffers to state waters were impacted by construction activity. Subsequent to year-end, a consent order between the parties was submitted. The monetary fine of $107,035 is included in the General Fund's Accrued Liabilities at June 30, 2010. Other remedial measures were included to address the storm water buffers. In the opinion of County management, these costs are not reasonably estimable.

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, County management believes such disallowances, if any, will not be significant.

Commitments:

On October 6, 2009, the County approved a conservation easement proposal for approximately 222 acres in Carroll County with an approximate easement value of $910,000. The County intends to use SPLOST funds and federal grant funds for this easement.

On June 1, 2010, the County approved a bid of $16,939,927 for providing general contractor services for the new Justice Center, to be paid with SPLOST funds.

Note 13 – Joint Ventures

Chattahoochee-Flint Regional Development Center

Under Georgia law, the County, in conjunction with other cities and counties in the five county west central Georgia area, is a member of the Chattahoochee-Flint Regional Development Center (RDC) and is required to pay annual dues thereto. During the year ended June 30, 2010, the County paid $111,954 in such dues. Of this amount, $44,029 was paid on behalf of the Cities and Towns within Carroll County including the following: the City of Bowdon, the City of Carrollton, the City of Mount Zion, the Town of Roopville, the City of Temple, the City of Villa Rica, and the City of Whitesburg. Membership in the RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional development commissions in Georgia.

The RDC Board membership includes the chief elected officials of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of a regional development commission. Separate financial statements may be obtained from the Chattahoochee-Flint Regional Development Center, 13273 Highway 34, Franklin, Georgia 30217.

Western Area Regional Radio System Authority

Carroll County, the City of Douglasville, Haralson County, Coweta County and Heard County are members of the Western Area Regional Radio System Authority which was created to provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services.

The Act creating the Authority provides that obligations of the Authority shall not be deemed to constitute a debt of the establishing local governments nor a pledge of the faith and credit of said establishing local governments. Separate financial statements may be obtained from the Treasurer of the Authority, 423 College Street, Carrollton, Georgia 30117.

During the year ended June 30, 2010, the County recognized $932,124 in intergovernmental revenue from WARRS Authority. Of this amount, $524,190 was a receivable at June 30, 2010. These funds were reimbursements for the Authority's portion of the communications network.

Note 14 – Hotel/Motel Lodging Tax

The County has levied a six percent lodging tax. Twenty percent and forty percent of the tax received is paid to the Carroll County Chamber of Commerce and the Carroll County Tourism Association, respectively to promote tourism within Carroll County. A summary of the transactions for the year ending June 30, 2010 follows:

Total lodging tax receipts and interest earned	$ 30,725
60% of tax receipts and interest earned owed to the Chamber and Association for June 30, 2010	$ 18,435
Tax receipts owed at June 30, 2009	1,179
Disbursements to the Chamber and Association during the year ended June 30, 2010	(18,308)
Balance of lodging tax funds on hand at June 30, 2010 and included in Hotel/Motel Tax Fund accounts payable	$ 1,306

Note 15 - Prior Period Adjustments

The General Fund balance, the 2009 SPLOST Fund balance, and Net Assets of Governmental Activities, at the beginning of the fiscal year have been adjusted to correct the following:

General Fund -		
Sales tax receivable at 6/30/09 was overstated	$ 795,967	
Portion of this receivable allocated to cities at 6/30/09 was overstated	(33,154)	$ 762,813
2009 SPLOST Fund -		
Sales tax receivable at 6/30/09 was overstated	1,275,134	
Portion of this receivable allocated to cities at 6/30/09 was overstated	(442,688)	832,446
Net assets of Governmental Activities		$ 1,595,259

Component Units

Water Authority:

Beginning net assets were adjusted to reflect an adjustment in the prior period.

Carroll County Water Authority
Restatement of Net Assets

Net assets – June 30, 2009	$ 34,647,891
Additions	00
Deletions*	(2,536)
Restated net assets – June 30, 2009	$ 34,645,355

* Includes a prepaid expense adjustment of $2,536.

Development Authority:

The net assets of Governmental Activities at the beginning of the year has been adjusted to correct an overstatement of land in the amount of $5,108 in the prior year financial statements.

