CARROLL COUNTY, GEORGIA

Financial Statements and Supplementary Information
For the Year Ended June 30, 2011

And

Independent Auditor's Report

Carroll County, Georgia
For the Year Ended June 30, 2011

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FINANCIAL SECTION

Garrett
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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 aggregate 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, 2011, 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 98% of the assets and 99% of the revenues of the County's component units for the year ended June 30, 2011. 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Carroll County, Georgia, as of June 30, 2011, 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 March 6, 2012, 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.

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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 & Tazio, P.C.

March 6, 2012

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, 2011. 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, 2011, by $124,348,013 (net assets) vs. $122,943,816 as of June 30, 2010.
- At June 30, 2011, the County's General Fund reported a total fund balance of $10,090,540, an increase of $587,529 or 6.2% from the last fiscal year.

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 $124,348,013 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (70.2%) 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 (18.3%) 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 ($14,165,693) represents unrestricted net assets.

Carroll County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 54,781,210	$ 68,055,201	$ 5,452,771	$ 5,319,874	$ 60,233,981	$ 73,375,075
Capital assets	109,422,349	100,816,169	438,814	440,086	109,861,163	101,256,255
Total assets	164,203,559	168,871,370	5,891,585	5,759,960	170,095,144	174,631,330
Current liabilities	15,656,759	15,196,252	246,751	233,470	15,903,510	15,429,722
Long-term liabilities	28,255,000	34,610,000	1,588,621	1,647,792	29,843,621	36,257,792
Total liabilities	43,911,759	49,806,252	1,835,372	1,881,262	45,747,131	51,687,514
Net assets:						
Invested in capital assets, net of related debt	86,923,113	82,561,220	438,814	440,086	87,361,927	83,001,306
Restricted	22,820,393	23,592,321	00	00	22,820,393	23,592,321
Unrestricted	10,548,294	12,911,577	3,617,399	3,438,612	14,165,693	16,350,189
Total net assets	$ 120,291,800	$ 119,065,118	$ 4,056,213	$ 3,878,698	$ 124,348,013	$ 122,943,816

Change in Net Assets. Governmental activities increased the County's net assets by $1,226,682. Business-type activities during the same period increased net assets by $177,515 for a total increase in net assets of $1,404,197. Certain reclassifications have been made to prior year amounts to conform to current year presentation. Key elements of this increase are as follows:

Carroll County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	$ 10,357,393	$ 9,515,852	$ 2,361,514	$ 2,410,465	$ 12,718,907	$ 11,926,317
Operating grants and Contributions	383,125	517,308	00	00	383,125	517,308
Capital grants and contributions	2,770,520	3,364,766	00	00	2,770,520	3,364,766
General revenues:						
Property taxes	24,102,315	24,435,157	00	00	24,102,315	24,435,157
Sales taxes	24,825,324	25,192,033	00	00	24,825,324	25,192,033
Insurance premium tax	2,723,445	2,800,250	00	00	2,723,445	2,800,250
Other taxes	781,748	768,651	00	00	781,748	768,651
Investment earnings	580,585	810,577	26,329	25,136	606,914	835,713
Gain on disposition of assets	00	539,267	00	00	00	539,267
Miscellaneous	261,609	280,296	00	00	261,609	280,296
Rental income	297,601	297,600	00	00	297,601	297,600
Transfers	(1,332)	00	1,332	00	00	00
Total revenues	67,082,333	68,521,757	2,389,175	2,435,601	69,471,508	70,957,358
Expenses						
General government	5,776,950	5,256,648	00	00	5,776,950	5,256,648
Judicial	5,284,107	5,524,637	00	00	5,284,107	5,524,637
Public safety	29,048,888	29,202,641	00	00	29,048,888	29,202,641
Public works	13,373,531	12,635,989	00	00	13,373,531	12,635,989
Health and welfare	424,195	464,387	00	00	424,195	464,387
Culture and recreation	3,245,956	3,514,162	00	00	3,245,956	3,514,162
Economic development	2,066,972	2,054,306	00	00	2,066,972	2,054,306
Intergovernmental	5,306,347	5,384,692	00	00	5,306,347	5,384,692
Interest on long-term debt	1,328,705	1,603,704	00	00	1,328,705	1,603,704
Solid waste operations	00	00	2,211,660	2,316,996	2,211,660	2,316,996
Total expenses	65,855,651	65,641,166	2,211,660	2,316,996	68,067,311	67,958,162
Change in net assets	1,226,682	2,880,591	177,515	118,605	1,404,197	2,999,196
Net assets, beginning of year	119,065,118	117,779,786	3,878,698	3,760,093	122,943,816	121,539,879
Prior period adjustments	00	(1,595,259)	00	00	00	(1,595,259)
Net assets, end of year	$ 120,291,800	$ 119,065,118	$ 4,056,213	$ 3,878,698	$ 124,348,013	$ 122,943,816

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 $32,516,716, a decrease of $12,436,908 in comparison with the prior year. Approximately 24.5% of this total amount ($7,997,725) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted ($21,919,356), committed ($2,347,563), nonspendable ($199,624), and assigned ($52,448) to indicate that it is not available for new spending because it has already been obligated.

The general fund is the chief operating fund of Carroll County. At the end of the current fiscal year, unassigned fund balance of the general fund was $7,997,725, while total fund balance reached $10,090,540. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.72% of total general fund expenditures, while total fund balance represents 22.36% of that same amount.

The fund balance of the County's general fund increased during the current fiscal year by $587,529.

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 2011 fiscal year, the 1999 SPLOST Capital Projects fund had a restricted fund balance of $1, a decrease of $19,981 from the prior year. This decrease in fund balance is expected as projects are completed.

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 2011 fiscal year, the 2004 SPLOST Capital Projects fund had a restricted fund balance of $343,845, a decrease of $9,743,247 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 2011 fiscal year, the 2009 SPLOST Capital Projects fund had a restricted fund balance of $18,671,059, a decrease of $3,152,661 from the prior year. This decrease in fund balance is expected as projects are completed.

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 2011 fiscal year, the 2009 SPLOST Debt Service fund had a restricted fund balance of $232, a decrease of $461 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, 2011, governmental activities and business-type activities had capital assets of $109,861,163 (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	
	2011	(Restated) 2010	2011	2010	2011	(Restated) 2010
Land	$ 14,025,989	$ 13,883,187	$ 45,838	$ 00	$ 14,071,827	$ 13,883,187
Construction in progress	13,628,254	8,830,142	00	00	13,628,254	8,830,142
Easements	4,379,974	4,379,974	00	00	4,379,974	4,379,974
Buildings and improvements	31,781,105	32,590,790	313,281	333,007	32,094,386	32,923,797
Machinery and equipment	16,929,327	12,081,426	79,695	107,079	17,009,022	12,188,505
Land improvements	77,695	83,773	00	00	77,695	83,773
Infrastructure	28,600,005	28,966,877	00	00	28,600,005	28,966,877
Total	$ 109,422,349	$ 100,816,169	$ 438,814	$ 440,086	$ 109,861,163	$ 101,256,255

Additional information on the County's capital assets can be found in Note 7 of this report.

