CARROLL COUNTY, GEORGIA

Financial Statements and Supplementary Information
For the Year Ended June 30, 2012

And

Independent Auditor's Report

Carroll County, Georgia
For the Year Ended June 30, 2012

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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, 2012, 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, 2012. 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 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, 2012, and the respective changes in financial position, and where applicable, cash flows, thereof 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 27, 2013 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.

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 and budgetary comparison information on pages 6 through 13 and 55 through 58 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, Thomas + Fazio, P.C.

March 27, 2013

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, 2012. 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, 2012, by $127,082,296 (net assets) vs. $124,348,013 as of June 30, 2011.
- At June 30, 2012, the County's General Fund reported a total fund balance of $10,584,137, an increase of $493,597 or 4.9% 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 (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, 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 schedule 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 59 and 60.

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 $127,082,296 at the close of the most recent fiscal year.

By far the largest portion of the County's net assets (78.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and roads); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Carroll County's net assets (13.6%) 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 ($10,060,746) represents unrestricted net assets.

Carroll County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 38,399,406	$ 54,781,210	$ 5,180,552	$ 5,452,771	$ 43,579,958	$ 60,233,981
Capital assets	121,179,881	109,422,349	440,843	438,814	121,620,724	109,861,163
Total assets	159,579,287	164,203,559	5,621,395	5,891,585	165,200,682	170,095,144
Current liabilities	14,725,018	15,656,759	230,686	246,751	14,955,704	15,903,510
Long-term liabilities	21,610,000	28,255,000	1,552,682	1,588,621	23,162,682	29,843,621
Total liabilities	36,335,018	43,911,759	1,783,368	1,835,372	38,118,386	45,747,131
Net assets:						
Invested in capital assets, net of related debt	99,272,258	86,923,113	440,843	438,814	99,713,101	87,361,927
Restricted	17,308,449	22,820,393	00	00	17,308,449	22,820,393
Unrestricted	6,663,562	10,548,294	3,397,184	3,617,399	10,060,746	14,165,693
Total net assets	$ 123,244,269	$ 120,291,800	$ 3,838,027	$ 4,056,213	$ 127,082,296	$ 124,348,013

Change in Net Assets. Governmental activities increased the County's net assets by $2,952,469. Business-type activities during the same period decreased net assets by $218,186 for a total increase in net assets of $2,734,283. Key elements of this increase are as follows:

Carroll County's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues:						
Charges for services	$ 10,971,021	$ 10,357,393	$ 2,368,349	$ 2,361,514	$ 13,339,370	$ 12,718,907
Operating grants and contributions	361,394	383,125	00	00	361,394	383,125
Capital grants and contributions	3,098,880	2,770,520	00	00	3,098,880	2,770,520
General revenues:						
Property taxes	23,115,070	24,102,315	00	00	23,115,070	24,102,315
Sales taxes	26,885,288	24,825,324	00	00	26,885,288	24,825,324
Insurance premium tax	2,884,239	2,723,445	00	00	2,884,239	2,723,445
Other taxes	803,693	781,748	00	00	803,693	781,748
Unrestricted investment earnings	89,760	580,585	26,103	26,329	115,863	606,914
Miscellaneous	656,762	261,609	00	00	656,762	261,609
Rental income	797,601	297,601	00	00	797,601	297,601
Transfers	00	(1,332)	00	1,332	00	00
Total revenues	69,663,708	67,082,333	2,394,452	2,389,175	72,058,160	69,471,508
Expenses						
General government	6,087,167	5,776,950	00	00	6,087,167	5,776,950
Judicial	5,786,805	5,284,107	00	00	5,786,805	5,284,107
Public safety	29,905,791	29,048,888	00	00	29,905,791	29,048,888
Public works	16,525,050	13,373,531	00	00	16,525,050	13,373,531
Health and welfare	437,992	424,195	00	00	437,992	424,195
Culture and recreation	4,423,534	3,245,956	00	00	4,423,534	3,245,956
Economic development	2,505,049	2,066,972	00	00	2,505,049	2,066,972
Intergovernmental	00	5,306,347	00	00	00	5,306,347
Interest on long-term debt	1,039,851	1,328,705	00	00	1,039,851	1,328,705
Solid waste operations	00	00	2,612,638	2,211,660	2,612,638	2,211,660
Total expenses	66,711,239	65,855,651	2,612,638	2,211,660	69,323,877	68,067,311
Change in net assets	2,952,469	1,226,682	(218,186)	177,515	2,734,283	1,404,197
Net assets, beginning of year	120,291,800	119,065,118	4,056,213	3,878,698	124,348,013	122,943,816
Net assets, end of year	$ 123,244,269	$ 120,291,800	$ 3,838,027	$ 4,056,213	$ 127,082,296	$ 124,348,013

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 $18,225,649, a decrease of $14,291,067 in comparison with the prior year. Approximately 46.6% of this total amount ($8,489,787) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted ($7,076,495), committed ($2,401,234), nonspendable ($218,982), and assigned ($39,151) 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 $8,489,787, while total fund balance reached $10,584,137. 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 18.53% of total general fund expenditures, while total fund balance represents 23.11% of that same amount.

The fund balance of the County's general fund increased during the current fiscal year by $493,597.

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 2012 fiscal year, the 2004 SPLOST Capital Projects fund had a restricted fund balance of $43,302, a decrease of $300,543 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 2012 fiscal year, the 2009 SPLOST Capital Projects fund had a restricted fund balance of $4,281,886, a decrease of $14,389,173 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 2012 fiscal year, the 2009 SPLOST Debt Service fund had a restricted fund balance of $241, an increase of $9 from the prior year. This increase in fund balance is expected as debt service revenues are collected and 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, 2012, governmental activities and business-type activities had capital assets of $121,620,724 (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	
	2012	2011	2012	2011	2012	2011
Land	$ 14,294,786	$ 14,025,989	$ 45,838	$ 45,838	$ 14,340,624	$ 14,071,827
Construction in progress	6,443,881	13,628,254	00	00	6,443,881	13,628,254
Agricultural easements	5,052,400	4,379,974	00	00	5,052,400	4,379,974
Buildings and improvements	52,226,891	31,781,105	293,555	313,281	52,520,446	32,094,386
Machinery and equipment	15,924,316	16,929,327	101,450	79,695	16,025,766	17,009,022
Land improvements	78,630	77,695	00	00	78,630	77,695
Infrastructure	27,158,977	28,600,005	00	00	27,158,977	28,600,005
Total	$ 121,179,881	$ 109,422,349	$ 440,843	$ 438,814	$ 121,620,724	$ 109,861,163

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 $28,255,000. Of this amount, $28,255,000 comprises debt backed by the full faith and credit of the government.

Carroll County's Outstanding Debt

	2012	2011
General obligation bonds	$ 28,190,000	$ 34,480,000
Revenue bonds	65,000	130,000
Capital leases	00	00
Total	$ 28,255,000	$ 34,610,000

Carroll County's total debt decreased during the current fiscal year by $6,355,000.

