CARROLL COUNTY, GEORGIA

Financial Statements and Supplementary Information
For the Year Ended June 30, 2013

And

Independent Auditor's Report

Carroll County, Georgia
For the Year Ended June 30, 2013

Table of Contents

	Page
INTRODUCTORY SECTION	
Title Page	1
Table of Contents	2
FINANCIAL SECTION	
Independent Auditor's Report	4
Required Supplementary Information:	
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in the Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Fund	23
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	26
Notes to Basic Financial Statements	27
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	58

Table of Contents – Continued

Page

Other Supplementary Information:

Combining Balance Sheet – Nonmajor Governmental Funds 62

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 63

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (1999 Issue) 64

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (2004 Issue) 65

Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds (2009 Issue) 66

Agency Funds:
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds 67

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 68

Schedule of Findings and Responses 70

FINANCIAL SECTION

Garrett
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Julie M. George	CPA
Frederick G. Thomas	CPA	Amber E. Ash	CPA
Deborah W. Cooke	CPA	Kevin G. Bush	CPA
Johanna H. Tallent	CPA	Shari L. Reid	CPA

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

Independent Auditor's Report

The Board of Commissioners
Carroll County, Georgia

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the 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, 92% of the net position, and 99% of the revenues of the County's component units for the year ended June 30, 2013. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, 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. The financial statements of the Carroll City-County Hospital Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Georgia's basic financial statements. 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.

This other supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of Carroll County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carroll County, Georgia's internal control over financial reporting and compliance.

Garrett, Thomas + Fazio, P.C.

Carrollton, Georgia
June 12, 2014

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, 2013. 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, 2013, by $129,265,693 (net position) vs. $127,082,296 as of June 30, 2012.
- At June 30, 2013, the County's General Fund reported a total fund balance of $10,377,703, a decrease of $206,434 or 1.9% 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 position and the statement of activities, which are described below.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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, 2009 SPLOST Fund and Capital Projects Fund for Public Roads); 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 statement has been provided for the general fund.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Carroll County's own programs. The accounting used for fiduciary funds is much like that used in the government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements on pages 62 and 63.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Carroll County, assets exceed liabilities by $129,265,693 at the close of the most recent fiscal year.

By far the largest portion of the County's net position (78.4%) 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 position (11.9%) 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 position ($12,634,898) represents unrestricted net position.

Carroll County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	$ 33,633,254	$ 38,399,406	$ 4,916,725	$ 5,180,552	$ 38,549,979	$ 43,579,958
Capital assets	119,090,151	121,179,881	385,177	440,843	119,475,328	121,620,724
Total assets	152,723,405	159,579,287	5,301,902	5,621,395	158,025,307	165,200,682
Current liabilities	11,808,439	14,725,018	239,221	230,686	12,047,660	14,955,704
Long-term liabilities	15,208,703	21,610,000	1,503,251	1,552,682	16,711,954	23,162,682
Total liabilities	27,017,142	36,335,018	1,742,472	1,783,368	28,759,614	38,118,386
Net Position:						
Net investment in capital assets	100,909,913	99,272,258	385,177	440,843	101,295,090	99,713,101
Restricted	15,335,705	17,308,449	00	00	15,335,705	17,308,449
Unrestricted	9,460,645	6,663,562	3,174,253	3,397,184	12,634,898	10,060,746
Total Net Position	$ 125,706,263	$ 123,244,269	$ 3,559,430	$ 3,838,027	$ 129,265,693	$ 127,082,296

Change in Net Position. Governmental activities increased the County's net position by $2,661,449. Business-type activities during the same period decreased net position by $278,597 for a total increase in net position of $2,382,852. Key elements of this increase are as follows:

Carroll County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	$ 10,613,124	$ 10,971,021	$ 2,380,876	$ 2,368,349	$ 12,994,000	$ 13,339,370
Operating grants and contributions	448,254	361,394	00	00	448,254	361,394
Capital grants and contributions	2,290,279	3,098,880	00	00	2,290,279	3,098,880
General revenues:						
Property taxes	23,225,083	23,115,070	00	00	23,225,083	23,115,070
Sales taxes	25,463,362	26,885,288	00	00	25,463,362	26,885,288
Insurance premium taxes	3,081,280	2,884,239	00	00	3,081,280	2,884,239
Other taxes	950,396	803,693	00	00	950,396	803,693
Unrestricted investment earnings	54,534	89,760	16,678	26,103	71,212	115,863
Gain (loss) on disposition of assets	8,487	00	00	00	8,487	00
Miscellaneous	371,477	656,762	00	00	371,477	656,762
Rental income	797,600	797,601	00	00	797,600	797,601
Total revenues	67,303,876	69,663,708	2,397,554	2,394,452	69,701,430	72,058,160
Expenses						
General government	6,665,177	6,087,167	00	00	6,665,177	6,087,167
Judicial	6,220,902	5,786,805	00	00	6,220,902	5,786,805
Public safety	30,755,508	29,905,791	00	00	30,755,508	29,905,791
Public works	13,406,111	16,525,050	00	00	13,406,111	16,525,050
Health and welfare	436,195	437,992	00	00	436,195	437,992
Culture and recreation	4,176,055	4,423,534	00	00	4,176,055	4,423,534
Economic development	2,340,756	2,505,049	00	00	2,340,756	2,505,049
Interest on long-term debt	641,723	1,039,851	00	00	641,723	1,039,851
Solid waste operations	00	00	2,676,151	2,612,638	2,676,151	2,612,638
Total expenses	64,642,427	66,711,239	2,676,151	2,612,638	67,318,578	69,323,877
Change in net position	2,661,449	2,952,469	(278,597)	(218,186)	2,382,852	2,734,283
Net Position, beginning of year	123,244,269	120,291,800	3,838,027	4,056,213	127,082,296	124,348,013
Prior period adjustments	(199,455)	00	00	00	(199,455)	00
Net Position, end of year	$ 125,706,263	$ 123,244,269	$ 3,559,430	$ 3,838,027	$ 129,265,693	$ 127,082,296

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 $18,054,414, a decrease of $171,235 in comparison with the prior year. Approximately 45.7% of this total amount ($8,259,048) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted ($7,078,852), committed ($2,438,001), nonspendable ($233,732), and assigned ($44,781) 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 $8,259,048, while total fund balance reached $10,377,703. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 17.93% of total general fund expenditures, while total fund balance represents 22.53% of that same amount.

The fund balance of the County's general fund decreased during the current fiscal year by $231,832.

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 2013 fiscal year, the 2004 SPLOST Capital Projects fund had a restricted fund balance of $0, a decrease of $43,302 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 2013 fiscal year, the 2009 SPLOST Capital Projects fund had a restricted fund balance of $4,085,834, a decrease of $196,052 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 2013 fiscal year, the 2009 SPLOST Debt Service fund had a restricted fund balance of $750, an increase of $509 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, 2013, governmental activities and business-type activities had capital assets of $119,475,328 (net of accumulated depreciation) invested in land, buildings, system improvements, infrastructure, and machinery and equipment. Capital assets decreased as a result of accumulated depreciation and the disposal of obsolete machinery and equipment.

Carroll County's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	$ 16,008,418	$ 14,294,786	$ 45,838	$ 45,838	$ 16,054,256	$ 14,340,624
Construction in progress	99,800	6,443,881	00	00	99,800	6,443,881
Agricultural easements	5,064,750	5,052,400	00	00	5,064,750	5,052,400
Buildings and improvements	55,739,835	52,226,891	273,829	293,555	56,013,664	52,520,446
Machinery and equipment	13,676,913	15,924,316	65,510	101,450	13,742,423	16,025,766
Land improvements	1,586,779	78,630	00	00	1,586,779	78,630
Infrastructure	26,913,656	27,158,977	00	00	26,913,656	27,158,977
Total	$ 119,090,151	$ 121,179,881	$ 385,177	$ 440,843	$ 119,475,328	$ 121,620,724

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 $21,610,000. Of this amount, $21,610,000 comprises debt backed by the full faith and credit of the government.

Carroll County's Outstanding Debt

	2013	2012
General obligation bonds	$ 21,610,000	$ 28,190,000
Revenue bonds	00	65,000
Total	$ 21,610,000	$ 28,255,000

Carroll County's total debt decreased during the current fiscal year by $6,645,000.

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 10.4%, which is an increase from a rate of 10.3% one year ago. The unemployment rate for the state of Georgia is 9.2%.
- In fiscal year 2014, 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 2013.

All of these factors were considered in preparing Carroll County's budgets for the 2014 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, 323 Newnan Street, Room 207, Carrollton, Georgia 30117.