Long-term Debt. At the end of the current fiscal year, Carroll County had total bonded debt outstanding of $34,610,000. Of this amount, $34,610,000 comprises debt backed by the full faith and credit of the government.

Carroll County's Outstanding Debt

	2011	2010
General obligation bonds	$ 34,480,000	$ 40,500,000
Revenue bonds	130,000	190,000
Capital leases	00	00
	$ 34,610,000	$ 40,690,000

Carroll County's total debt decreased during the current fiscal year by $6,080,000.

Additional information regarding the County's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets

- The unemployment rate for Carroll County is currently 11.9%, which is an increase from a rate of 10.9% one year ago. The unemployment rate for the state of Georgia is 9.9%.
- In fiscal year 2012, 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 2011.

All of these factors were considered in preparing Carroll County's budgets for the 2012 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, 2011

	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	$ 26,586,627	$ 5,251,150	$ 31,837,777	$ 437,854	$ 629,494	$ 2,724,291	$ 00
Investments	14,894,783	00	14,894,783	00	1,040,712	00	00
Taxes receivable	2,465,031	00	2,465,031	00	00	00	00
Accounts receivable	554,330	144,514	698,844	49,996	00	5,794,522	00
Current portion of lease receivable	00	00	00	00	00	00	5,741,219
Lease receivable, net of current portion	00	00	00	00	00	00	109,668,000
Receivable, City of Carrollton	7,585,580	00	7,585,580	00	00	00	00
Due from other governments	2,375,480	00	2,375,480	00	00	00	00
Interest receivable	00	00	00	00	4,503	00	00
Internal balances	(57,107)	57,107	00	00	00	00	00
Inventories	00	00	00	00	00	171,815	00
Prepaid expenses	97,249	00	97,249	00	00	90,430	00
Restricted assets, cash and cash equivalents	00	00	00	00	00	2,201,793	00
Deferred charges, unamortized balance	279,237	00	279,237	00	00	718,209	00
Capital assets							
Nondepreciable	32,034,217	45,838	32,080,055	00	2,161,065	15,705,931	00
Depreciable, net of accumulated depreciation	77,388,132	392,976	77,781,108	3,532	00	43,506,498	00
Total assets	$ 164,203,559	$ 5,891,585	$ 170,095,144	$ 491,382	$ 3,835,774	$ 70,913,489	$ 115,409,219

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
June 30, 2011

	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	$ 1,994,985	$ 171,102	$ 2,166,087	$ 00	$ 3,000	$ 3,353	$ 00
Retainage payable	965,684	00	965,684	00	00	00	00
Accrued liabilities	2,465,587	00	2,465,587	00	00	56,292	00
Due to other governments	1,110,768	00	1,110,768	00	00	00	00
Customer deposits payable	00	00	00	00	00	958,339	00
Note payable due within one year	00	00	00	00	00	359,362	00
Note payable due in more than one year	00	00	00	00	00	8,784,344	00
Capital leases due within one year	00	00	00	00	00	00	00
Bond payables due within one year	6,355,000	00	6,355,000	00	00	1,015,000	3,280,000
Bond payables due in more than one year	28,255,000	00	28,255,000	00	00	16,711,983	109,668,000
Unamortized bond premium	1,140,308	00	1,140,308	00	00	00	00
Compensated absences	838,394	00	838,394	173,486	00	3,478	00
Accrued interest payable	786,033	00	786,033	00	00	477,691	2,461,219
Landfill postclosure care costs due within one year	00	75,649	75,649	00	00	00	00
Landfill postclosure care costs due in more than one year	00	1,588,621	1,588,621	00	00	00	00
Total liabilities	43,911,759	1,835,372	45,747,131	173,486	3,000	28,369,842	115,409,219
Net Assets							
Investment in capital assets, net of related debt	86,923,113	438,814	87,361,927	3,532	2,161,065	34,434,011	00
Restricted for:							
Economic development	00	00	00	00	1,671,709	00	00
Debt service	6,426,990	00	6,426,990	00	00	2,196,604	00
Capital projects	13,628,650	00	13,628,650	00	00	2,674,006	00
Other	2,764,753	00	2,764,753	314,364	00	5,189	00
Unrestricted	10,548,294	3,617,399	14,165,693	00	00	3,233,837	00
Total net assets	$ 120,291,800	$ 4,056,213	$ 124,348,013	$ 317,896	$ 3,832,774	$ 42,543,647	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	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	$ 5,776,950	$ 1,003,262	$ 00	$ 00	$ (4,773,688)	$ 00	$ (4,773,688)	$	$	$	$
Judicial	5,284,107	2,898,144	147,854	00	(2,238,109)	00	(2,238,109)				
Public safety	29,048,888	5,490,240	235,271	101,550	(23,221,827)	00	(23,221,827)				
Public works	13,373,531	00	00	2,619,859	(10,753,672)	00	(10,753,672)				
Health and welfare	424,195	00	00	00	(424,195)	00	(424,195)				
Culture and recreation	3,245,956	965,747	00	49,111	(2,231,098)	00	(2,231,098)				
Economic Development	2,066,972	00	00	00	(2,066,972)	00	(2,066,972)				
Intergovernmental	5,306,347	00	00	00	(5,306,347)	00	(5,306,347)				
Interest on long-term debt	1,328,705	00	00	00	(1,328,705)	00	(1,328,705)				
Total governmental activities	65,855,651	10,357,393	383,125	2,770,520	(52,344,613)	00	(52,344,613)				
Business-type activities											
Solid Waste operations	2,211,660	2,361,514	00	00	00	149,854	149,854				
Total primary government	68,067,311	12,718,907	383,125	2,770,520	(52,344,613)	149,854	(52,194,759)				
Component units:											
Carroll County Department of Public Health	1,744,157	1,091,591	811,490	00				158,924	00	00	00
Carroll County Development Authority	139,624	00	00	00				00	(139,624)	00	00
Carroll County Water Authority	6,966,022	7,678,269	00	1,512,794				00	00	2,225,041	00
Carroll City/County Hospital Authority	3,334,679	3,334,679	00	00				00	00	00	00
Total component units	$ 12,184,482	$ 12,104,539	$ 811,490	$ 1,512,794				158,924	(139,624)	2,225,041	00
General revenues:											
Property taxes					24,102,315	00	24,102,315	00	00	00	00
Sales taxes					24,825,324	00	24,825,324	00	00	00	00
Insurance premium taxes					2,723,445	00	2,723,445	00	00	00	00
Alcoholic beverage taxes					431,467	00	431,467	00	00	00	00
Other taxes					350,281	00	350,281	00	00	00	00
Investment earnings					580,585	26,329	606,914	00	13,713	19,316	00
Miscellaneous					261,609	00	261,609	00	00	00	00
Rental income					297,601	00	297,601	00	00	00	00
Transfers					(1,332)	1,332	00	00	00	00	00
Total general revenues and transfers					53,571,295	27,661	53,598,956	00	13,713	19,316	00
Change in net assets					1,226,682	177,515	1,404,197	158,924	(125,911)	2,244,357	00
Net assets, beginning of year					119,065,118	3,878,698	122,943,816	158,972	3,958,685	39,280,997	00
Prior period adjustment – Note 16					00	00	00	00	00	1,018,293	00
Net assets, end of year					$ 120,291,800	$ 4,056,213	$ 124,348,013	$ 317,896	$ 3,832,774	$ 42,543,647	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2011