Note 16 – Subsequent Events

The Carroll City – County Hospital Authority issued Revenue Anticipation Certificates, Series 2010, in the amount of $77,945,000 on September 1, 2010, for the purpose of (i) financing or refinancing the cost of the acquisition, construction, renovation, equipping and installation of certain additions, extensions and improvements to Tanner Medical Center, (ii) refunding all of the Authority's outstanding Revenue Anticipation Certificates, Series 1998A, (iii) refunding all of the Authority's outstanding Revenue Anticipation Certificates, Series 2001 and (iv) paying all or a portion of the costs of issuing the Series 2010 Certificates. As stated in Note 1, the County is obligated to pay the principal and interest on the Hospital Authority's revenue anticipation certificates should there be a default in payment by levying an additional tax.

On August 11, 2010, the County approved a bid of $953,548 for the installation of two bridges, to be paid with 2008 SPLOST funds.

On November 9, 2010, the County approved a bid of $612,215 for the construction of a roundabout, to be paid with 2008 SPLOST funds.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

Sheriff's Narcotics Fund is used to account for cash received either as a result of a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

Emergency Telephone System Fund is used to account for the County's emergency communications operations by providing an open channel between citizens and public safety providers.

Hotel/Motel Tax Fund is used to account for funds collected from the hotel/motel tax and disbursed to other agencies for the promotion of tourism.

Special Tax District Fund is used to account for the additional tax monies paid by citizens who wish to have street lights and erosion control provided by the County.

DATE Fund is used to account for funds restricted for County DATE projects.

Law Library Fund is used to account for the resources received from the various courts of Carroll County and disbursements for the support of a centralized law library.

Carroll County Clerks Cooperative Fund is used to account for a state grant to help with the costs of indexing deed records.

Juvenile Court – Supervision Fee Fund is used to account for the supervision fees received relating to the operation of the Juvenile Court.

Jail House Store Fund is used to account for the proceeds of the jail inmate commissary sales.

Correctional Institute Commissary Fund is used to account for proceeds of correctional institute inmate commissary sales.

Debt Service Funds

The debt service funds are used to account for the accumulation of resources and payment of bond principal and interest from governmental resources when the government is obligated in some manner for the payment.

Carroll County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds											
	Sheriff's Narcotics	Emergency Telephone System	Hotel/ Motel Tax	Special Tax District	DATE Account	Law Library	Clerk's Cooperative	Juvenile Court-Supervision Fee	Jail House Store	Correctional Institute Commissary	Debt Service	Total Nonmajor Governmental Funds
Assets												
Cash and cash equivalents	$ 1,697,949	$ 794,573	$ 2,176	$ 98,854	$ 45,606	$ 69,777	$ 159,641	$ 213,416	$ 2,789	$ 26,489	$ 132,714	$ 3,243,984
Taxes receivable	00	00	00	00	3,096	00	00	00	00	00	00	3,096
Accounts receivables	00	309,209	00	5,094	1,373	00	8,240	00	00	00	00	323,916
Due from other funds	00	18,056	00	00	00	00	00	00	00	00	00	18,056
Total assets	$ 1,697,949	$ 1,121,838	$ 2,176	$ 103,948	$ 50,075	$ 69,777	$ 167,881	$ 213,416	$ 2,789	$ 26,489	$ 132,714	$ 3,589,052
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	$ 00	$ 25,377	$ 1,306	$ 2931	$ 3,858	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 33,472
Due to other funds	00	35,584	870	00	00	00	00	00	00	00	00	36,454
Total liabilities	00	60,961	2,176	2,931	3,858	00	00	00	00	00	00	69,926
Fund Balances:												
Reserved for debt service	00	00	00	00	00	00	00	00	00	00	132,714	132,714
Unreserved, designated	1,697,949	1,060,877	00	101,017	46,217	69,777	167,881	213,416	2,789	26,489	00	3,386,412
Total fund balances	1,697,949	1,060,877	00	101,017	46,217	69,777	167,881	213,416	2,789	26,489	132,714	3,519,126
Total liabilities and fund balances	$ 1,697,949	$ 1,121,838	$ 2,176	$ 103,948	$ 50,075	$ 69,777	$ 167,881	$ 213,416	$ 2,789	$ 26,489	$ 132,714	$ 3,589,052