BASIC FINANCIAL STATEMENTS

Carroll County, Georgia
Statement of Net Position
June 30, 2013

Assets and Deferred Outflows of Resources	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	$ 17,925,986	$ 4,715,569	$ 22,641,555	$ 1,125,452	$ 537,695	$ 3,142,585	$ 00
Investments	7,551,891	00	7,551,891	00	1,051,142	00	00
Taxes receivable	2,101,824	00	2,101,824	00	00	00	00
Accounts receivable	715,765	148,980	864,745	7,171	00	1,889,524	00
Other receivables	00	00	00	00	00	518,274	00
Land sale receivable	00	00	00	00	10,700	00	00
Current portion of lease receivable	00	00	00	00	00	00	5,877,018
Lease receivable, net of current portion	00	00	00	00	00	00	102,408,510
Receivable, City of Carrollton	3,916,620	00	3,916,620	00	00	00	00
Due from other governments	1,359,114	00	1,359,114	00	00	00	00
Interest receivable	00	00	00	00	1,152	00	00
Internal balances	(52,176)	52,176	00	00	00	00	00
Inventories	00	00	00	00	00	417,498	00
Prepaid expenses	114,230	00	114,230	00	00	184,177	00
Restricted cash and cash equivalents	00	00	00	00	00	6,088,522	00
Restricted investments	00	00	00	00	00	1,328,760	00
Net pension asset	00	00	00	00	00	6,032	00
Capital assets							
Nondepreciable	21,172,968	45,838	21,218,806	00	2,220,249	14,208,060	00
Depreciable, net of accumulated depreciation	97,917,183	339,339	98,256,522	5,493	00	49,434,701	00
Total assets	152,723,405	5,301,902	158,025,307	1,138,116	3,820,938	77,218,133	108,285,528
Deferred outflows of resources	00	00	00	00	00	98,890	00
Total assets and deferred outflows of resources	152,723,405	5,301,902	158,025,307	1,138,116	3,820,938	77,317,023	108,285,528

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Position
June 30, 2013

	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	$ 698,959	$ 169,921	$ 868,880	$ 00	$ 00	$ 97,431	$ 00
Accrued liabilities	2,264,708	00	2,264,708	00	00	00	00
Due to other governments	614,169	00	614,169	00	00	00	00
Customer deposits payable	00	00	00	00	00	1,014,483	00
Note payable due within one year	00	00	00	00	00	370,221	00
Note payable due in more than one year	00	00	00	00	00	8,329,265	00
Bond payables due within one year	6,890,000	00	6,890,000	00	00	1,140,000	3,465,000
Bond payables due in more than one year	15,208,703	00	15,208,703	00	00	20,106,149	102,408,510
Compensated absences	857,278	00	857,278	123,201	00	00	00
Accrued interest payable	483,325	00	483,325	00	00	469,229	2,412,018
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	1,503,251	1,503,251	00	00	00	00
Total liabilities	27,017,142	1,742,472	28,759,614	123,201	00	31,526,778	108,285,528
Net Position							
Net investment in capital assets	100,909,913	385,177	101,295,090	5,493	2,220,249	33,227,897	00
Restricted for:							
Economic development	00	00	00	00	1,600,689	00	00
Debt service	6,890,750	00	6,890,750	00	00	2,048,905	00
Capital projects	5,965,304	00	5,965,304	00	00	5,368,377	00
Other	2,479,651	00	2,479,651	943,061	00	6,032	00
Unrestricted	9,460,645	3,174,253	12,634,898	66,361	00	5,139,034	00
Total net position	$ 125,706,263	$ 3,559,430	$ 129,265,693	$ 1,014,915	$ 3,820,938	$ 45,790,245	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: Carroll County Department of Public Health	Component Units: Carroll County Development Authority	Component Units: Carroll County Water Authority	Component Units: Carroll City-County Hospital Authority
Primary government:											
Governmental activities:											
General government	$ 6,665,177	$ 953,148	$ 00	$ 57	$ (5,711,972)	$ 00	$ (5,711,972)	$	$	$	$
Judicial	6,220,902	2,690,898	397,370	797	(3,131,837)	00	(3,131,837)				
Public safety	30,755,508	5,419,350	50,144	130,290	(25,155,724)	00	(25,155,724)				
Public works	13,406,111	673,179	00	994,220	(11,738,712)	00	(11,738,712)				
Health and welfare	436,195	00	00	00	(436,195)	00	(436,195)				
Culture and recreation	4,176,055	876,549	00	911,677	(2,387,829)	00	(2,387,829)				
Economic development	2,340,756	00	740	1,399	(2,338,617)	00	(2,338,617)				
Interest on long-term debt	641,723	00	00	251,839	(389,884)	00	(389,884)				
Total governmental activities	64,642,427	10,613,124	448,254	2,290,279	(51,290,770)	00	(51,290,770)				
Business-type activities											
Solid Waste operations	2,676,151	2,380,876	00	00	00	(295,275)	(295,275)				
Total primary government	67,318,578	12,994,000	448,254	2,290,279	(51,290,770)	(295,275)	(51,586,045)				
Component units:											
Carroll County Department of Public Health	1,447,083	851,565	1,047,244	00				451,726	00	00	00
Carroll County Development Authority	24,516	00	00	00				00	(24,516)	00	00
Carroll County Water Authority	7,393,610	8,655,208	00	85,927				00	00	1,347,525	00
Carroll City/County Hospital Authority	4,503,508	4,503,508	00	00				00	00	00	00
Total component units	$ 13,368,717	$ 14,010,281	$ 1,047,244	$ 85,927				451,726	(24,516)	1,347,525	00
General revenues:											
Property taxes					23,225,083	00	23,225,083	00	00	00	00
Sales taxes					25,463,362	00	25,463,362	00	00	00	00
Insurance premium taxes					3,081,280	00	3,081,280	00	00	00	00
Alcoholic beverage taxes					416,311	00	416,311	00	00	00	00
Other taxes					534,085	00	534,085	00	00	00	00
Investment earnings					54,534	16,678	71,212	248	3,530	56,440	00
Miscellaneous					371,477	00	371,477	00	00	00	00
Rental income					797,600	00	797,600	00	00	00	00
Gain on disposal of assets					8,487	00	8,487	00	00	00	00
Total general revenues					53,952,219	16,678	53,968,897	248	3,530	56,440	00
Change in net position					2,661,449	(278,597)	2,382,852	451,974	(20,986)	1,403,965	00
Net position, beginning of year					123,244,269	3,838,027	127,082,296	562,941	3,841,924	45,007,672	00
Prior period adjustments - Note 16					(199,455)	00	(199,455)	00	00	(621,392)	00
Net position, end of year					$ 125,706,263	$ 3,559,430	$ 129,265,693	$ 1,014,915	$ 3,820,938	$ 45,790,245	$ 00