	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	$ 11,292,619	$ 00	$ 1,387,129	$ 10,737,880	$ 00	$ 3,168,999	$ 26,586,627
Investments	00	1	166,785	7,654,440	7,073,557	00	14,894,783
Taxes receivable	1,117,278	00	00	1,345,329	00	2,424	2,465,031
Accounts receivable	257,685	00	00	00	00	296,645	554,330
Due from other governments	1,102,677	00	00	1,272,803	00	00	2,375,480
Due from other funds	49,044	00	00	00	00	00	49,044
Prepaid expenses	97,249	00	00	00	00	00	97,249
Total assets	$ 13,916,552	$ 1	$ 1,553,914	$ 21,010,452	$ 7,073,557	$ 3,468,068	$ 47,022,544
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 508,526	$ 00	$ 1,018,538	$ 449,674	$ 00	$ 18,247	$ 1,994,985
Retainage payable	00	00	00	965,684	00	00	965,684
Accrued liabilities	2,465,587	00	00	00	7,073,325	00	9,538,912
Deferred revenues	789,327	00	00	00	00	00	789,327
Due to other governments	00	00	191,531	919,237	00	00	1,110,768
Due to other funds	62,572	00	00	4,798	00	38,782	106,152
Total liabilities	3,826,012	00	1,210,069	2,339,393	7,073,325	57,029	14,505,828

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet - continued
Governmental Funds
For the Year Ended June 30, 2011

Liabilities and Fund Balances - continued	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:							
Nonspendable	$ 199,624	$ 00	$ 00	$ 00	$ 00	$ 00	$ 199,624
Restricted	94,518	1	343,845	18,671,059	232	2,809,701	21,919,356
Committed	1,746,225	00	00	00	00	601,338	2,347,563
Assigned	52,448	00	00	00	00	00	52,448
Unassigned	7,997,725	00	00	00	00	00	7,997,725
Total fund balances	10,090,540	1	343,845	18,671,059	232	3,411,039	32,516,716
Total liabilities and fund balances	$ 13,916,552	$ 1	$ 1,553,914	$ 21,010,452	$ 7,073,557	$ 3,468,068	

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.	$ 109,422,349
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	789,327
Receivable for the City's portion of bonds payable is not reported in the funds.	7,585,580
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(36,312,172)
Debt service payments due within 30 days are accrued in the funds.	6,290,000
Net assets of governmental activities.	$ 120,291,800

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, 2011

	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	$ 24,117,599	$ 00	$ 00	$ 00	$ 00	$ 00	$ 24,117,599
Sales taxes	9,540,722	00	00	15,284,602	00	00	24,825,324
Insurance premium taxes	2,723,445	00	00	00	00	00	2,723,445
Other taxes	744,113	00	00	00	00	79,715	823,828
Licenses and permits	868,191	00	00	00	00	00	868,191
Intergovernmental	3,017,645	00	00	2,486,558	1,468,640	118,799	7,091,642
Charges for services	1,197,148	00	00	00	00	1,848,752	3,045,900
Fines and forfeitures	2,756,687	00	00	00	00	671,914	3,428,601
Reimbursements from other agencies	56,915	00	00	00	00	00	56,915
Interest	73,490	53	3,181	81,200	407,935	14,726	580,585
Rental income	222,601	00	00	00	00	75,000	297,601
Other revenues	383,075	00	791	108,070	00	283,209	775,145
Total revenues	45,701,631	53	3,972	17,960,430	1,876,575	3,092,115	68,634,776
Expenditures							
Current:							
General government	5,525,135	00	00	00	00	00	5,525,135
Judicial	5,207,530	00	00	00	00	57,788	5,265,318
Public safety	24,410,598	00	00	00	00	2,999,913	27,410,511
Public works	4,920,700	00	00	00	00	00	4,920,700
Health and welfare	424,195	00	00	00	00	00	424,195
Culture and recreation	2,715,179	00	00	00	00	00	2,715,179
Economic development	1,925,823	00	00	00	00	58,643	1,984,466
Intergovernmental	00	00	00	5,306,347	00	00	5,306,347
Capital outlay	00	20,034	9,747,219	9,826,605	00	00	19,593,858
Debt service	00	00	00	00	7,857,175	68,800	7,925,975
Total expenditures	45,129,160	20,034	9,747,219	15,132,952	7,857,175	3,185,144	81,071,684
Excess (deficiency) of revenues over expenditures	572,471	(19,981)	(9,743,247)	2,827,478	(5,980,600)	(93,029)	(12,436,908)

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, 2011

	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	$ 15,058	$ 00	$ 00	$ 00	$ 5,980,139	$ 00	$ 5,995,197
Transfers out	00	00	00	(5,980,139)	00	(15,058)	(5,995,197)
Total other financing sources (uses)	15,058	00	00	(5,980,139)	5,980,139	(15,058)	00
Net change in fund balances	587,529	(19,981)	(9,743,247)	(3,152,661)	(461)	(108,087)	(12,436,908)
Fund balance, beginning of year	9,503,011	19,982	10,087,092	21,823,720	693	3,519,126	44,953,624
Fund balance, end of year	$ 10,090,540	$ 1	$ 343,845	$ 18,671,059	$ 232	$ 3,411,039	$ 32,516,716

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, 2011

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

Net change in fund balances – total governmental funds	$ (12,436,908)
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.	8,860,960
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(254,780)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(57,364)
Repayment of the City's portion of bonds payable increases the current financial resources of governmental funds, but has no effect on net assets.	(1,468,640)
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.	6,596,020
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.	(12,606)
Change in net assets of governmental activities	$ 1,226,682

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, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 23,174,043	$ 23,701,703	$ 24,117,599	$ 415,896
Sales taxes	10,230,000	10,230,000	9,540,722	(689,278)
Insurance premium taxes	2,840,000	2,840,000	2,723,445	(116,555)
Other taxes	807,000	807,000	744,113	(62,887)
Licenses and permits	711,500	856,500	868,191	11,691
Intergovernmental	2,948,000	3,140,110	3,017,645	(122,465)
Charges for services	1,166,000	1,166,000	1,197,148	31,148
Fines and forfeitures	3,331,000	3,461,000	2,756,687	(704,313)
Reimbursements from other agencies	22,000	22,000	56,915	34,915
Interest	72,065	72,065	73,490	1,425
Rental income	222,600	222,600	222,601	1
Other revenues	423,040	467,965	383,075	(84,890)
Total revenues	45,947,248	46,986,943	45,701,631	(1,285,312)
Expenditures:				
Current:				
General government:				
County Attorney	195,000	195,000	147,052	47,948
County Commission	902,500	912,500	899,447	13,053
Elections	444,100	490,087	446,218	43,869
General administration	2,450,450	2,199,449	2,092,884	106,565
Information technology services	151,000	151,000	136,022	14,978
Property tax appraisal	1,014,422	1,014,422	968,089	46,333
Tax Commissioner	846,450	879,280	835,423	43,857
Total general government	6,003,922	5,841,738	5,525,135	316,603
Judicial:				
District Attorney	702,693	702,693	702,693	00
Juvenile Court	689,195	704,395	731,783	(27,388)
Magistrate Court	560,250	560,250	535,585	24,665
Probate Court	366,350	373,350	367,689	5,661
Clerk of Courts	930,850	930,850	873,881	56,969
Solicitor of State Court	446,600	451,600	437,440	14,160
Superior Court	569,221	601,221	519,228	81,993
Public Defender	722,130	722,130	722,130	00
State Court	336,413	336,413	307,101	29,312
CASA	10,000	10,000	10,000	00
Total judicial	5,333,702	5,392,902	5,207,530	185,372