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 10.3%, which is a decrease from a rate of 11.9% one year ago. The unemployment rate for the state of Georgia is 9.0%.
- In fiscal year 2013, 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 2012.

All of these factors were considered in preparing Carroll County's budgets for the 2013 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, 2012

	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	$ 19,074,811	$ 4,992,043	$ 24,066,854	$ 658,454	$ 555,692	$ 2,166,494	$ 00
Investments	8,666,300	00	8,666,300	00	1,049,048	00	00
Taxes receivable	2,604,209	00	2,604,209	00	00	00	00
Accounts receivable	490,704	131,106	621,810	123,577	00	3,861,917	00
Current portion of lease receivable	00	00	00	00	00	00	5,778,591
Lease receivable, net of current portion	00	00	00	00	00	00	106,225,634
Receivable, City of Carrollton	6,059,682	00	6,059,682	00	00	00	00
Due from other governments	1,263,867	00	1,263,867	00	00	00	00
Interest receivable	00	00	00	00	1,144	00	00
Internal balances	(57,403)	57,403	00	00	00	00	00
Inventories	00	00	00	00	00	232,277	00
Prepaid expenses	97,781	00	97,781	00	00	22,135	00
Restricted assets, cash and cash equivalents	00	00	00	00	00	3,695,318	00
Deferred charges, unamortized balance	199,455	00	199,455	00	00	689,069	00
Capital assets							
Nondepreciable	25,791,067	45,838	25,836,905	00	2,237,040	10,546,332	00
Depreciable, net of accumulated depreciation	95,388,814	395,005	95,783,819	7,439	00	50,857,262	00
Total assets	$ 159,579,287	$ 5,621,395	$ 165,200,682	$ 789,470	$ 3,842,924	$ 72,070,804	$ 112,004,225

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
June 30, 2012

	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	$ 1,354,374	$ 161,386	$ 1,515,760	$ 48,058	$ 1,000	$ 00	$ 00
Retainage payable	900,900	00	900,900	00	00	00	00
Accrued liabilities	2,519,175	00	2,519,175	00	00	00	00
Due to other governments	980,866	00	980,866	00	00	00	00
Customer deposits payable	00	00	00	00	00	970,331	00
Note payable due within one year	00	00	00	00	00	362,442	00
Note payable due in more than one year	00	00	00	00	00	8,574,321	00
Bond payables due within one year	6,645,000	00	6,645,000	00	00	1,050,000	3,370,000
Bond payables due in more than one year	21,610,000	00	21,610,000	00	00	15,675,835	106,225,634
Unamortized bond premium	814,505	00	814,505	00	00	00	00
Compensated absences	868,331	00	868,331	178,471	00	8,313	00
Accrued interest payable	641,867	00	641,867	00	00	421,890	2,408,591
Landfill postclosure care costs due within one year	00	69,300	69,300	00	00	00	00
Landfill postclosure care costs due in more than one year	00	1,552,682	1,552,682	00	00	00	00
Total liabilities	36,335,018	1,783,368	38,118,386	226,529	1,000	27,063,132	112,004,225
Net Assets							
Investment in capital assets, net of related debt	99,272,258	440,843	99,713,101	7,439	2,237,040	35,319,107	00
Restricted for:							
Economic development	00	00	00	00	1,604,884	00	00
Debt service	6,654,330	00	6,654,330	00	00	4,431,824	00
Capital projects	7,978,498	00	7,978,498	00	00	00	00
Other	2,675,621	00	2,675,621	555,502	00	5,841	00
Unrestricted	6,663,562	3,397,184	10,060,746	00	00	5,250,900	00
Total net assets	$ 123,244,269	$ 3,838,027	$ 127,082,296	$ 562,941	$ 3,841,924	$ 45,007,672	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	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	Carroll County Development Authority	Carroll County Water Authority	Carroll City-County Hospital Authority
Primary government:											
Governmental activities:											
General government	$ 6,087,167	$ 984,201	$ 467	$ 00	$ (5,102,499)	$ 00	$ (5,102,499)	$	$	$	$
Judicial	5,786,805	2,798,285	282,394	506,673	(2,199,453)	00	(2,199,453)				
Public safety	29,905,791	5,821,650	62,120	135,545	(23,886,476)	00	(23,886,476)				
Public works	16,525,050	402,909	00	1,502,413	(14,619,728)	00	(14,619,728)				
Health and welfare	437,992	00	10,000	00	(427,992)	00	(427,992)				
Culture and recreation	4,423,534	963,976	00	172,176	(3,287,382)	00	(3,287,382)				
Economic development	2,505,049	00	6,413	448,502	(2,050,134)	00	(2,050,134)				
Interest on long-term debt	1,039,851	00	00	333,571	(706,280)	00	(706,280)				
Total governmental activities	66,711,239	10,971,021	361,394	3,098,880	(52,279,944)	00	(52,279,944)				
Business-type activities											
Solid Waste operations	2,612,638	2,368,349	00	00	00	(244,289)	(244,289)				
Total primary government	69,323,877	13,339,370	361,394	3,098,880	(52,279,944)	(244,289)	(52,524,233)				
Component units:											
Carroll County Department of Public Health	1,730,368	1,068,577	904,327	00				242,536	00	00	00
Carroll County Development Authority	74,047	00	00	75,975				00	1,928	00	00
Carroll County Water Authority	7,189,432	9,041,331	00	644,194				00	00	2,496,093	00
Carroll City/County Hospital Authority	4,770,862	4,770,862	00	00				00	00	00	00
Total component units	$ 13,764,709	$ 14,880,770	$ 904,327	$ 720,169				242,536	1,928	2,496,093	00
General revenues:											
Property taxes					23,115,070	00	23,115,070	00	00	00	00
Sales taxes					26,885,288	00	26,885,288	00	00	00	00
Insurance premium taxes					2,884,239	00	2,884,239	00	00	00	00
Alcoholic beverage taxes					440,252	00	440,252	00	00	00	00
Other taxes					363,441	00	363,441	00	00	00	00
Investment earnings					89,760	26,103	115,863	2,509	7,222	23,407	00
Miscellaneous					656,762	00	656,762	00	00	00	00
Rental income					797,601	00	797,601	00	00	00	00
Total general revenues					55,232,413	26,103	55,258,516	2,509	7,222	23,407	00
Change in net assets					2,952,469	(218,186)	2,734,283	245,045	9,150	2,519,500	00
Net assets, beginning of year					120,291,800	4,056,213	124,348,013	317,896	3,832,774	42,543,647	00
Prior period adjustment - Note 15					00	00	00	00	00	(55,475)	00
Net assets, end of year					$ 123,244,269	$ 3,838,027	$ 127,082,296	$ 562,941	$ 3,841,924	$ 45,007,672	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2012