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2013

	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	$ 11,470,546	$ 00	$ 00	$ 3,825,171	$ 00	$ 2,630,269	$ 17,925,986
Investments	00	00	00	177,816	7,374,075	00	7,551,891
Taxes receivable	832,820	00	00	1,262,307	00	6,697	2,101,824
Accounts receivable	209,329	00	00	00	00	506,436	715,765
Due from other governments	1,169,876	00	00	189,238	00	00	1,359,114
Due from other funds	56,505	00	00	00	00	632,508	689,013
Prepaid expenses	114,230	00	00	00	00	00	114,230
Total assets	$ 13,853,306	$ 00	$ 00	$ 5,454,532	$ 7,374,075	$ 3,775,910	$ 30,457,823
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	$ 441,267	$ 00	$ 00	$ 119,913	$ 00	$ 137,779	$ 698,959
Accrued liabilities	2,264,709	00	00	00	7,373,325	00	9,638,034
Due to other governments	00	00	00	614,169	00	00	614,169
Due to other funds	58,568	00	00	634,616	00	48,004	741,188
Total liabilities	2,764,544	00	00	1,368,698	7,373,325	185,783	11,692,350
Deferred inflows of resources	711,059	00	00	00	00	00	711,059
Total liabilities and deferred inflows of resources	3,475,603	00	00	1,368,698	7,373,325	185,783	12,403,409

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Balance Sheet - continued
Governmental Funds
For the Year Ended June 30, 2013

	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
Liabilities, Deferred Inflows of Resources and Fund Balances - continued							
Fund balances							
Nonspendable	$ 233,732	$ 00	$ 00	$ 00	$ 00	$ 00	$ 233,732
Restricted	82,211	00	00	4,085,834	750	2,910,057	7,078,852
Committed	1,757,931	00	00	00	00	680,070	2,438,001
Assigned	44,781	00	00	00	00	00	44,781
Unassigned	8,259,048	00	00	00	00	00	8,259,048
Total fund balances	10,377,703	00	00	4,085,834	750	3,590,127	18,054,414
Total liabilities, deferred inflows of resources and fund balances	$ 13,853,306	$ 00	$ 00	$ 5,454,532	$ 7,374,075	$ 3,775,910	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	119,090,151
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	711,059
Receivable for the City's portion of bonds payable is not reported in the funds.	3,916,620
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	(22,955,981)
Debt service payments due within 30 days are accrued in the funds.	6,890,000
Net position of governmental activities.	$ 125,706,263