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, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
800 MgH telecommunications system	$ 42,840	$ 42,840	$ 35,098	$ 7,742
Coroner	76,064	77,064	68,925	8,139
Animal control	673,985	688,985	734,179	(45,194)
Ambulance service	837,000	837,000	837,000	00
Fire department	6,861,693	6,952,534	6,587,185	365,349
Correctional Institute	3,297,537	3,303,537	3,218,532	85,005
Sheriff	12,791,971	13,060,718	12,929,679	131,039
Total public safety	24,581,090	24,962,678	24,410,598	552,080
Public works:				
Public works department	2,683,300	3,127,300	2,769,378	357,922
Solid waste disposal and recycling	2,267,000	2,267,000	2,151,322	115,678
Total public works	4,950,300	5,394,300	4,920,700	473,600
Health and Welfare:				
Community services	300,000	300,000	300,000	00
Welfare	99,195	99,195	99,195	00
West Georgia Mental Health Center	25,000	25,000	25,000	00
Total health and welfare	424,195	424,195	424,195	00
Recreation:				
Recreation department	1,669,700	1,944,700	1,842,085	102,615
Parks	681,842	711,842	657,343	54,499
Libraries	215,751	215,751	215,751	00
Total recreation	2,567,293	2,872,293	2,715,179	157,114
Economic development:				
Community development	2,086,746	2,098,836	1,925,823	173,013
Total economic development	2,086,746	2,098,836	1,925,823	173,013

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, 2011

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Total expenditures	$ 45,947,248	$ 46,986,942	$ 45,129,160	$ 1,857,782
Excess (deficiency) of revenues over expenditures	00	1	572,471	572,470
Other financing sources (uses):				
Transfers in	00	00	15,058	15,058
Transfers out	00	(1)	00	1
Total other financing sources (uses)	00	(1)	15,058	15,059
Net change in fund balance	00	00	587,529	587,529
Fund balance, beginning of year	9,503,011	9,503,011	9,503,011	00
Fund balance, end of year	$ 9,503,011	$ 9,503,011	$ 10,090,540	$ 587,529

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
Proprietary Fund
June 30, 2011

	Solid Waste Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 5,251,150
Accounts receivable	144,514
Due from other funds	62,572
Total current assets	5,458,236
Noncurrent assets:	
Capital assets:	
Nondepreciable	45,838
Depreciable, net of accumulated depreciation	392,976
Total noncurrent assets	438,814
Total assets	$ 5,897,050
Liabilities	
Current liabilities:	
Accounts payable	$ 171,102
Due to other funds	5,465
Landfill postclosure care costs – current portion	75,649
Total current liabilities	252,216
Noncurrent liabilities:	
Landfill postclosure care costs – long-term portion	1,588,621
Total liabilities	1,840,837
Net Assets	
Investment in capital assets	438,814
Unrestricted	3,617,399
Total net assets	$ 4,056,213

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, 2011

	Solid Waste Fund
Operating revenues:	
Charges for services	$ 2,361,514
Operating expenses:	
Cost of sales and service	2,163,218
Depreciation	48,442
Total operating expenses	2,211,660
Operating income	149,854
Nonoperating income:	
Interest income	26,329
Total nonoperating income	26,329
Income before capital contributions and transfers	176,183
Capital contributions	8,403
Transfers in (out)	(7,071)
Change in net assets	177,515
Net assets, beginning of year	3,878,698
Net assets, end of year	$ 4,056,213

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2011

	Solid Waste Fund
Cash flows from operating activities:	
Receipts from customers and users	$ 2,350,660
Payments to suppliers	(1,940,353)
Payments to employees	(261,074)
Net cash provided by operating activities	149,233
Cash flows from capital and related financing activities:	
Purchase of capital assets	(45,838)
Net cash used by capital and related financing activities	(45,838)
Cash flows from investing activities:	
Interest received	26,329
Net cash provided by investing activities	26,329
Increase in cash and cash equivalents	129,724
Cash and cash equivalents:	
Beginning of year	5,121,426
End of year	$ 5,251,150
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 149,854
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	48,442
Change in assets and liabilities:	
Increase in accounts receivable	(11,324)
Decrease in due from other funds	9,367
Increase in accounts payable	12,532
Decrease in landfill postclosure care costs	(58,422)
Decrease in due to other funds	(1,216)
Net cash provided by operating activities	$ 149,233

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Agency Funds
Assets:	
Cash	$ 1,951,144
Taxes receivable	3,116,964
Total assets	$ 5,068,108
Liabilities:	
Due to other governments	$ 1,189,888
Due to others	761,256
Due to others – uncollected taxes	3,116,964
Total liabilities	$ 5,068,108

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. Fund Balances

Note 4. Legal Compliance – Budgets

Note 5. Cash and Investments

Note 6. Receivables

Note 7. Capital Assets

Note 8. Long-Term Debt

Note 9. Excess of Expenditures Over Appropriations

Note 10. Interfund Transactions

Note 11. Pension Plans

Note 12. Risk Management

Note 13. Commitments and Contingencies

Note 14. Joint Ventures

Note 15. Hotel/Motel Lodging Tax

Note 16. Prior Period Adjustments

Note 17. 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.

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.

Note 1 – Summary of Significant Accounting Policies – continued

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 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 included in the appropriate fund balance classification 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, 2011.

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.

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.

Note 1 – Summary of Significant Accounting Policies - continued

H. Prepaid Expenditures/Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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.

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, 2011, no amount of interest was capitalized.

Note 1 – Summary of Significant Accounting Policies - continued

J. Capital Assets - continued

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

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

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

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

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

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

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

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

Note 1 – Summary of Significant Accounting Policies – continued

K. Fund Equity – continued

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

- Committed
- Assigned
- Unassigned

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 $36,312,172 difference are as follows:

Accrued interest payable, portion not accrued in funds	$ 2,707
Bonds payable	34,610,000
Unamortized bond premium	1,140,308
Deferred bond issuance costs (to be amortized as interest expense)	(279,237)
Compensated absences	838,394
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets-governmental activities	$ 36,312,172

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $8,860,960 difference are as follows:

Capital outlay	$ 14,756,815
Depreciation expense	(5,895,855)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	$ 8,860,960

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 $6,596,020 difference are as follows:

Increase in accrual of debt service expenditures due within 30 days	$ 270,000
Amortization of bond issuance costs	(79,782)
Amortization of bond premiums	325,802
Principal repayments	
Bond payable	6,080,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ 6,596,020

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 $12,606 difference are as follows:

Accrued interest	$ 1,251
Compensated absences	(13,857)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ (12,606)

Note 3 – Fund Balances

Detailed information regarding the County's fund balances for its major funds are described below.