Carroll County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds											
	Sheriff's Narcotics	Emergency Telephone System	Hotel/ Motel Tax	Special Tax District	DATE Account	Law Library	Clerk's Cooperative	Juvenile Court-Supervision Fee	Jail House Store	Correctional Institute Commissary	Debt Service	Total Nonmajor Governmental Funds
Revenues:												
Other taxes	$ 00	$ 00	$ 30,716	45,797	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 76,513
Intergovernmental	28,394	00	00	00	00	00	52,736	00	00	00	00	81,130
Charges for services	00	1,730,327	00	00	00	00	00	18,685	00	00	00	1,749,012
Rental income	00	00	00	00	00	00	00	00	00	00	75,000	75,000
Fines and forfeitures	430,808	00	00	00	76,282	27,072	00	00	00	00	00	534,162
Interest income	19,211	3,321	9	478	255	374	687	18	00	100	509	24,962
Other revenues	35,563	00	00	00	00	00	00	00	222,877	62,903	00	321,343
Total revenues	513,976	1,733,648	30,725	46,275	76,537	27,446	53,423	18,703	222,877	63,003	75,509	2,862,122
Expenditures:												
Judicial	00	00	00	00	00	37,863	00	28,915	00	00	00	66,778
Public safety	1,285,089	1,356,908	00	00	85,117	00	00	00	222,884	101,006	00	3,051,004
Economic development	00	00	18,435	33,644	00	00	00	00	00	00	00	52,079
Debt service	00	00	00	00	00	00	00	00	00	00	71,000	71,000
Total expenditures	1,285,089	1,356,908	18,435	33,644	85,117	37,863	00	28,915	222,884	101,006	71,000	3,240,861
Excess (deficiency) of revenues over (under) expenditures	(771,113)	376,740	12,290	12,631	(8,580)	(10,417)	53,423	(10,212)	(7)	(38,003)	4,509	(378,739)
Other financing sources (uses):												
Transfers in	00	00	00	00	00	00	00	00	00	00	00	00
Transfers out	(105,219)	00	(12,290)	00	00	00	00	00	00	00	00	(117,509)
Total other financing sources (uses)	(105,219)	00	(12,290)	00	00	00	00	00	00	00	00	(117,509)
Net change in fund balances	(876,332)	376,740	00	12,631	(8,580)	(10,417)	53,423	(10,212)	(7)	(38,003)	4,509	(496,248)
Fund balances, beginning of year	2,574,281	684,137	00	88,386	54,797	80,194	114,458	223,628	2,796	64,492	128,205	4,015,374
Fund balances, end of year	$ 1,697,949	$ 1,060,877	$ 00	$ 101,017	$ 46,217	$ 69,777	$ 167,881	$ 213,416	$ 2,789	$ 26,489	$ 132,714	$ 3,519,126

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
1999 Issue
June 30, 2010

Project	Original Estimated Cost	Current Estimated Cost	Prior Years	Current Year	Total
Carroll County					
Jail project	$ 19,009,713	$ 19,009,713	$ 17,998,929	$ 00	$ 17,998,929
E-911 enhancements	750,000	750,000	447,805	00	447,805
Fire station enhancements	7,204,064	7,204,064	6,917,481	00	6,917,481
Recreations	1,000,511	1,000,511	845,825	00	845,825
Economic development	6,503,323	6,503,323	5,997,785	00	5,997,785
Road projects	4,674,669	4,674,669	6,865,303	00	6,865,303
	39,142,280	39,142,280	39,073,128	00	39,073,128
Cities					
Bowdon projects	2,092,800	2,092,800	1,972,481	00	1,972,481
Bremen projects	209,280	209,280	197,248	00	197,248
Carrollton projects	16,572,360	16,572,360	15,619,566	00	15,619,566
Mount Zion projects	470,880	470,880	443,808	00	443,808
Roopville projects	261,600	261,600	246,530	00	246,530
Temple projects	1,713,480	1,713,480	1,603,213	00	1,603,213
Villa Rica projects	4,251,000	4,251,000	3,541,070	00	3,541,070
Whitesburg projects	706,320	706,320	665,712	00	665,712
	26,277,720	26,277,720	24,289,628	00	24,289,628
Totals	$ 65,420,000	$ 65,420,000	$ 63,362,756	$ 00	$ 63,362,756