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, 2013

	General	1999 Special Purpose Local Option Sales Tax	2004 Special Purpose Local Option Sales Tax	2009 Special Purpose Local Option Sales Tax	2009 SPLOST Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	$ 23,410,762	$ 00	$ 00	$ 00	$ 00	$ 00	$ 23,410,762
Sales taxes	9,596,527	00	00	15,866,835	00	00	25,463,362
Insurance premium taxes	3,081,280	00	00	00	00	00	3,081,280
Other taxes	909,080	00	00	00	00	83,370	992,450
Licenses and permits	850,250	00	00	00	00	00	850,250
Intergovernmental	2,975,496	00	00	673,179	00	1,189,106	4,837,781
Charges for services	1,061,695	00	00	00	00	1,985,479	3,047,174
Fines and forfeitures	2,540,243	00	00	00	00	429,549	2,969,792
Reimbursements from others	166,588	00	00	00	2,143,062	00	2,309,650
Interest	46,743	00	3	7,641	251,839	7,791	314,017
Rental income	797,600	00	00	00	00	00	797,600
Other revenues	385,704	00	00	00	00	311,274	696,978
Total revenues	45,821,968	00	3	16,547,655	2,394,901	4,006,569	68,771,096
Expenditures							
Current:							
General government	5,949,175	00	00	00	00	00	5,949,175
Judicial	5,549,593	00	00	00	00	120,997	5,670,590
Public safety	24,728,300	00	00	00	00	2,981,040	27,709,340
Public works	5,069,595	00	00	00	00	00	5,069,595
Health and welfare	436,195	00	00	00	00	00	436,195
Culture and recreation	2,620,977	00	00	00	00	00	2,620,977
Economic development	1,699,965	00	00	00	00	61,174	1,761,139
Intergovernmental	00	00	00	5,508,481	00	00	5,508,481
Capital outlay	00	1	43,305	5,475,391	00	774,263	6,292,960
Debt service	00	00	00	00	7,857,254	66,625	7,923,879
Total expenditures	46,053,800	1	43,305	10,983,872	7,857,254	4,004,099	68,942,331
Excess (deficiency) of revenues over expenditures	(231,832)	(1)	(43,302)	5,563,783	(5,462,353)	2,470	(171,235)

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, 2013

	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	$ 25,398	$ 00	$ 00	$ 00	$ 5,462,862	$ 296,973	$ 5,785,233
Transfers out	00	00	00	(5,759,835)	00	(25,398)	(5,785,233)
Total other financing sources (uses)	25,398	00	00	(5,759,835)	5,462,862	271,575	00
Net change in fund balances	(206,434)	(1)	(43,302)	(196,052)	509	274,045	(171,235)
Fund balance, beginning of year	10,584,137	1	43,302	4,281,886	241	3,316,082	18,225,649
Fund balance, end of year	$ 10,377,703	$ 00	$ 00	$ 4,085,834	$ 750	$ 3,590,127	$ 18,054,414

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances – total governmental funds	$ (171,235)
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 depreciation exceeded capital outlays in the current period.	(2,929,551)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	839,821
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(227,733)
Repayment of the City's portion of bonds payable increases the current financial resources of governmental funds, but has no effect on net position.	(2,143,062)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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.	7,280,802
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	12,407
Change in net position of governmental activities	$ 2,661,449

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Net Position
Proprietary Fund
June 30, 2013

	Solid Waste Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 4,715,569
Accounts receivable	148,980
Due from other funds	58,568
Total current assets	4,923,117
Noncurrent assets:	
Capital assets:	
Nondepreciable	45,838
Depreciable, net of accumulated depreciation	339,339
Total noncurrent assets	385,177
Total assets	$ 5,308,294
Liabilities	
Current liabilities:	
Accounts payable	$ 169,921
Due to other funds	6,392
Landfill postclosure care costs – current portion	69,300
Total current liabilities	245,613
Noncurrent liabilities:	
Landfill postclosure care costs – long-term portion	1,503,251
Total liabilities	$ 1,748,864
Net Position	
Net investment in capital assets	$ 385,177
Unrestricted	3,174,253
Total net position	$ 3,559,430

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	Solid Waste Fund
Operating revenues:	
Charges for services	$ 2,380,876
Operating expenses:	
Cost of sales and service	2,620,485
Depreciation	55,666
Total operating expenses	2,676,151
Operating loss	(295,275)
Nonoperating income:	
Interest income	16,678
Total nonoperating income	16,678
Change in net position	(278,597)
Net position, beginning of year	3,838,027
Net position, end of year	$ 3,559,430

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

	Solid Waste Fund
Cash flows from operating activities:	
Receipts from customers and users	$ 2,363,002
Payments to suppliers	(2,387,564)
Payments to employees	(268,590)
Net cash used by operating activities	(293,152)
Cash flows from investing activities:	
Interest received	16,678
Net cash provided by investing activities	16,678
Decrease in cash and cash equivalents	(276,474)
Cash and cash equivalents:	
Beginning of year	4,992,043
End of year	$ 4,715,569
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	$ (295,275)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	55,666
Change in assets and liabilities:	
Increase in accounts receivable	(17,874)
Decrease in due from other funds	5,259
Increase in accounts payable	8,535
Decrease in landfill postclosure care costs	(49,431)
Decrease in due to other funds	(32)
Net cash provided by operating activities	$ (293,152)

See accompanying notes to the basic financial statements.