- Nonspendable – The following fund balances are nonspendable because they are allocated to:

General Fund:	
Resources contractually required to be maintained intact	$ 90,475
Prepaid items	97,249
Long-term receivable	11,900
Total	$ 199,624

- Restricted – The following fund balances are restricted for:

General Fund:	
Restricted by contributors	$ 94,518
Capital Projects Funds:	
1999 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 1999 SPLOST	$ 1
2004 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2004 SPLOST	343,845
2009 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2009 SPLOST	18,671,059
Total	$ 19,014,905
Debt Service Fund:	
2009 SPLOST Debt Service – used to account for the resources accumulated and payments made for principal and interest on the general obligation sales tax bonds	$ 232

- Committed – The following balances are committed to:

General Fund:	
Resources set aside for workers compensation claims	$ 1,712,568
Resources set aside for McIntosh Reserve Park	33,657
Total	$ 1,746,225

Note 3 – Fund Balances - continued

- Assigned – The following fund balances are assigned to:

General Fund:	
Resources set aside for County Recreation department	$ 1,637
Resources set aside for health insurance costs	17,291
Resources set aside for law enforcement purposes	1,522
Resources set aside for Carroll County Emergency Planning Committee	31,998
Total	$ 52,448

- Unassigned – The County has not formally adopted a financial policy regarding a General Fund minimum unassigned fund balance.

Note 4 – 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.

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 28, 2010, or as amended by the Board of Commissioners.

Note 5 – 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, 2011, the County held the following investments:

Investment	Fair Value
Regions/Morgan Keegan Short-term Investments	$ 14,727,997
U.S. Bank and Citigroup Treasury Obligations	166,786
	$ 14,894,783

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, 2011, the County's bank balances were properly insured and collateralized. As of June 30, 2011, all of the County's component units bank balances were properly insured and collateralized.

Note 6 – Receivables

Receivables consisted of the following at June 30, 2011:

	General	2009 SPLOST	Other Governmental Funds	Solid Waste	Total
Receivables:					
Taxes	$ 1,241,420	$ 1,345,329	$ 2,424	$ 00	$ 2,589,173
Accounts	257,685	00	296,645	144,514	698,844
Gross receivables	1,499,105	1,345,329	299,069	144,514	3,288,017
Less allowance for uncollectibles	(124,142)	00	00	00	(124,142)
Net total receivables	$ 1,374,963	$ 1,345,329	$ 299,069	$ 144,514	$ 3,163,875

Property taxes attached as an enforceable lien on property as of January 1, 2010. Property taxes were levied on August 3, 2010, and payable on or before December 1, 2010.

The County also has a receivable from the City of Carrollton totaling $7,585,580 that is further explained in Note 8.

Note 7 – Capital Assets

Capital assets activity for the County's governmental activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Disposals, Transfers and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 13,883,187	$ 142,802	$ 00	$ 14,025,989
Construction in progress	8,830,142	10,890,167	(6,092,055)	13,628,254
Easements	4,379,974	00	00	4,379,974
Total capital assets, not being depreciated	27,093,303	11,032,969	(6,092,055)	32,034,217
Capital assets, being depreciated:				
Buildings	43,195,292	00	00	43,195,292
Machinery and equipment	30,090,851	1,575,857	5,084,284	36,750,992
Land improvements	91,175	00	00	91,175
Infrastructure	99,029,018	2,147,989	(226,000)	100,951,007
Total capital assets, being depreciated	172,406,336	3,723,846	4,858,284	180,988,466
Less accumulated depreciation for:				
Buildings	(10,604,502)	(809,685)	00	(11,414,187)
Machinery and equipment	(18,009,425)	(2,638,331)	826,091	(19,821,665)
Land improvements	(7,402)	(6,078)	00	(13,480)
Infrastructure	(70,062,141)	(2,441,761)	152,900	(72,351,002)
Total accumulated depreciation	(98,683,470)	(5,895,855)	978,991	(103,600,334)
Total capital assets, being depreciated, net	73,722,866	(2,172,009)	5,837,275	77,388,132
Governmental activities capital assets, net	$ 100,816,169	$ 8,860,960	$ (254,780)	$ 109,422,349

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

Governmental activities:	
General government	$ 203,254
Judicial	7,057
Public safety	1,947,231
Public works	3,452,854
Culture and recreation	256,743
Economic development	28,716
Total depreciation expense – governmental activities	$ 5,895,855

Note 7 – Capital Assets – continued

Capital assets activity for the County's business-type activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Disposals, Transfers and Adjustments	Ending Balance
Business-type Activity:				
Capital assets, not being depreciated:				
Land	$ 00	$ 45,838	$ 00	$ 45,838
Total capital assets, not being depreciated	00	45,838	00	45,838
Capital assets, being depreciated:				
Land improvements	69,614	00	00	69,614
Buildings	622,541	00	00	622,541
Equipment	670,504	00	(254,077)	416,427
Total capital assets being depreciated	1,362,659	00	(254,077)	1,108,582
Less accumulated depreciation for:				
Land improvements	(69,614)	00	00	(69,614)
Buildings	(289,534)	(19,726)	00	(309,260)
Equipment	(563,425)	(28,716)	255,409	(336,732)
Total accumulated depreciation	(922,573)	(48,442)	255,409	(715,606)
Total capital assets, being depreciated, net	440,086	(48,442)	1,332	392,976
Net capital assets	$ 440,086	$ (2,604)	$ 1,332	$ 438,814

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

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 4,944,187	$ 51,008	$ 00	$ 4,995,195
Construction in progress	4,296,377	6,414,359	00	10,710,736
Total capital assets, not being depreciated	9,240,564	6,465,367	00	15,705,931
Capital assets, being depreciated:				
Buildings	967,000	8,400	(132,567)	842,833
Improvements other than buildings	57,325,572	62,700	(4,435)	57,383,837
Machinery and equipment	1,195,127	00	(1,051,543)	143,584
Vehicles	629,864	57,110	(405,929)	281,045
Total capital assets, being depreciated	60,117,563	128,210	(1,594,474)	58,651,299
Less accumulated depreciation for:				
Buildings	(230,833)	(16,254)	132,567	(114,520)
Improvements other than buildings	(13,766,968)	(1,016,965)	4,435	(14,779,498)
Machinery and equipment	(1,097,506)	(76,626)	1,051,543	(122,589)
Vehicles	(498,988)	(35,135)	405,929	(128,194)
Total accumulated depreciation	(15,594,295)	(1,144,980)	1,594,474	(15,144,801)
Total capital assets, being depreciated, net	44,523,268	(1,016,770)	00	43,506,498
Governmental activities capital assets, net	$ 53,763,832	$ 5,448,597	$ 00	$ 59,212,429

Note 7 – 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	$ 128,332	$ 1,382	$ 15,563	$ 114,151
Less accumulated depreciation for:	121,991	4,191	15,563	110,619
Net capital assets	$ 6,341	$ (2,809)	$ 00	$ 3,532

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

	Beginning Balance	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 8 – 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 8 – 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
2012	$ 65,000	$ 4,875	$ 69,875
2013	65,000	1,625	66,625
Total	$ 130,000	$ 6,500	$ 136,500

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 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
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
	$ 34,480,000	$ 4,027,175	$ 38,507,175

Note 8 – Long-Term Debt – continued

C. 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 $1,664,270 over the remaining 22 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.

D. Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 40,690,000	$ 00	$ (6,080,000)	$ 34,610,000	$ 6,355,000
Plus unamortized premiums	1,466,110	00	(325,802)	1,140,308	00
Net bonds payable	42,156,110	00	(6,405,802)	35,750,308	6,355,000
Compensated absences	824,537	755,014	(741,157)	838,394	838,394
Governmental activity long-term liabilities	$ 42,980,647	$ 755,014	$ (7,146,959)	$ 36,588,702	$ 7,193,394

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

Long-term liability activity for business-type activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Landfill postclosure care costs	$ 1,722,692	$ 00	$ (58,422)	$ 1,664,270	$ 75,649

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

E. 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, 2011 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	$ 14,080,000
Series 2002	4,635,000	Water Treatment Plant Expansion	3.00% - 5.25%	2025	3,510,000
			Less unamortized deferred charges		(524,868)
			Plus unamortized premium, net		661,850
					$ 17,726,982

Note 8 – Long-Term Debt – continued

E. Changes in Long-Term Liabilities – continued

Water Authority - continued

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

Fiscal year ending June 30,	Principal	Interest	Total
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	1,220,000	667,463	1,887,463
2017 - 2021	6,920,000	2,387,815	9,307,815
2022 - 2026	4,330,000	631,012	4,961,012
2027 - 2031	820,000	114,075	934,075
Total	$ 17,590,000	$ 6,962,935	$ 24,552,935

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, 2011:

Purpose	Interest Rate	Term	Due Date	Balance
Various water projects, line expansions and upgrades	3.75%	20 years	2026	$ 1,721,206
Various water projects, line expansions and upgrades	3.00%	20 years	2031	2,175,000
Various water projects, line expansions and upgrades	3.00%	20 years	2031	1,870,000
Various water projects, line expansions and upgrades	3.00%	20 years	2031	3,377,500
				$ 9,143,706

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

Fiscal year ending June 30,	Principal	Interest	Total
2012	$ 359,364	$ 280,725	$ 640,089
2013	372,686	269,060	641,746
2014	384,680	257,066	641,746
2015	397,080	244,668	641,748
2016	409,865	231,882	641,747
2017 - 2021	2,256,537	952,198	3,208,735
2022 - 2026	2,686,462	563,403	3,249,865
2027 - 2031	2,277,032	181,915	2,458,947
Total	$ 9,143,706	$ 2,980,917	$ 12,124,623

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

Water Authority - continued:

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 18,560,000	$ 00	$ (970,000)	$ 17,590,000	$ 1,015,000
Unamortized premiums	695,714	00	(33,864)	661,850	00
Unamortized deferred charges	(572,583)	00	47,715	(524,868)	00
Revenue bonds, net	18,683,131	00	(956,149)	17,726,982	1,015,000
Notes payable	5,862,599	3,377,500	(96,393)	9,143,706	359,362
Compensated absences	13,110	00	(9,632)	3,478	3,478
Total long-term liabilities	$ 24,558,840	$ 3,377,500	$ (1,062,174)	$ 26,874,166	$ 1,377,840

Hospital Authority:

A schedule of changes in the Authority's noncurrent liabilities for 2011 follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Bonds and notes payable:					
Revenue Certificates	$ 68,520,000	$ 81,258,000	$ (36,830,000)	$ 112,948,000	$ 3,280,000

Long-term debt consisted of the following at June 30, 2011:

Revenue Certificates, Series 2008, bearing interest of 3.0% to 5.0%, maturing in installments of $610,000 to $1,985,000 each July 1 until 2038. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	$ 31,800,000
Revenue Certificates, Series 2010, bearing interest of 2.0% to 5.0%, maturing in installments of $1,575,000 to $3,525,000 each July 1 until 2040. The certificates are collateralized by a pledge of the Medical Center's gross receipts.	77,945,000
	109,745,000
Less current portion	3,280,000
	106,465,000
Plus unamortized premium	3,203,000
	$ 109,668,000

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

The long-term debt relates to the Revenue Anticipation Certificates, Series 2008 and 2010, 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.

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

Fiscal year ending June 30,	Principal	Interest	Total
2012	$ 3,280,000	$ 4,873,257	$ 8,153,257
2013	3,370,000	4,784,057	8,154,057
2014	3,465,000	4,688,807	8,153,807
2015	3,570,000	4,576,607	8,146,607
2016	3,695,000	4,445,757	8,140,757
2017 – 2021	18,545,000	19,681,747	38,226,747
2022 – 2026	19,020,000	15,483,872	34,503,872
2027 – 2031	19,550,000	10,729,202	30,279,202
2032 – 2036	17,340,000	6,712,157	24,052,157
2037 – 2041	17,910,000	2,025,500	19,935,500
Total	$ 109,745,000	$ 78,000,963	$ 187,745,963

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, 2011, for all conduit debt which has been issued by the Development Authority is $7,555,000.

Note 9 – Excess of Expenditures over Appropriations

The following general fund departments had actual expenditures in excess of appropriations for the year ended June 30, 2011:

General Fund – Animal Control
General Fund – Juvenile Court

These over expenditures were funded by available fund balance.

Note 10 – Interfund Transactions

Interfund receivable and payable balances as of June 30, 2011 are as follows:

	Due From				
Due To	General Fund	Solid Waste	Other Governmental Funds	2009 SPLOST	Total
General Fund	$ 00	$ 5,465	$ 38,782	$ 4,797	$ 49,044
Solid Waste	62,572	00	00	00	62,572
Total	$ 62,572	$ 5,465	$ 38,782	$ 4,797	$ 111,616

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, 2011 consisted of the following:

	Transfer From		
Transfer To	SPLOST 2009	Other Governmental	Total
General Fund	$ 00	$ 15,058	$ 15,058
2009 SPLOST Debt Service Fund	5,980,139	00	5,980,139
Total	$ 5,980,139	$ 15,058	$ 5,995,197

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.

During the year, capital assets of the Solid Waste Fund were reassigned to the general government, resulting in a transfer out of $7,071. Since governmental funds do not report capital assets, no corresponding transfer in is reported. However, transfers in and transfers out do continue to balance in the government-wide statement of activities.

Also during the year, capital assets of the general government were reassigned to the Solid Waste Fund, resulting in a capital contribution of $8,403. In the government-wide statement of activities, this reassignment is shown as a transfer between governmental activities and business-type activities, causing a net transfer in to business-type activities of $1,332.

Note 11 – 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 400 Galleria Parkway, Suite 1250, 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 2011 Plan year is $96,586. This amount represents 36.6% 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, 2011, was 6 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	$ 81,113
Actual contributions to Plan for prior year	(81,160)
Change in net pension obligation	(47)
Net pension obligation (assets) as of January 1, 2010	8,756
Net pension obligation (assets) as of January 1, 2011	$ 8,709

Note 11 – Pension Plans – continued

A. ACCG Pension Plan - continued

Basis of Valuation

Current valuation date	January 1, 2011
Annual return on invested Plan assets	7.75%
Projected annual salary increases	5.0% - 7.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)

Trend Information

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
01/01/11	$ 97,305	$ N/A	N/A	$ 8,709
01/01/10	81,113	81,160	100%	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

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)
12/31/10	$ 2,713,216	* $ 3,298,823	$ 585,607	82.2%	$ 269,021	217.7%
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

* Reflects change to asset smoothing adopted by the ACCG Pension Plan and Trust Board of Trustees.