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
2004 Issue
June 30, 2010

Project	Original Estimated Cost	Current Estimated Cost	SPLOST Expenditures Prior Years	SPLOST Expenditures Current Year	Expenditures From Other Sources Prior Years	Expenditures From Other Sources Current Year	Total
Carroll County							
Courthouse project	$ 11,140,000	$ 11,140,000	$ 3,494,623	$ 2,010,117	$ 00	$ 00	$ 5,504,740
Public safety enhancements	5,300,500	5,300,500	5,005,597	1,040,248	4,192,763	932,124	11,170,732
800 MgH regional network							
Fiber optic network							
Public safety training facility							
Parks, recreation and greenspace	19,000,000	19,000,000	17,444,159	1,325,693	1,106,967	93,317	19,970,136
Animal control project	1,700,000	1,700,000	1,028,032	559,647	00	00	1,587,679
Agriculture education center improvements	100,000	100,000	95,493	6,116	00	00	101,609
Economic development	10,150,000	10,150,000	2,402,227	2,784,158	00	00	5,186,385
Road projects	5,250,000	5,250,000	6,719,998	00	579,480	00	7,299,478
	52,640,500	52,640,500	36,190,129	7,725,979	5,879,210	1,025,441	50,820,759
Cities							
Bowdon projects	2,125,000	2,125,000	1,997,538	00	00	00	1,997,538
Carrollton projects	21,335,000	21,335,000	15,883,828	00	00	00	15,883,828
Mount Zion projects	1,062,500	1,062,500	998,768	00	00	00	998,768
Roopville projects	255,000	255,000	239,704	00	00	00	239,704
Temple projects	2,269,500	2,269,500	2,133,369	00	00	00	2,133,369
Villa Rica projects	4,675,000	4,675,000	4,394,583	00	00	00	4,394,583
Whitesburg projects	637,500	637,500	599,260	00	00	00	599,260
	32,359,500	32,359,500	26,247,050	00	00	00	26,247,050
Totals	$ 85,000,000	$ 85,000,000	$ 62,437,179	$ 7,725,979	$ 5,879,210	$ 1,025,441	$ 77,067,809

Beginning with the year ended June 30, 2009, expenditures from other sources are included in the Schedule of Projects Constructed with Special Purpose Local Option Sales Tax Proceeds, 2004 Issue.

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
2009 Issue
June 30, 2010

Project	Original Estimated Cost	Current Estimated Cost	SPLOST Expenditures Prior Years	SPLOST Expenditures Current Year	Expenditures From Other Sources Current Year	Total
Roads, streets, bridges and sidewalks	$ 20,500,000	$ 20,500,000	$ 1,680,511	$ 2,201,935	$ 3,294,770	$ 7,177,216
Water facilities and equipment	9,500,000	9,500,000	700	00	00	700
Public works facilities and equipment	7,000,000	7,000,000	4,520,093	3,087,198	00	7,607,291
Recreation facilities and equipment	7,000,000	7,000,000	00	120,314	00	120,314
Judicial center facilities and equipment	6,000,000	6,000,000	00	78,718	00	78,718
Watershed and farmland protection	5,900,000	5,900,000	00	00	00	00
Public transportation facilities and equipment	3,500,000	3,500,000	9,518	17,420	00	26,938
Economic development	2,800,000	2,800,000	00	20,025	00	20,025
Public safety facilities and equipment	2,500,000	2,500,000	252,273	1,066,913	00	1,319,186
Courthouse facilities and equipment	1,000,000	1,000,000	00	6,103	00	6,103
Administrative facilities and equipment	500,000	500,000	117,457	598,371	00	715,828
Sewer facilities and equipment	500,000	500,000	00	00	00	00
Solid waste facilities and equipment	500,000	500,000	00	00	00	00
Ag-Ed improvements and equipment	128,705	128,705	19,200	6,567	00	25,767
	67,328,705	67,328,705	6,599,752	7,203,564	3,294,770	17,098,086
Cities						
Bowdon projects	1,908,712	1,908,712	45,331	286,997	00	332,328
Bremen projects	24,988	24,988	490	3,103	00	3,593
Carrollton projects	21,026,585	21,026,585	499,379	3,161,626	00	3,661,005
Mount Zion projects	1,454,119	1,454,119	34,550	218,739	00	253,289
Roopville projects	190,295	190,295	4,410	27,924	00	32,334
Temple projects	3,892,388	3,892,388	92,378	584,854	00	677,232
Villa Rica projects	6,759,300	6,759,300	160,497	1,016,126	00	1,176,623
Whitesburg projects	563,195	563,195	13,477	85,323	00	98,800
	35,819,582	35,819,582	850,512	5,384,692	00	6,235,204
	$ 103,148,287	$ 103,148,287	$ 7,450,264	$ 12,588,256	$ 3,294,770	$ 23,333,290

Prior years' expenditures for the Cities' SPLOST have been restated to reflect a prior period adjustment as described in Note 15.