	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	$ 11,910,689	$ 00	$ 43,302	$ 4,056,315	$ 00	$ 3,064,505	$ 19,074,811
Investments	00	1	00	1,445,546	7,220,753	00	8,666,300
Taxes receivable	1,219,598	00	00	1,381,650	00	2,961	2,604,209
Accounts receivable	188,363	00	00	00	00	302,341	490,704
Due from other governments	1,137,868	00	00	125,999	00	00	1,263,867
Due from other funds	44,260	00	00	26,630	00	00	70,890
Prepaid expenses	97,781	00	00	00	00	00	97,781
Total assets	$ 14,598,559	$ 1	$ 43,302	$ 7,036,140	$ 7,220,753	$ 3,369,807	$ 32,268,562
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 465,998	$ 00	$ 00	$ 872,021	$ 00	$ 16,355	$ 1,354,374
Retainage payable	00	00	00	900,900	00	00	900,900
Accrued liabilities	2,519,176	00	00	00	7,220,512	00	9,739,688
Deferred revenues	938,792	00	00	00	00	00	938,792
Due to other governments	00	00	00	980,866	00	00	980,866
Due to other funds	90,456	00	00	467	00	37,370	128,293
Total liabilities	4,014,422	00	00	2,754,254	7,220,512	53,725	14,042,913

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet - continued
Governmental Funds
For the Year Ended June 30, 2012

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	$ 218,982	$ 00	$ 00	$ 00	$ 00	$ 00	$ 218,982
Restricted	81,203	1	43,302	4,281,886	241	2,669,862	7,076,495
Committed	1,755,014	00	00	00	00	646,220	2,401,234
Assigned	39,151	00	00	00	00	00	39,151
Unassigned	8,489,787	00	00	00	00	00	8,489,787
Total fund balances	10,584,137	1	43,302	4,281,886	241	3,316,082	18,225,649
Total liabilities and fund balances	$ 14,598,559	$ 1	$ 43,302	$ 7,036,140	$ 7,220,753	$ 3,369,807	

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.	121,179,881
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	938,792
Receivable for the City's portion of bonds payable is not reported in the funds.	6,059,682
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(29,739,735)
Debt service payments due within 30 days are accrued in the funds.	6,580,000
Net assets of governmental activities.	$ 123,244,269

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, 2012

	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	$ 22,924,645	$ 00	$ 00	$ 00	$ 00	$ 00	$ 22,924,645
Sales taxes	10,332,435	00	00	16,552,853	00	00	26,885,288
Insurance premium taxes	2,884,239	00	00	00	00	00	2,884,239
Other taxes	760,624	00	00	00	00	84,029	844,653
Licenses and permits	872,532	00	00	00	00	00	872,532
Intergovernmental	3,157,946	00	437,000	2,208,415	1,525,898	144,629	7,473,888
Charges for services	1,170,377	00	00	00	00	1,713,977	2,884,354
Fines and forfeitures	2,661,476	00	00	00	00	1,022,374	3,683,850
Reimbursements from other agencies	41,593	00	00	00	00	00	41,593
Interest	76,046	00	143	62,812	333,571	13,714	486,286
Rental income	791,351	00	00	00	00	6,250	797,601
Other revenues	611,634	00	00	44,119	00	316,146	971,899
Total revenues	46,284,898	00	437,143	18,868,199	1,859,469	3,301,119	70,750,828
Expenditures							
Current:							
General government	5,341,715	00	00	00	00	00	5,341,715
Judicial	5,323,644	00	00	00	00	104,109	5,427,753
Public safety	24,544,566	00	00	00	00	3,141,047	27,685,613
Public works	5,380,805	00	00	00	00	00	5,380,805
Health and welfare	442,928	00	00	00	00	00	442,928
Culture and recreation	2,765,693	00	00	00	00	00	2,765,693
Economic development	2,009,183	00	00	00	00	63,012	2,072,195
Intergovernmental	00	00	00	5,746,646	00	00	5,746,646
Capital outlay	00	00	737,686	21,508,636	00	00	22,246,322
Debt service	00	00	00	00	7,861,550	70,675	7,932,225
Total expenditures	45,808,534	00	737,686	27,255,282	7,861,550	3,378,843	85,041,895
Excess (deficiency) of revenues over expenditures	476,364	00	(300,543)	(8,387,083)	(6,002,081)	(77,724)	(14,291,067)

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, 2012

	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	$ 17,233	$ 00	$ 00	$ 00	$ 6,002,090	$ 00	$ 6,019,323
Transfers out	00	00	00	(6,002,090)	00	(17,233)	(6,019,323)
Total other financing sources (uses)	17,233	00	00	(6,002,090)	6,002,090	(17,233)	00
Net change in fund balances	493,597	00	(300,543)	(14,389,173)	9	(94,957)	(14,291,067)
Fund balance, beginning of year	10,090,540	1	343,845	18,671,059	232	3,411,039	32,516,716
Fund balance, end of year	$ 10,584,137	$ 1	$ 43,302	$ 4,281,886	$ 241	$ 3,316,082	$ 18,225,649

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, 2012

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – total governmental funds	$ (14,291,067)
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.	11,478,468
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	279,064
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	149,465
Repayment of the City's portion of bonds payable increases the current financial resources of governmental funds, but has no effect on net assets.	(1,525,898)
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.	6,891,020
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.	(28,583)
Change in net assets of governmental activities	$ 2,952,469

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Assets
Proprietary Fund
June 30, 2012

	Solid Waste Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 4,992,043
Accounts receivable	131,106
Due from other funds	63,827
Total current assets	5,186,976
Noncurrent assets:	
Capital assets:	
Nondepreciable	45,838
Depreciable, net of accumulated depreciation	395,005
Total noncurrent assets	440,843
Total assets	$ 5,627,819
Liabilities	
Current liabilities:	
Accounts payable	$ 161,386
Due to other funds	6,424
Landfill postclosure care costs – current portion	69,300
Total current liabilities	237,110
Noncurrent liabilities:	
Landfill postclosure care costs – long-term portion	1,552,682
Total liabilities	$ 1,789,792
Net Assets	
Investment in capital assets	$ 440,843
Unrestricted	3,397,184
Total net assets	$ 3,838,027

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, 2012

	Solid Waste Fund
Operating revenues:	
Charges for services	$ 2,368,349
Operating expenses:	
Cost of sales and service	2,564,666
Depreciation	47,972
Total operating expenses	2,612,638
Operating income	(244,289)
Nonoperating income:	
Interest income	26,103
Total nonoperating income	26,103
Change in net assets	(218,186)
Net assets, beginning of year	4,056,213
Net assets, end of year	$ 3,838,027

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2012

	Solid Waste Fund
Cash flows from operating activities:	
Receipts from customers and users	$ 2,381,756
Payments to suppliers	(2,308,677)
Payments to employees	(308,289)
Net cash used by operating activities	(235,210)
Cash flows from capital and related financing activities:	
Purchase of capital assets	(50,000)
Net cash used by capital and related financing activities	(50,000)
Cash flows from investing activities:	
Interest received	26,103
Net cash provided by investing activities	26,103
Increase in cash and cash equivalents	(259,107)
Cash and cash equivalents:	
Beginning of year	5,251,150
End of year	$ 4,992,043
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ (244,289)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	47,972
Change in assets and liabilities:	
Increase in accounts receivable	13,407
Decrease in due from other funds	(1,255)
Increase in accounts payable	(9,716)
Decrease in landfill postclosure care costs	(42,288)
Decrease in due to other funds	959
Net cash provided by operating activities	$ (235,210)

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2012

	Agency Funds
Assets:	
Cash	$ 1,678,317
Taxes receivable	3,492,197
Total assets	$ 5,170,514
Liabilities:	
Due to other governments	$ 1,133,702
Due to others	544,615
Due to others – uncollected taxes	3,492,197
Total liabilities	$ 5,170,514

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

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Note 7. Capital Assets

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Note 15. Prior Period Adjustment

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

A. Reporting Entity - 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 or committed 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, 2012.