Note 11 – 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, 2011, were $1,152,102.

Note 12 – 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 $300,000 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 12 – 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 13 – 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.

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. As of June 30, 2011, the County had expended $8,008,810 towards this commitment.

Note 13 – Commitments and Contingencies – continued

On July 6, 2010, the County approved a bid of $2,670,405 for construction services for the Business Park Phase II, to be paid with SPLOST funds. As of June 30, 2011, the County had expended $1,267,665 towards this commitment.

On November 9, 2010, the County approved a bid of $612,215 for the construction of a roundabout, to be paid with SPLOST funds. As of June 30, 2011, the County had expended $99,530 towards this commitment.

On January 4, 2011, the County approved a proposal of $1,065,024 for installation of furniture, fixtures and equipment for the new Justice Center, to be paid with SPLOST funds.

On March 1, 2011, the County approved a bid of $477,405 to construct a bridge for the Business Park, to be paid with SPLOST funds.

Note 14 – Joint Ventures

Three Rivers Regional Commission

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 Three Rivers Regional Commission (TRRC) and is required to pay annual dues thereto. During the year ended June 30, 2011, the County paid $114,778 in such dues. A portion of this amount 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 TRRC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of regional commissions in Georgia.

The TRRC 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 commission. Separate financial statements may be obtained from the Three Rivers Regional Commission, 120 North Hill Street, Griffin, Georgia.

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.

Note 15 – 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, 2011 follows:

Total lodging tax receipts and interest earned	$ 37,645
60% of tax receipts and interest earned owed to the Chamber and Association for June 30, 2011	$ 22,587
Tax receipts owed at June 30, 2010	1,306
Disbursements to the Chamber and Association during the year ended June 30, 2011	(21,826)
Balance of lodging tax funds on hand at June 30, 2011 and included in Hotel/Motel Tax Fund accounts payable	$ 2,067

Note 16 - Prior Period Adjustments

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, 2010	$ 39,280,997
Additions*	1,037,440
Deletions**	(19,147)
Restated net assets – June 30, 2010	$ 40,299,290

* Includes an adjustment for items that had been expensed in prior years that should have been capitalized as well as a reclassification of land that had been previously depreciated.

** Includes an adjustment for previously capitalized interest expense that should have been expensed in a prior period.

Note 17 – Subsequent Events

On August 2, 2011, the County approved a bid of $862,179 for an audio/visual system for the new Judicial Center, to be paid with SPLOST funds.

On December 6, 2011, the County approved a bid of $1,498,702 for the renovation of the historic courthouse, to be paid with SPLOST funds.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted or committed 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, 2011

	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	$ 1,171,742	$ 1,192,456	$ 3,445	$ 109,887	$ 35,842	$ 62,911	$ 230,011	$ 213,249	$ 874	$ 9,116	$ 139,466	$ 3,168,999
Taxes receivable	00	00	00	00	2,424	00	00	00	00	00	00	2,424
Accounts receivables	00	288,109	00	700	1,220	00	6,616	00	00	00	00	296,645
Due from other funds	00	00	00	00	00	00	00	00	00	00	00	00
Total assets	$ 1,171,742	$ 1,480,565	$ 3,445	$ 110,587	$ 39,486	$ 62,911	$ 236,627	$ 213,249	$ 874	$ 9,116	$ 139,466	$ 3,468,068
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	$ 00	$ 7,579	$ 2,067	$ 3,001	$ 5,600	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 18,247
Due to other funds	00	37,404	1,378	00	00	00	00	00	00	00	00	38,782
Total liabilities	00	44,983	3,445	3,001	5,600	00	00	00	00	00	00	57,029
Fund Balances:												
Fund balance - Restricted	1,171,742	1,435,582	00	00	00	62,911	00	00	00	00	139,466	2,809,701
Fund balance – Committed	00	00	00	107,586	33,886	00	236,627	213,249	874	9,116	00	601,338
Total fund balances	1,171,742	1,435,582	00	107,586	33,886	62,911	236,627	213,249	874	9,116	139,466	3,411,039
Total liabilities and fund balances	$ 1,171,742	$ 1,480,565	$ 3,445	$ 110,587	$ 39,486	$ 62,911	$ 236,627	$ 213,249	$ 874	$ 9,116	$ 139,466	$ 3,468,068

Carroll County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	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	$ 37,635	$ 42,080	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 79,715
Intergovernmental	51,028	00	00	00	00	00	67,771	00	00	00	00	118,799
Charges for services	00	1,828,770	00	00	00	00	00	19,982	00	00	00	1,848,752
Rental income	00	00	00	00	00	00	00	00	00	00	75,000	75,000
Fines and forfeitures	578,493	00	00	00	62,977	30,444	00	00	00	00	00	671,914
Interest income	6,457	5,644	10	545	184	329	975	00	00	30	552	14,726
Other revenues	21,294	00	00	00	00	00	00	00	215,137	46,778	00	283,209
Total revenues	657,272	1,834,414	37,645	42,625	63,161	30,773	68,746	19,982	215,137	46,808	75,552	3,092,115
Expenditures:												
Judicial	00	00	00	00	00	37,639	00	20,149	00	00	00	57,788
Public safety	1,183,479	1,459,709	00	00	75,492	00	00	00	217,052	64,181	00	2,999,913
Economic development	00	00	22,587	36,056	00	00	00	00	00	00	00	58,643
Debt service	00	00	00	00	00	00	00	00	00	00	68,800	68,800
Total expenditures	1,183,479	1,459,709	22,587	36,056	75,492	37,639	00	20,149	217,052	64,181	68,800	3,185,144
Excess (deficiency) of revenues over (under) expenditures	(526,207)	374,705	15,058	6,569	(12,331)	(6,866)	68,746	(167)	(1,915)	(17,373)	6,752	(93,029)
Other financing sources (uses):												
Transfers in	00	00	00	00	00	00	00	00	00	00	00	00
Transfers out	00	00	(15,058)	00	00	00	00	00	00	00	00	(15,058)
Total other financing sources (uses)	00	00	(15,058)	00	00	00	00	00	00	00	00	(15,058)
Net change in fund balances	(526,207)	374,705	00	6,569	(12,331)	(6,866)	68,746	(167)	(1,915)	(17,373)	6,752	(108,087)
Fund balances, beginning 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
Fund balances, end of year	$ 1,171,742	$ 1,435,582	$ 00	$ 107,586	$ 33,886	$ 62,911	$ 236,627	$ 213,249	$ 874	$ 9,116	$ 139,466	$ 3,411,039

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
1999 Issue
June 30, 2011

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	20,034	6,885,337
	39,142,280	39,142,280	39,073,128	20,034	39,093,162
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	$ 20,034	$ 63,382,790