Carroll County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2013

	Agency Funds
Assets:	
Cash	$ 2,730,308
Taxes receivable	2,292,263
Other receivable	8,607
Total assets	$ 5,031,178
Liabilities:	
Due to other governments	$ 1,894,139
Due to others	844,776
Due to others – uncollected taxes	2,292,263
Total liabilities	$ 5,031,178

See accompanying notes to the basic financial statements.

Index

Note 1. Summary of Significant Accounting Policies

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

Note 3. Fund Balances

Note 4. Legal Compliance – Budgets

Note 5. Cash and Investments

Note 6. Receivables

Note 7. Capital Assets

Note 8. Long-Term Debt

Note 9. Interfund Transactions

Note 10. Deferred Outflows/Inflows of Resources

Note 11. Pension Plans

Note 12. Risk Management

Note 13. Contingencies

Note 14. Joint Ventures

Note 15. Hotel/Motel Lodging Tax

Note 16. Prior Period Adjustment

Note 17. Subsequent Events

Note 1 – Summary of Significant Accounting Policies

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

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

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Carroll County, Georgia (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Discretely Presented Component Units

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

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

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

Separate financial statements for the Development Authority can be obtained by writing to the Carroll County Development Authority, 323 Newnan Street, Room 207, 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 County is obligated to pay the principal and interest on certain Water Authority debt to the Georgia Environmental Facilities Authority (GEFA 09-013, GEFA 09-014, GEFA 10-010) should there be a default by levying an additional tax. 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 position and the statement of activities) 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 **capital projects funds** account for resources restricted for the acquisition or construction of specific capital projects or items.

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.

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, 2013.

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, 2013, 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 position. Bond premiums and discounts 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 during the current period.

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, 2013, 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 position."

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 Position

The governmental fund balance sheet includes a reconciliation between fund-balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $22,955,981 difference are as follows:

Bonds payable	$ 22,098,703
Compensated absences	857,278
Net adjustment to reduce fund balance – total governmental funds to arrive at net position-governmental activities	$ 22,955,981

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 position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $2,929,551 difference are as follows:

Capital outlay	$ 3,516,396
Depreciation expense	(6,445,947)
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities	$ (2,929,551)

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 position." The details of this $7,280,902 difference are as follows:

Increase in accrual of debt service expenditures due within 30 days	$ 310,000
Amortization of bond premiums	325,802
Principal repayments	
Bond payable	6,645,000
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 7,280,802

Another element of that reconciliation states that "some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $12,407 difference are as follows:

Accrued interest	$ 1,354
Compensated absences	11,053
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$ 12,407

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	114,231
Long-term receivable	8,500
Total	$ 233,732

- Restricted – The following fund balances are restricted for:

General Fund:	
Restricted by contributors	$ 82,211
Capital Projects Fund:	
2009 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2009 SPLOST	$ 4,085,834
Other Governmental Funds:	
Capital Projects Fund for Public Roads − used to account for projects funded by the Georgia Department of Transportation Local Maintenance and Improvement Grant (LMIG)	$ 512,617
Special revenue funds – used to account for specific revenues that are restricted to expenditure for:	
Judicial	21,411
Public Safety	2,376,029
Total	$ 2,910,057
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	$ 750

Note 3 – Fund Balances - continued

- Committed – The following balances are committed to:

General Fund:	
Resources set aside for workers compensation claims	$ 1,726,976
Resources set aside for McIntosh Reserve Park	30,955
Total	$ 1,757,931
Other Governmental Funds:	
Special revenue funds – used to account for specific revenues that are committed to expenditure for:	
Judicial	$ 492,504
Public Safety	69,539
Economic development	118,027
Total	$ 680,070

- Assigned – The following fund balances are assigned to:

General Fund:	
Resources set aside for health insurance costs	$ 28,202
Resources set aside for Carroll County Emergency Planning Committee	16,579
Total	$ 44,781

- 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 5, 2012, 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, 2013, the County held the following investments:

Investment	Fair Value
Regions/Morgan Keegan Short-term Investments	$ 7,551,891

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, 2013, the County's bank balances were properly insured and collateralized. As of June 30, 2013, 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, 2013:

	General	2009 SPLOST	Other Governmental Funds	Solid Waste	Total
Receivables:					
Taxes	$ 900,346	$ 1,262,307	$ 6,697	$ 00	$ 2,169,350
Accounts	209,329	00	506,436	148,980	864,745
Gross receivables	1,109,675	1,262,307	513,133	148,980	3,034,095
Less allowance for uncollectibles	(67,526)	00	00	00	(67,526)
Net total receivables	$ 1,042,149	$ 1,262,307	$ 513,133	$ 148,980	$ 2,966,569

Property taxes attached as an enforceable lien on property as of January 1, 2012. Property taxes were levied on July 24, 2012, and payable on or before December 1, 2012.