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, 2012, 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, 2012, 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 $29,739,735 difference are as follows:

Accrued interest payable, portion not accrued in funds	$ 1,354
Bonds payable	28,255,000
Unamortized bond premium	814,505
Deferred bond issuance costs (to be amortized as interest expense)	(199,455)
Compensated absences	868,331
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets-governmental activities	$ 29,739,735

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 $11,478,468 difference are as follows:

Capital outlay	$ 17,747,562
Depreciation expense	(6,269,094)
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	$ 11,478,468

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 $6,891,020 difference are as follows:

Increase in accrual of debt service expenditures due within 30 days	$ 290,000
Amortization of bond issuance costs	(79,782)
Amortization of bond premiums	325,802
Principal repayments	
Bond payable	6,355,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ 6,891,020

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 $28,583 difference are as follows:

Accrued interest	$ 1,354
Compensated absences	(29,937)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$ (28,583)

Note 3 – Fund Balances

Detailed information regarding the County's fund balances are described below.

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

General Fund:	
Resources contractually required to be maintained intact	$ 111,001
Prepaid items	97,781
Long-term receivable	10,200
Total	$ 218,982

- Restricted – The following fund balances are restricted for:

General Fund:	
Restricted by contributors	$ 81,203
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	43,302
2009 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2009 SPLOST	4,281,886
Total	$ 4,325,189
Other Governmental Funds:	
Special revenue funds – used to account for specific revenues that are restricted to expenditure for:	
Judicial	$ 43,533
Public Safety	2,550,885
Total	$ 2,594,418
Debt Service Funds:	
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	$ 241
Other Governmental Funds:	
Debt Service – used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds	75,444
Total	$ 75,685

Note 3 – Fund Balances - continued

- Committed – The following balances are committed to:

General Fund:	
Resources set aside for workers compensation claims	$ 1,721,188
Resources set aside for McIntosh Reserve Park	33,826
Total	$ 1,755,014
Other Governmental Funds:	
Special revenue funds – used to account for specific revenues that are committed to expenditure for:	
Judicial	$ 484,376
Public Safety	49,887
Economic development	111,957
Total	$ 646,220

- Assigned – The following fund balances are assigned to:

General Fund:	
Resources set aside for health insurance costs	$ 23,425
Resources set aside for Carroll County Emergency Planning Committee	15,726
Total	$ 39,151

- 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.

Note 4 – Legal Compliance – Budgets - continued

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 7, 2011, 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, 2012, the County held the following investments:

Investment	Fair Value
Regions/Morgan Keegan Short-term Investments	$ 8,666,299
U.S. Bank and Citigroup Treasury Obligations	1
	$ 8,666,300

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, 2012, the County's bank balances were properly insured and collateralized. As of June 30, 2012, all of the County's component unit's bank balances were properly insured and collateralized.

Note 6 – Receivables

Receivables consisted of the following at June 30, 2012:

	General	2009 SPLOST	Other Governmental Funds	Solid Waste	Total
Receivables:					
Taxes	$ 1,318,485	$ 1,381,650	$ 2,961	$ 00	$ 2,703,096
Accounts	188,363	00	302,341	131,106	621,810
Gross receivables	1,506,848	1,381,650	305,302	131,106	3,324,906
Less allowance for uncollectibles	(98,886)	00	00	00	(98,886)
Net total receivables	$ 1,407,962	$ 1,381,650	$ 305,302	$ 131,106	$ 3,226,020

Property taxes attached as an enforceable lien on property as of January 1, 2011. Property taxes were levied on August 31, 2011, and payable on or before December 1, 2011.

The County also has a receivable from the City of Carrollton totaling $6,059,682 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, 2012 was as follows:

	Beginning Balance	Additions	Disposals, Transfers and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 14,025,989	$ 268,797	$ 00	$ 14,294,786
Construction in progress	13,628,254	2,625,094	(9,809,467)	6,443,881
Easements	4,379,974	672,426	00	5,052,400
Total capital assets, not being depreciated	32,034,217	3,566,317	(9,809,467)	25,791,067
Capital assets, being depreciated:				
Buildings	43,195,292	11,660,690	9,809,467	64,665,449
Machinery and equipment	36,750,992	1,813,484	(172,089)	38,392,387
Land improvements	91,175	7,255	00	98,430
Infrastructure	100,951,007	1,029,714	00	101,980,721
Total capital assets, being depreciated	180,988,466	14,511,143	9,637,378	205,136,987
Less accumulated depreciation for:				
Buildings	(11,414,187)	(1,024,371)	00	(12,438,558)
Machinery and equipment	(19,821,665)	(2,767,661)	121,255	(22,468,071)
Land improvements	(13,480)	(6,320)	00	(19,800)
Infrastructure	(72,351,002)	(2,470,742)	00	(74,821,744)
Total accumulated depreciation	(103,600,334)	(6,269,094)	121,255	(109,748,173)
Total capital assets, being depreciated, net	77,388,132	8,242,049	9,758,633	95,388,814
Governmental activities capital assets, net	$ 109,422,349	$ 11,808,366	$ (50,834)	$ 121,179,881

Note 7 – Capital Assets – continued

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

Governmental activities:	
General government	$ 202,367
Judicial	279,533
Public safety	2,093,946
Public works	3,392,474
Culture and recreation	270,815
Economic development	29,959
Total depreciation expense – governmental activities	$ 6,269,094

Capital assets activity for the County's business-type activity for the year ended June 30, 2012 was as follows:

Business-type Activity:	Beginning Balance	Additions	Disposals, Transfers and Adjustments	Ending Balance
Capital assets, not being depreciated:				
Land	$ 45,838	$ 00	$ 00	$ 45,838
Total capital assets, not being depreciated	45,838	00	00	45,838
Capital assets, being depreciated:				
Land improvements	69,614	00	00	69,614
Buildings	622,541	00	00	622,541
Equipment	416,427	50,000	00	466,427
Total capital assets being depreciated	1,108,582	50,000	00	1,158,582
Less accumulated depreciation for:				
Land improvements	(69,614)	00	00	(69,614)
Buildings	(309,260)	(19,726)	00	(328,986)
Equipment	(336,732)	(28,245)	00	(364,977)
Total accumulated depreciation	(715,606)	(47,971)	00	(763,577)
Total capital assets, being depreciated, net	392,976	2,029	00	395,005
Net capital assets	$ 438,814	$ 2,029	$ 00	$ 440,843