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
2004 Issue
June 30, 2011

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	$ 5,504,740	$ 7,648,674	$ 00	$ 00	$ 13,153,414
Public safety enhancements	5,300,500	5,300,500	6,045,845	509,534	5,124,887	00	11,680,266
800 MgH regional network							
Fiber optic network							
Public safety training facility							
Parks, recreation and greenspace	19,000,000	19,000,000	18,769,852	130,174	1,200,284	00	20,100,310
Animal control project	1,700,000	1,700,000	1,587,679	00	00	00	1,587,679
Agriculture education center improvements	100,000	100,000	101,609	00	00	00	101,609
Economic development	10,150,000	10,150,000	5,186,385	1,458,837	00	00	6,645,222
Road projects	5,250,000	5,250,000	6,719,998	00	579,480	00	7,299,478
	52,640,500	52,640,500	43,916,108	9,747,219	6,904,651	00	60,567,978
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	$ 70,163,158	$ 9,747,219	$ 6,904,651	$ 00	$ 86,815,028

Beginning with the year ended June 30, 2010, 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, 2011

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
Roads, streets, bridges and sidewalks	$ 20,500,000	$ 20,500,000	$ 3,882,446	$ 4,606,817	$ 3,294,770	$ 2,521,299	$ 14,305,332
Water facilities and equipment	9,500,000	9,500,000	700	00	00	00	700
Public works facilities and equipment	7,000,000	7,000,000	7,607,291	66,172	00	00	7,673,463
Recreation facilities and equipment	7,000,000	7,000,000	120,314	1,081,260	00	49,111	1,250,685
Judicial center facilities and equipment	6,000,000	6,000,000	78,718	912,302	00	00	991,020
Watershed and farmland protection	5,900,000	5,900,000	00	00	00	00	00
Public transportation facilities and equipment	3,500,000	3,500,000	26,938	00	00	00	26,938
Economic development	2,800,000	2,800,000	20,025	168,578	00	00	188,603
Public safety facilities and equipment	2,500,000	2,500,000	1,319,186	317,018	00	00	1,636,204
Courthouse facilities and equipment	1,000,000	1,000,000	6,103	2,935	00	00	9,038
Administrative facilities and equipment	500,000	500,000	715,828	36,273	00	24,218	776,319
Sewer facilities and equipment	500,000	500,000	00	00	00	00	00
Solid waste facilities and equipment	500,000	500,000	00	00	00	00	00
Ag-Ed improvements and equipment	128,705	128,705	25,767	40,622	00	00	66,389
	67,328,705	67,328,705	13,803,316	7,231,977	3,294,770	2,594,628	26,924,691
Cities							
Bowdon projects	1,908,712	1,908,712	332,328	282,822	00	00	615,150
Bremen projects	24,988	24,988	3,593	3,057	00	00	6,650
Carrollton projects	21,026,585	21,026,585	3,661,005	3,115,625	00	00	6,776,630
Mount Zion projects	1,454,119	1,454,119	253,289	215,556	00	00	468,845
Roopville projects	190,295	190,295	32,334	27,518	00	00	59,852
Temple projects	3,892,388	3,892,388	677,232	576,345	00	00	1,253,577
Villa Rica projects	6,759,300	6,759,300	1,176,623	1,001,342	00	00	2,177,965
Whitesburg projects	563,195	563,195	98,800	84,082	00	00	182,882
	35,819,582	35,819,582	6,235,204	5,306,347	00	00	11,541,551
	$ 103,148,287	$ 103,148,287	$ 20,038,520	$ 12,538,324	$ 3,294,770	$ 2,594,628	$ 38,466,242

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, 2011

	Tax Commissioner	Sheriff	Inmate Jail Fund	Correctional Institute Inmate Fund	Magistrate Court	Clerk of Court	Solicitor	Probate Court	Juvenile Court	Totals
Assets										
Cash	$ 1,063,992	$ 101,979	$ 224,127	$ 19,998	$ 71,204	$ 395,783	$ 47,083	$ 13,313	$ 13,665	$ 1,951,144
Taxes receivable	3,116,964	00	00	00	00	00	00	00	00	3,116,964
Total assets	$ 4,180,956	$ 101,979	$ 224,127	$ 19,998	$ 71,204	$ 395,783	$ 47,083	$ 13,313	$ 13,665	$ 5,068,108
Liabilities										
Due to other governments	$ 793,002	$ 100,000	$ 179,697	$ 1,375	$ 15,177	$ 67,754	$ 24,764	$ 8,119	$ 00	$ 1,189,888
Due to others	270,990	1,979	44,430	18,623	56,027	328,029	22,319	5,194	13,665	761,256
Uncollected taxes	3,116,964	00	00	00	00	00	00	00	00	3,116,964
Total liabilities	$ 4,180,956	$ 101,979	$ 224,127	$ 19,998	$ 71,204	$ 395,783	$ 47,083	$ 13,313	$ 13,665	$ 5,068,108

COMPLIANCE SECTION

Carroll County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

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		$ 13,183
Bulletproof Vest Partnership Program	16.607		5,670
ARRA - Justice Assistance Grant	16.804		80,174
(Passed through the Council of Juvenile Court Judges of Georgia)			
Juvenile Accountability Incentive Block Grant	16.523	JB-08ST-0002	13,800
Juvenile Accountability Incentive Block Grant	16.523	JB-07ST-004	4,808
			18,608
(Passed through Bureau of Justice Assistance)			
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-F3117-GA-AP	11,288
Total Department of Justice			128,923
U.S. Department of Homeland Security			
(Passed through Georgia Emergency Management Agency)			
Hazard Mitigation Grant	97.039	HMGP-1750-0005	33,979
Hazard Mitigation Grant	97.039	HMGP-1761-002	10,299
			44,278
Disaster Grant - Presidentially Declared Disaster	97.036	FEMA-1858-DR-GA	1,336,915
Total U.S. Department of Homeland Security			1,381,193
U.S. Department of Transportation			
(Passed through Georgia Office of Highway Safety)			
HEAT Grant	20.600	GA-2010-22-00344	30,498
HEAT Grant	20.600	GA-2011-22-00385	27,089
WRTEN Grant	20.600	TEN-2010-22-00296	12,520
			70,107
Hazardous Materials Emergency Preparedness Grant (HMEP)	20.703	OHM10-025	26,180
Total U.S. Department of Transportation			96,287
Total all federal funding			$ 1,606,403

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 qualified as a low-risk auditee for the fiscal year ended June 30, 2011.

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.

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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 aggregate 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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 6, 2012. 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 2011-1, 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 2011-2.

We noted certain matters that we reported to management of Carroll County, Georgia, in a separate letter dated March 6, 2012.

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 & Fazio, P.C.

March 6, 2012

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.

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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, 2011. 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, 2011.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

Carroll County, Georgia's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Carroll County, Georgia's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, 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 & Fazio, P.C.

March 6, 2012

Carroll County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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 determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

2011-1 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

2011-1 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.

2011-2 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 $25,176 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. The Clerk of Court taking office in 2009 inherited this task and has worked diligently to comply with OCGA Section 15-21A-4. The undistributed amount of partial payments at June 30, 2008 was $1,063,299 and has been reduced significantly.

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, 2011

None reported.