The County also has a receivable from the City of Carrollton totaling $3,916,620 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, 2013 was as follows:

	Beginning Balance	Additions	Disposals, Transfers and Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 14,294,786	$ 271,420	$ 1,442,212	$ 16,008,418
Construction in progress	6,443,881	9,539	(6,353,620)	99,800
Easements	5,052,400	12,350	00	5,064,750
Total capital assets, not being depreciated	25,791,067	293,309	(4,911,408)	21,172,968
Capital assets, being depreciated:				
Buildings	64,665,449	3,463,295	454,470	68,583,214
Machinery and equipment	38,392,387	430,877	(640,881)	38,182,383
Land improvements	98,430	15,691	1,524,297	1,638,418
Infrastructure	101,980,721	224,107	2,031,593	104,236,421
Total capital assets, being depreciated	205,136,987	4,133,970	3,369,479	212,640,436
Less accumulated depreciation for:				
Buildings	(12,438,558)	(1,293,901)	889,080	(12,843,379)
Machinery and equipment	(22,468,071)	(2,619,186)	581,787	(24,505,470)
Land improvements	(19,800)	(31,839)	00	(51,639)
Infrastructure	(74,821,744)	(2,501,021)	00	(77,322,765)
Total accumulated depreciation	(109,748,173)	(6,445,947)	1,470,867	(114,723,253)
Total capital assets, being depreciated, net	95,388,814	(2,311,977)	4,840,346	97,917,183
Governmental activities capital assets, net	$ 121,179,881	$ (2,018,668)	$ (71,062)	$ 119,090,151

Note 7 – Capital Assets – continued

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

Governmental activities:	
General government	$ 218,561
Judicial	584,036
Public safety	1,874,589
Public works	3,438,512
Culture and recreation	301,959
Economic development	28,290
Total depreciation expense – governmental activities	$ 6,445,947

Capital assets activity for the County's business-type activity for the year ended June 30, 2013 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	466,427	00	00	466,427
Total capital assets being depreciated	1,158,582	00	00	1,158,582
Less accumulated depreciation for:				
Land improvements	(69,614)	00	00	(69,614)
Buildings	(328,986)	(19,726)	00	(348,712)
Equipment	(364,977)	(35,940)	00	(400,917)
Total accumulated depreciation	(763,577)	(55,666)	00	(819,243)
Total capital assets, being depreciated, net	395,005	(55,666)	00	339,339
Net capital assets	$ 440,843	$ (55,666)	$ 00	$ 385,177

Note 7 – Capital Assets – continued

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 5,344,189	$ 2,070,379	$ 00	$ 7,414,568
Construction in progress	5,202,143	1,591,349	00	6,793,492
Total capital assets, not being depreciated	10,546,332	3,661,728	00	14,208,060
Capital assets, being depreciated:				
Buildings	833,705	00	(45,700)	788,005
Improvements other than buildings	65,944,351	499,420	(516,660)	65,927,111
Machinery and equipment	143,584	00	00	143,584
Vehicles	213,879	00	(81,033)	132,846
Total capital assets, being depreciated	67,135,519	499,420	(643,393)	66,991,546
Less accumulated depreciation for:				
Buildings	(171,109)	(35,227)	00	(206,336)
Improvements other than buildings	(15,942,120)	(1,354,689)	82,167	(17,214,642)
Machinery and equipment	(59,311)	(10,260)	00	(69,571)
Vehicles	(105,717)	(7,113)	46,534	(66,296)
Total accumulated depreciation	(16,278,257)	(1,407,289)	128,701	(17,556,845)
Total capital assets, being depreciated, net	50,857,262	(907,869)	(514,692)	49,434,701
Governmental activities capital assets, net	$ 61,403,594	$ 2,753,859	$ (514,692)	$ 63,642,761

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	$ 114,914	$ 00	$ 00	$ 114,914
Less accumulated depreciation for:	(107,475)	(1,946)	00	(109,421)
Net capital assets	$ 7,439	$ (1,946)	$ 00	$ 5,493

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	$ 2,237,040	$ 00	$ (16,791)	$ 2,220,249
Net capital assets	$ 2,237,040	$ 00	$ (16,791)	$ 2,220,249

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.

The bonds were paid off during the year ended June 30, 2013.

Note 8 – Long-Term Debt – continued

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
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
	$ 21,610,000	$ 1,479,500	$ 23,089,500

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 $1,572,551 over the remaining 20 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.