Note 7 – Capital Assets – continued

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	$ 4,995,195	$ 348,994	$ 00	$ 5,344,189
Construction in progress	10,710,736	2,725,320	(8,233,913)	5,202,143
Total capital assets, not being depreciated	15,705,931	3,074,314	(8,233,913)	10,546,332
Capital assets, being depreciated:				
Buildings	842,833	7,872	(17,000)	833,705
Improvements other than buildings	57,383,837	8,560,514	00	65,944,351
Machinery and equipment	143,584	00	00	143,584
Vehicles	281,045	00	(67,166)	213,879
Total capital assets, being depreciated	58,651,299	8,568,386	(84,166)	67,135,519
Less accumulated depreciation for:				
Buildings	(145,177)	(34,369)	8,437	(171,109)
Improvements other than buildings	(14,782,528)	(1,159,592)	00	(15,942,120)
Machinery and equipment	(49,840)	(9,471)	00	(59,311)
Vehicles	(167,256)	(52,679)	114,218	(105,717)
Total accumulated depreciation	(15,144,801)	(1,256,111)	122,655	(16,278,257)
Total capital assets, being depreciated, net	43,506,498	7,312,275	38,489	50,857,262
Governmental activities capital assets, net	$ 59,212,429	$ 10,386,589	$ (8,195,424)	$ 61,403,594

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	$ 114,151	$ 5,354	$ (4,591)	$ 114,914
Less accumulated depreciation for:	(110,619)	(1,447)	4,591	(107,475)
Net capital assets	$ 3,532	$ 3,907	$ 00	$ 7,439

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	$ 75,975	$ 00	$ 2,237,040
Net capital assets	$ 2,161,065	$ 75,975	$ 00	$ 2,237,040

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
2013	$ 65,000	$ 1,625	$ 66,625
Total	$ 65,000	$ 1,625	$ 66,625

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
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
	$ 28,190,000	$ 2,603,338	$ 30,793,338

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 $1,621,982 over the remaining 21 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, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 34,610,000	$ 00	$ (6,355,000)	$ 28,255,000	$ 6,645,000
Plus unamortized premiums	1,140,308	00	(325,803)	814,505	00
Net bonds payable	35,750,308	00	(6,680,803)	29,069,505	6,645,000
Compensated absences	838,394	769,465	(739,528)	868,331	868,331
Governmental activity long-term liabilities	$ 36,588,702	$ 769,465	$ (7,420,331)	$ 29,937,836	$ 7,513,331

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, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Landfill postclosure care costs	$ 1,664,270	$ 00	$ (42,288)	$ 1,621,982	$ 69,300

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, 2012 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	$ 13,250,000
Series 2002	4,635,000	Water Treatment Plant Expansion	3.00% - 5.25%	2025	3,325,000
			Less unamortized deferred charges		(477,152)
			Plus unamortized premium, net		627,986
					$ 16,725,834

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
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	1,260,000	605,913	1,865,913
2018 - 2022	7,265,000	2,040,649	9,305,649
2023 - 2027	2,875,000	409,162	3,284,162
2028 - 2031	670,000	77,175	747,175
Total	$ 16,575,000	$ 6,112,547	$ 22,687,547

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, 2012:

Purpose	Interest Rate	Term	Due Date	Balance
Various water projects, line expansions and upgrades	3.75%	20 years	2026	$ 1,637,745
Various water projects, line expansions and upgrades	3.00%	20 years	2031	2,121,014
Various water projects, line expansions and upgrades	3.00%	20 years	2031	1,800,505
Various water projects, line expansions and upgrades	3.00%	20 years	2031	3,377,500
				$ 8,936,764

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

Fiscal year ending June 30,	Principal	Interest	Total
2013	$ 363,999	$ 273,754	$ 637,753
2014	375,729	257,122	632,851
2015	387,855	249,898	637,753
2016	400,360	237,392	637,752
2017	413,318	224,435	637,753
2018 - 2022	2,275,757	913,015	3,188,772
2023 - 2027	2,562,338	547,872	3,110,210
2028 - 2031	2,157,408	162,280	2,319,688
Total	$ 8,936,764	$ 2,865,768	$ 11,802,532

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, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 17,590,000	$ 00	$ (1,015,000)	$ 16,575,000	$ 1,050,000
Unamortized premiums	661,850	00	(33,864)	627,986	00
Unamortized deferred charges	(524,868)	00	47,716	(477,152)	00
Revenue bonds, net	17,726,982	00	(1,001,148)	16,725,834	1,050,000
Notes payable	9,143,706	00	(206,943)	8,936,763	362,442
Compensated absences	3,478	4,835	00	8,313	8,313
Total long-term liabilities	$ 26,874,166	$ 4,835	$ (1,208,091)	$ 25,670,910	$ 1,420,755

Hospital Authority:

A schedule of changes in the Authority's long-term debt (excluding any unamortized discounts and premiums) for 2012 follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Bonds and notes payable:					
Revenue Certificates	$ 109,745,000	$ 00	$ (3,280,000)	$ 106,465,000	$ 3,370,000

A summary of long-term debt follows:

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.	$ 31,190,000
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.	75,275,000
	106,465,000
Less current portion	3,370,000
	103,095,000
Plus unamortized premium	3,130,634
	$ 106,225,634

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

Hospital Authority – continued:

On December 1, 1998, TMC entered into a trust indenture with a commercial bank as the trustee (the "Master Indenture"). TMC pledged its gross revenues to the payment of all obligations issued from time to time under the terms of the Master Indenture, which as a matter of form are generally contemplated as tax exempt issuances of the Authority that are subsequently loaned to TMC as conduit obligations under the related loan agreements.

Series 2008 Revenue Certificates were issued by the Authority for the purpose of funding the construction of a new 58,858-square foot, one story, patient care addition to the Tanner Medical Center – Villa Rica facility and the construction, renovation and equipping of a portion of the existing Tanner Medical Center – Carrollton facility relating to certain cardiovascular services.

Series 2010 Revenue Certificates were issued by the Authority in August 2010 for the purpose of (a) financing the cost of the acquisition, construction, renovation, equipping, and installation of certain additions, extensions and improvements to the Tanner Medical Center, (b) refunding all of the Authority's then outstanding Revenue Anticipation Certificates Series 1998A, and (c) refunding all of the Authority's then outstanding Revenue Anticipation Certificates Series 2001.

The Revenue Certificates and related indentures contain certain affirmative and negative covenants typical of such agreements. They also require that the Authority maintain certain deposits with a trustee. Such deposits are included within restricted cash and investments in the balance sheet of Tanner Medical Center, Inc. The revenue certificates and related indentures also place limits on the incurrence of additional borrowings and requires that Tanner Medical Center, Inc. satisfy certain measures of financial performance as long as the Revenue Certificates are outstanding.