Agency Funds

Tax Commissioner – This fund is used to account for all real, personal and intangible taxes collected and forwarded to the County and other government units.

Sheriff – This fund is used to account for collection of fees, proceeds from judicial sales, and cash bonds, which are disbursed to other agencies, the County, and individuals.

Jail Inmate Fund – This fund accounts for jail inmate funds while in custody, and for the purchase of items from the Jail Commissary and related activities on behalf of inmates and the correctional institute.

Correctional Institute Inmate Fund – This fund is used to account for inmate funds held while in custody and for purchase of items from the Correctional Institute Commissary and related activities on behalf of the inmates.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

Magistrate Court
Clerk of Court
Solicitor
Probate Court
Juvenile Court

Carroll County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

	Tax Commissioner	Sheriff	Inmate Jail Fund	Correctional Institute Inmate Fund	Magistrate Court	Clerk of Court	Solicitor	Probate Court	Juvenile Court	Totals
Assets										
Cash	$ 882,084	$ 8,889	$ 275,547	$ 20,721	$ 80,999	$ 507,242	$ 54,468	$ 11,443	$ 13,445	$ 1,854,838
Taxes receivable	3,503,982	00	00	00	00	00	00	00	00	3,503,982
Total assets	$ 4,386,066	$ 8,889	$ 275,547	$ 20,721	$ 80,999	$ 507,242	$ 54,468	$ 11,443	$ 13,445	$ 5,358,820
Liabilities										
Due to other governments	$ 671,223	$ 00	$ 225,524	$ 1,561	$ 22,862	$ 114,423	$ 35,974	$ 11,443	$ 12,707	$ 1,095,717
Due to others	210,861	8,889	50,023	19,160	58,137	392,819	18,494	00	738	759,121
Uncollected taxes	3,503,982	00	00	00	00	00	00	00	00	3,503,982
Total liabilities	$ 4,386,066	$ 8,889	$ 275,547	$ 20,721	$ 80,999	$ 507,242	$ 54,468	$ 11,443	$ 13,445	$ 5,358,820

COMPLIANCE SECTION

Carroll County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Justice			
(Direct award)			
Justice Assistance Grant Program	16.738		$ 25,543
Bulletproof Vest Partnership Program	16.607		1,385
ARRA - Justice Assistance Grant	16.804		18,955
(Passed through the Council of Juvenile Court Judges of Georgia)			
Juvenile Accountability Incentive Block Grant	16.523	06B-ST-0001	2,024
Juvenile Accountability Incentive Block Grant	16.523	0TB-ST-0004	7,249
(Passed through Georgia Children and Youth Coordinating Council)			
Youth Connections Program Grant	16.540	06B-CM-0001	18,387
(Passed through Bureau of Justice Assistance)			
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-F3117-GA-AP	10,303
Total Department of Justice			83,846
U.S. Department of Homeland Security			
(Direct award)			
SAFER Grant	97.083	EMW-2005-FF-00414	162,315
(Passed through Georgia Emergency Management Agency)			
Hazard Mitigation Grant	97.039	HMGP-1761-002	15,055
Disaster Grant - Presidentially Declared Disaster	97.036	FEMA-1858-DR-GA	1,950,202
Total U.S. Department of Homeland Security			2,127,572
U.S. Department of Transportation			
(Passed through Georgia Office of Highway Safety)			
HEAT Grant	20.600	GA-2009-22-00819	30,507
HEAT Grant	20.600	GA-2010-22-00344	24,987
WRTEN Grant	20.600	TEN-2009-22-00911	12,027
Hazardous Materials Emergency Preparedness Grant (HMEP)	20.703	L08-9-027	52,361
Hazardous Materials Emergency Preparedness Grant (HMEP)	20.703	OHM10-025	5,000
Total U.S. Department of Transportation			124,882
U.S. Department of Health and Human Services			
(Passed through Georgia Office of Secretary of State)			
Improved Access to Elections Program	93.617	2010-2	6,170
Total U.S. Department of Health and Human Services			6,170
U.S. Department of the Interior			
(Direct Award)			
ARRA - Land Water Conservation Program Grant	15.916	LWCF-1300863	100,000
Total U.S. Department of the Interior			100,000
Total all federal funding			$ 2,442,470

Note 1. Significant Accounting Policies

Basis of Presentation

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

Measurement Focus

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

Program Type Determination

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

Method of Major Program Selection

The risk based approach was used in the selection of federal programs to be tested as major programs. The County did not qualify as a low-risk auditee for the fiscal year ended June 30, 2010.