Debt service requirements associated with the Authority's long-term debt (excluding any unamortized discounts and premiums) follow:

Fiscal year ending June 30,	Principal	Interest	Total
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	3,840,000	4,295,057	8,135,057
2018 – 2022	18,165,000	18,832,180	36,997,180
2023 – 2027	19,930,000	14,556,039	34,486,039
2028 – 2032	18,320,000	9,886,158	28,206,158
2033 – 2037	18,210,000	5,832,794	24,042,794
2038 – 2041	13,900,000	1,230,250	15,130,250
Total	$ 106,465,000	$ 73,127,706	$ 179,592,706

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

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, 2012, for all conduit debt which has been issued by the Development Authority is $7,225,000.

Note 9 – Interfund Transactions

Interfund receivable and payable balances as of June 30, 2012 are as follows:

	Due From				
Due To	General Fund	Solid Waste	Other Governmental Funds	2009 SPLOST	Total
General Fund	$ 00	$ 6,424	$ 37,370	$ 467	$ 44,261
Solid Waste	63,827	00	00	26,630	90,457
Total	$ 63,827	$ 6,424	$ 37,370	$ 27,097	$ 134,718

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, 2012 consisted of the following:

	Transfer From		
Transfer To	SPLOST 2009	Other Governmental	Total
General Fund	$ 00	$ 17,233	$ 17,233
2009 SPLOST Debt Service Fund	6,002,090	00	6,002,090
Total	$ 6,002,090	$ 17,233	$ 6,019,323

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

Note 10 – Pension Plans

A. ACCG Pension Plan

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

Plan Description

The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 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 2012 Plan year is $99,555. This amount represents 53.8% 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, 2012, was 5 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	$ 97,305
Actual contributions to Plan for prior year	(96,586)
Change in net pension obligation	719
Net pension obligation (assets) as of January 1, 2011	8,709
Net pension obligation (assets) as of January 1, 2012	$ 9,428

Note 10 – Pension Plans – continued

A. ACCG Pension Plan - continued

Basis of Valuation

Current valuation date	January 1, 2012
Annual return on invested Plan assets	7.75%
Projected annual salary increases	5.0% - 7.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)

Trend Information

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
01/01/12	$ 100,783	$ N/A	N/A	$ 9,428
01/01/11	97,305	96,586	99%	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

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)
12/31/11	$ 2,566,053	* $ 3,313,709	$ 747,656	77.4%	$ 264,168	283.0%
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

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

Note 10 – Pension Plan – continued

B. Deferred Compensation Plan:

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

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

C. Defined Contribution Plan:

All full-time employees of Carroll County who have performed at least six months of service are allowed to participate in the Carroll County Money Purchase Plan (the "Money Purchase Plan") administered by Nationwide Retirement Solutions Company. This plan is intended to qualify under the Internal Revenue Code Section 401(a). Plan provisions and contribution requirements are established and may be amended by the Carroll County Board of Commissioners. The County is required to contribute 1% of compensation for each participant with less than three years of service and 6% of compensation for each participant with three or more years of service. Participants' vesting in the Money Purchase Plan is based on years of credited service, as defined. A participant becomes 100% vested after five years of credited service. Total County contributions for the year ended June 30, 2012, were $1,223,103.

Note 11 – Risk Management

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

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. Insurance coverage is a $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 11 – Risk Management - continued

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

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

Note 12 – Commitments and Contingencies

Litigation:

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

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 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, 2012, the County had expended $16,243,748 towards this commitment.

On December 6, 2011, the County approved a bid of $1,498,702 for renovations to the historic courthouse, to be paid with SPLOST funds. On February 7, 2012, the County approved revisions of $500,000 to this contract, to be paid with a $500,000 contribution from the City of Carrollton, bringing the contract amount to $1,998,702. As of June 30, 2012, the County had expended $462,632 towards this commitment.

Note 13 – 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, 2012, the County paid $110,527 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 14 – Hotel/Motel Lodging Tax

The County has levied a six percent lodging tax. Twenty percent and forty percent of the tax received is paid to the Carroll County Chamber of Commerce and the Carroll County Tourism Association, respectively to promote tourism within Carroll County. A summary of the transactions for the year ending June 30, 2012 follows:

Total lodging tax receipts and interest earned	$ 43,082
60% of tax receipts and interest earned owed to the Chamber and Association for June 30, 2012	$ 25,849
Tax receipts owed at June 30, 2011	2,381
Disbursements to the Chamber and Association during the year ended June 30, 2012	(26,800)
Balance of lodging tax funds on hand at June 30, 2012 and included in Hotel/Motel Tax Fund accounts payable	$ 1,430

Note 15 – Prior Period Adjustment

Component Unit

Water Authority:

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

Carroll County Water Authority
Restatement of Net Assets

Net assets as of June 30, 2011	$ 42,543,647
Additions*	15,193
Deletions**	(70,668)
Restated net assets – June 30, 2012	$ 42,488,172

* Includes an adjustment for items that had been expensed in prior year that should have been capitalized.

** Includes an adjustment for previously capitalized debt forgiveness in prior year that was not fully utilized.

REQUIRED SUPPLEMENTARY INFORMATION

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 23,052,000	$ 23,107,878	$ 22,924,645	$ (183,233)
Sales taxes	10,750,000	10,750,000	10,332,435	(417,565)
Insurance premium taxes	2,755,000	2,884,238	2,884,239	1
Other taxes	785,000	785,000	760,624	(24,376)
Licenses and permits	866,500	866,500	872,532	6,032
Intergovernmental	3,063,686	3,521,564	3,157,946	(363,618)
Charges for services	1,138,500	1,138,500	1,170,377	31,877
Fines and forfeitures	3,235,500	3,235,500	2,661,476	(574,024)
Reimbursements from other agencies	43,000	43,000	41,593	(1,407)
Interest	83,965	83,965	76,046	(7,919)
Rental income	722,600	791,350	791,351	1
Other revenues	429,721	1,236,439	611,644	(624,805)
Total revenues	46,925,472	48,443,934	46,284,898	(2,159,036)
Expenditures:				
Current:				
General government:				
County Attorney	180,000	180,000	166,626	13,374
County Commission	924,800	948,800	929,878	18,922
Elections	405,980	405,980	305,267	100,713
General administration	2,678,454	2,332,525	2,009,489	323,036
Information technology services	167,300	169,550	148,648	20,902
Property tax appraisal	1,016,485	1,019,558	939,103	80,455
Tax Commissioner	854,700	887,578	842,704	44,874
Total general government	6,227,719	5,943,991	5,341,715	602,276
Judicial:				
District Attorney	749,573	749,573	749,570	3
Juvenile Court	710,045	850,045	737,668	112,377
Magistrate Court	567,550	567,550	552,952	14,598
Probate Court	375,550	378,050	364,086	13,964
Clerk of Courts	989,750	992,750	946,284	46,466
Solicitor of State Court	418,700	418,700	384,140	34,560
Superior Court	596,733	621,733	515,009	106,724
Public Defender	752,618	752,618	752,498	120
State Court	345,018	345,018	311,437	33,581
CASA	10,000	10,000	10,000	00
Total judicial	5,515,537	5,686,037	5,323,644	362,393

See accompanying notes to the required supplementary information.

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
800 MgH telecommunications system	$ 181,500	$ 181,500	$ 181,500	$ 00
Coroner	78,514	78,514	62,923	15,591
Animal control	592,940	614,940	578,189	36,751
Ambulance service	837,000	837,000	837,000	00
Fire department	6,987,180	7,066,373	6,660,618	405,755
Correctional Institute	3,240,237	3,370,581	3,218,484	152,097
Sheriff	12,988,001	13,275,332	13,005,852	269,480
Total public safety	24,905,372	25,424,240	24,544,566	879,674
Public works:				
Public works department	2,906,900	3,558,900	3,131,368	427,532
Solid waste disposal and recycling	2,185,000	2,365,000	2,249,437	115,563
Total public works	5,091,900	5,923,900	5,380,805	543,095
Health and Welfare:				
Community services	300,000	300,000	300,000	00
Welfare	99,195	124,195	117,928	6,267
West Georgia Mental Health Center	25,000	25,000	25,000	00
Total health and welfare	424,195	449,195	442,928	6,267
Recreation:				
Recreation department	1,834,300	1,907,593	1,817,399	90,194
Parks	738,892	800,892	718,294	82,598
Libraries	230,000	230,000	230,000	00
Total recreation	2,803,192	2,938,485	2,765,693	172,792
Economic development:				
Community development	1,957,557	2,078,086	2,009,183	68,903
Total economic development	1,957,557	2,078,086	2,009,183	68,903

See accompanying notes to the required supplementary information.

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Total expenditures	$ 46,925,472	$ 48,443,934	$ 45,808,534	$ 2,635,400
Excess (deficiency) of revenues over expenditures	00	00	476,364	476,364
Other financing sources (uses):				
Transfers in	00	00	17,233	17,233
Transfers out	00	00	00	00
Total other financing sources (uses)	00	00	17,233	17,233
Net change in fund balance	00	00	493,597	493,567
Fund balance, beginning of year	10,090,540	10,090,540	10,090,540	00
Fund balance, end of year	$ 10,090,540	$ 10,090,540	$ 10,584,137	$ 493,567

See accompanying notes to the required supplementary information.

Annual budgets are prepared for the general fund, special revenue funds, and debt service funds, based on requests made by various department heads. The budgets include proposed expenditures and the means of financing them. Prior to budgets being legally enacted through passage of an ordinance, public hearings are held to obtain taxpayer comments. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). The County uses an encumbrance system which records commitments related to unperformed contracts for goods and services. The County had no outstanding encumbrances at June 30, 2012.

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, 2012

	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	$ 1,159,183	$ 1,141,470	$ 2,383	$ 113,584	$ 20,619	$ 43,533	$ 274,224	$ 204,426	$ 12,457	$ 17,182	$ 75,444	$ 3,064,505
Taxes receivable	00	00	00	00	2,961	00	00	00	00	00	00	2,961
Accounts receivables	00	292,738	00	1,959	1,918	00	5,726	00	00	00	00	302,341
Due from other funds	00	00	00	00	00	00	00	00	00	00	00	00
Total assets	$ 1,159,183	$ 1,434,208	$ 2,383	$ 115,543	$ 25,498	$ 43,533	$ 279,950	$ 204,426	$ 12,457	$ 17,182	$ 75,444	$ 3,369,807
Liabilities and Fund Balances												
Liabilities:												
Accounts payable	$ 00	$ 6,089	$ 1,430	$ 3,586	$ 5,250	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 16,355
Due to other funds	00	36,417	953	00	00	00	00	00	00	00	00	37,370
Total liabilities	00	42,506	2,383	3,586	5,250	00	00	00	00	00	00	53,725
Fund Balances:												
Fund balance - Restricted	1,159,183	1,391,702	00	00	00	43,533	00	00	00	00	75,444	2,669,862
Fund balance – Committed	00	00	00	111,957	20,248	00	279,950	204,426	12,457	17,182	00	646,220
Total fund balances	1,159,183	1,391,702	00	111,957	20,248	43,533	279,950	204,426	12,457	17,182	75,444	3,316,082
Total liabilities and fund balances	$ 1,159,183	$ 1,434,208	$ 2,383	$ 115,543	$ 25,498	$ 43,533	$ 279,950	$ 204,426	$ 12,457	$ 17,182	$ 75,444	$ 3,369,807

Carroll County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	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	$ 43,069	$ 40,960	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 84,029
Intergovernmental	72,537	00	00	00	00	00	72,092	00	00	00	00	144,629
Charges for services	00	1,700,018	00	00	00	00	00	13,959	00	00	00	1,713,977
Rental income	00	00	00	00	00	00	00	00	00	00	6,250	6,250
Fines and forfeitures	927,890	00	00	00	62,768	31,716	00	00	00	00	00	1,022,374
Interest income	4,553	6,582	13	574	108	265	1,199	00	00	17	403	13,714
Other revenues	11,912	00	00	00	00	00	00	00	230,617	73,617	00	316,146
Total revenues	1,016,892	1,706,600	43,082	41,534	62,876	31,981	73,291	13,959	230,617	73,634	6,653	3,301,119
Expenditures:												
Judicial	00	0	00	00	00	51,359	29,968	22,782	00	00	00	104,109
Public safety	1,029,451	1,750,480	00	00	76,514	00	00	00	219,034	65,568	00	3,141,047
Economic development	00	00	25,849	37,163	00	00	00	00	00	00	00	63,012
Debt service	00	00	00	00	00	00	00	00	00	00	70,675	70,675
Total expenditures	1,029,451	1,750,480	25,849	37,163	76,514	51,359	29,968	22,782	219,034	65,568	70,675	3,378,843
Excess (deficiency) of revenues over (under) expenditures	(12,559)	(43,880)	17,233	4,371	(13,638)	(19,378)	43,323	(8,823)	11,583	8,066	(64,022)	(77,724)
Other financing sources (uses):												
Transfers in	00	00	00	00	00	00	00	00	00	00	00	00
Transfers out	00	00	(17,233)	00	00	00	00	00	00	00	00	(17,233)
Total other financing sources (uses)	00	00	(17,233)	00	00	00	00	00	00	00	00	(17,233)
Net change in fund balances	(12,559)	(43,880)	00	4,371	(13,638)	(19,378)	43,323	(8,823)	11,583	8,066	(64,022)	(94,957)
Fund balances, beginning 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
Fund balances, end of year	$ 1,159,183	$ 1,391,702	$ 00	$ 111,957	$ 20,248	$ 43,533	$ 279,950	$ 204,426	$ 12,457	$ 17,182	$ 75,444	$ 3,316,082