Amount Provided to Subrecipients

The County had no major programs that provide amounts to subrecipients.

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*

Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Julie M. George	CPA
Frederick G. Thomas	CPA	Heather B. Foster	CPA
Deborah W. Cooke	CPA	Audrey L. McGhee	CPA
Johanna H. Tallent	CPA	Amber E. Ash	CPA
Brandy C. Smith	CPA		

Members of Georgia Society of Certified Public Accountants
Members of American Institute of Certified Public Accountants
Members of Private Companies Practice Section, Division for CPA Firms

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*

The Board of Commissioners
Carroll County, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2010. Other auditors audited the financial statements of the Carroll County Department of Health, Carroll County Water Authority, and the Carroll City-County Hospital Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. 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 Carroll County, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Board of Commissioners
Carroll County, Georgia

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-2.

We noted certain matters that we reported to management of Carroll County, Georgia, in a separate letter dated December 30, 2010.

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

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

Garrett, Stephens, Thomas + Tazic, P.C.

December 30, 2010

Independent Auditor's Report on Compliance with
Requirements That Could Have a Direct and Material
Effect on Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133

Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Julie M. George	CPA
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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Commissioners
Carroll County, Georgia

Compliance

We have audited Carroll County, Georgia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Carroll County, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Carroll County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Carroll County, Georgia, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Carroll County, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Carroll County, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

The Board of Commissioners
Carroll County, Georgia

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

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

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

Garrett, Stephens, Thomas & Tazio, P.C.

December 30, 2010

Carroll County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Carroll County, Georgia.

2. One control deficiency relating to the audit of the financial statements is reported in the 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*. It is not considered to be a material weakness.

3. One instance of noncompliance material to the financial statements of Carroll County, Georgia was required to be reported in accordance with *Government Auditing Standards*.

4. No control deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance Performed in Accordance with OMB Circular A-133.

5. The auditor's report on compliance for the major federal award programs for Carroll County, Georgia expresses an unqualified opinion.

6. No audit findings relative to the major federal award programs for Carroll County, Georgia are reported in Part C of this schedule.

7. The program tested as a major program was the Disaster Grant - Presidentially Declared Disasters, CFDA #97.036.

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Carroll County, Georgia was not considered to be a low-risk auditee.

B. Findings - Financial Statements Audit

2009-1 Segregation of Duties (Repeat Finding)

Criteria: Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

Condition: There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments, component units, and constitutional offices of the County.

Effect: The possibility that errors or irregularities could occur and not be detected on a timely basis in the normal course of business.

Cause: Limited number of personnel within each office to perform all of the required duties.

Recommendation: We recommend that segregation of duties be implemented to the extent practical and accounting records be reviewed by responsible officials on a regular basis.

B. Findings - Financial Statements Audit - continued

2009-1 Segregation of Duties (Repeat Finding) - continued

Response: We concur with the recommendation. The County Administration will work to continually improve and implement as many procedures as possible to improve internal controls in this area.

2009-2 Failure to Comply with the Official Code of Georgia Annotated (OCGA) Section 15-21A-4 (Repeat Finding)

Criteria: State law requires that all partial payments of fines received on or after July 1, 2004, are to be remitted to the proper authority by the end of the month following the month in which they are received. Also, any funds held on July 1, 2004, consisting of previously collected partial payments shall be subject to the same procedures and forms.

Condition: The Clerk of Superior Court is not properly remitting partial payments in accordance with OCGA 15-21A-4.

Effect: By not disbursing partial payments collected, the Clerk of Court's office has not properly distributed approximately $199,937 to various local and state agencies and the County in accordance with state law.

Cause: The accounting for partial payments is done on a manual basis and has not been completed timely.

Recommendation: The Clerk of Court should comply with OCGA Section 15-21A-4.

Response: We concur with the recommendation.

C. Findings and Questioned Costs – Major Federal Award Program Audit

None reported.

Carroll County, Georgia
Summary Schedule of Prior Audit Findings - Federal Awards
For the Year Ended June 30, 2010

None reported.