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
1999 Issue
June 30, 2012

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	6,885,337	00	6,885,337
	39,142,280	39,142,280	39,093,162	00	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	$ 63,382,790	$ 00	$ 63,382,790

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
2004 Issue
June 30, 2012

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	$ 13,153,414	$ 969	$ 00	$ 00	$ 13,154,383
Public safety enhancements	5,300,500	5,300,500	6,555,379	00	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	18,900,026	232,682	1,200,284	437,000	20,769,992
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	6,645,222	67,035	00	00	6,712,257
Road projects	5,250,000	5,250,000	6,719,998	00	579,480	00	7,299,478
	52,640,500	52,640,500	53,663,327	300,686	6,904,651	437,000	61,305,664
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	$ 79,910,377	$ 300,686	$ 6,904,651	$ 437,000	$ 87,552,714

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, 2012

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	$ 8,489,263	$ 3,373,447	$ 5,816,069	$ 1,539,974	$ 19,218,753
Water facilities and equipment	9,500,000	9,500,000	700	710	00	00	1,410
Public works facilities and equipment	7,000,000	7,000,000	7,673,463	22,365	00	00	7,695,828
Recreation facilities and equipment	7,000,000	7,000,000	1,201,574	1,494,240	49,111	209,765	2,954,690
Judicial center facilities and equipment	6,000,000	6,000,000	991,020	12,038,652	00	500,000	13,529,672
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	188,603	1,291,421	00	00	1,480,024
Public safety facilities and equipment	2,500,000	2,500,000	1,636,204	442,662	00	2,795	2,081,661
Courthouse facilities and equipment	1,000,000	1,000,000	9,038	576,858	00	00	585,896
Administrative facilities and equipment	500,000	500,000	752,101	8,775	24,218	00	785,094
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	66,389	6,972	00	00	73,361
	67,328,705	67,328,705	21,035,293	19,256,102	5,889,398	2,252,534	48,433,327
Cities							
Bowdon projects	1,908,712	1,908,712	615,150	306,289	00	00	921,439
Bremen projects	24,988	24,988	6,650	3,311	00	00	9,961
Carrollton projects	21,026,585	21,026,585	6,776,630	3,374,147	00	00	10,150,777
Mount Zion projects	1,454,119	1,454,119	468,845	233,442	00	00	702,287
Roopville projects	190,295	190,295	59,852	29,801	00	00	89,653
Temple projects	3,892,388	3,892,388	1,253,577	624,168	00	00	1,877,745
Villa Rica projects	6,759,300	6,759,300	2,177,965	1,084,429	00	00	3,262,394
Whitesburg projects	563,195	563,195	182,882	91,059	00	00	273,941
	35,819,582	35,819,582	11,541,551	5,746,646	00	00	17,288,197
	$ 103,148,287	$ 103,148,287	$ 32,576,844	$ 25,002,748	$ 5,889,398	$ 2,252,534	$ 65,721,524

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, 2012

	Tax Commissioner	Sheriff	Inmate Jail Fund	Correctional Institute Inmate Fund	Magistrate Court	Clerk of Court	Solicitor	Probate Court	Juvenile Court	Totals
Assets										
Cash	$ 930,849	$ 104,472	$ 219,825	$ 20,971	$ 62,595	$ 254,279	$ 58,678	$ 13,644	$ 13,004	$ 1,678,317
Taxes receivable	3,492,197	00	00	00	00	00	00	00	00	3,492,197
Total assets	$ 4,423,046	$ 104,472	$ 219,825	$ 20,971	$ 62,595	$ 254,279	$ 58,678	$ 13,644	$ 13,004	$ 5,170,514
Liabilities										
Due to other governments	$ 746,673	$ 100,000	$ 148,901	$ 1,673	$ 14,703	$ 84,233	$ 30,369	$ 7,150	$ 00	$ 1,133,702
Due to others	184,176	4,472	70,924	19,298	47,892	170,046	28,309	6,494	13,004	544,615
Uncollected taxes	3,492,197	00	00	00	00	00	00	00	00	3,492,197
Total liabilities	$ 4,423,046	$ 104,472	$ 219,825	$ 20,971	$ 62,595	$ 254,279	$ 58,678	$ 13,644	$ 13,004	$ 5,170,514

COMPLIANCE SECTION

Carroll County, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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		$ 72,275
Edward Byrne	16.738		20,392
			92,667
ARRA - Justice Assistance Grant	16.804		60,676
Juvenile Justice and Delinquency Grant	16.540		93,283
(Passed through the Council of Juvenile Court Judges of Georgia)			
Juvenile Accountability Incentive Block Grant	16.523	JB-08ST-0002	5,100
Juvenile Accountability Incentive Block Grant	16.523	JB-07ST-004	5,300
			10,400
(Passed through Bureau of Justice Assistance)			
State Criminal Alien Assistance Program (SCAAP)	16.606	2008-F3117-GA-AP	11,560
Total Department of Justice			268,586
U.S. Department of Homeland Security			
(Passed through Georgia Emergency Management Agency)			
Hazard Mitigation Grant	97.039	HMGP-1750-0005	3,362
Domestic Preparedness Grant	97.073		35,900
Emergency Watershed Protection	97.036		2,795
Disaster Grant - Presidentially Declared Disaster	97.036	FEMA-1858-DR-GA	165,646
			168,441
Local Emergency Planning Committee	97.067		5,000
Total U.S. Department of Homeland Security			212,703
U.S. Department of Transportation			
(Passed through Georgia Office of Highway Safety)			
HEAT Grant	20.600	GA-2012-22-00385	17,247
WRTEN Grant	20.600	TEN-2010-22-00296	12,557
			29,804
Hazardous Materials Emergency Preparedness Grant (HMEP)	20.703	L08-9-027	26,180
Total U.S. Department of Transportation			55,984
U.S. Department of Agriculture			
Specialty Crop Block Grant	10.170		6,413
Agricultural Easement Program	10.913		437,000
Total U.S. Department of Agriculture			443,413
Total all federal funding			$ 980,686

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, 2012.

Amount Provided to Subrecipients

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

Amount Subgranted

The County subgranted a Neighborhood Stabilization Grant #11-NS-6012 to the City of Carrollton, Georgia in January 2011. During the year the City of Carrollton began making expenditures under this program and has reported these under the City of Carrollton's Schedule of Expenditures of Federal Awards.

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
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, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 27, 2013. 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

Management of Carroll County, Georgia is responsible for establishing and maintaining effective 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 2012-1, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Carroll County, Georgia, in a separate letter dated March 27, 2013.

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, Thomas & Tazio, P.C.

March 27, 2013

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

Garrett
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 on 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, 2012. 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, 2012.

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 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 over compliance 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, Thomas + Fazio, P.C.

March 27, 2013

Carroll County, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

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. No instances of noncompliance material to the financial statements of Carroll County, Georgia were disclosed during the audit.

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 Agricultural Easement Program, CFDA #10.913.

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

2012-1 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

2012-1 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.

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, 2012

None reported.