Note 8 – Long-Term Debt – continued

D. Changes in Long-Term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	$ 28,255,000	$ 00	$ (6,645,000)	$ 21,610,000	$ 6,890,000
Plus unamortized premiums	814,505	00	(325,802)	488,703	00
Net bonds payable	29,069,505	00	(6,970,802)	22,098,703	6,890,000
Compensated absences	868,331	757,818	(768,871)	857,278	857,278
Governmental activity long-term liabilities	$ 29,937,836	$ 757,818	$ (7,739,673)	$ 22,955,981	$ 7,747,278

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, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Landfill postclosure care costs	$ 1,621,982	$ 00	$ (49,431)	$ 1,572,551	$ 69,300

E. Component Unit Long-Term Liabilities

Water Authority:

Long-term debt activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 16,575,000	$ 9,580,000	$ (5,580,000)	$ 20,575,000	$ 1,140,000
Unamortized premiums	627,986	107,849	(64,686)	671,149	00
Revenue bonds, net	17,202,986	9,687,849	(5,644,686)	21,246,149	1,140,000
Notes payable	8,936,764	00	(237,278)	8,699,486	370,221
Total long-term liabilities	$ 26,139,750	$ 9,687,849	$ (5,881,964)	$ 29,945,635	$ 1,510,221

The Water Authority (a component unit) issues bonds where the Water Authority pledges revenues derived from the acquired or constructed assets to pay debt service.

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities – continued

Water Authority - continued

Advance Refunding of Debt

On July 20, 2012, the Authority issued $9,580,000 in Water and Sewerage Refunding and Improvement Revenue Bonds, Series 2012, to provide funds to redeem all of the Authority's Series 2002 Water and Sewerage Revenue Bonds and to advance refund and defease $1,350,000 of the Authority's Series 2005, Water and Sewerage Refunding and Improvement Revenue bonds.

The Authority placed $3,195,630 in an irrevocable trust with an escrow agent to redeem all of the 2002 bond(s) maturing 2013 through 2024. The Authority placed $1,592,690 in an irrevocable trust with an escrow agent to be used for certain future debt service payments on the 2005 bond(s). As a result, the above bonds are considered to be defeased and the liability for these bonds has been removed from the Statement of Net Position.

Revenue bonds outstanding at June 30, 2013 are as follows:

Issue	Original Amount	Purpose	Interest Rate	Due Date	Balance
Series 2012	$ 9,580,000	Redemption of Series 2002 Bonds, advanced refunding and defeasance of $1,350,000 of Series 2005 bonds and Water Project Improvements	2.0% - 3.20%	2033	$ 9,580,000
Series 2005	$ 19,425,000	Refunding of Series 1999 Bonds and Water Project Improvements	3.60% - 5.25%	2031	$ 10,995,000
			Plus unamortized premium, net		671,149
					$ 21,246,149

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

Fiscal year ending June 30,	Principal	Interest	Total
2014	$ 1,140,000	$ 781,714	$ 1,921,714
2015	1,185,000	759,745	1,944,745
2016	1,260,000	707,995	1,967,995
2017	1,295,000	650,195	1,945,195
2018	1,345,000	597,895	1,942,895
2019 - 2023	7,505,000	2,145,188	9,650,188
2024 - 2028	3,140,000	933,700	4,073,700
2029 - 2032	3,705,000	373,960	4,078,960
Total	$ 20,575,000	$ 6,950,392	$ 27,525,392

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

Water Authority - continued:

The Water Authority has also incurred debt to the Georgia Environmental Facilities Authority for construction of various water projects. The Authority is required to maintain a fixed charges coverage ratio greater than 1.05% for each fiscal year until the maturity of the following notes. These notes are as follows at June 30, 2013:

Description	Origination	Interest Rate	Term	Due Date	Balance
GEFA 2	2007	3.75%	20 years	2026	$ 1,550,907
GEFA 09-013	2010	3.00%	20 years	2031	2,038,806
GEFA 09-014	2010	3.00%	20 years	2031	1,732,273
GEFA 10-010	2011	3.00%	20 years	2031	3,377,500
					$ 8,699,486

The Water Authority's GEFA debt service requirements to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2014	$ 370,221	$ 262,630	$ 632,851
2015	382,166	255,586	637,752
2016	394,422	243,331	637,753
2017	407,315	230,439	637,754
2018	420,394	217,359	637,753
2019 - 2023	2,314,793	873,976	3,188,769
2024 - 2028	2,488,571	474,720	2,963,291
2029 - 2031	1,921,604	132,053	2,053,657
Total	$ 8,699,486	$ 2,690,094	$ 11,389,580

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

Hospital Authority:

A schedule of changes in the Authority's long-term debt (excluding any unamortized discounts and premiums) for 2013 follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Bonds and notes payable:					
Revenue Certificates	$ 106,465,000	$ 00	$ (3,370,000)	$ 103,095,000	$ 3,465,000

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 revenue certificates are collateralized by a pledge of Tanner Medical Center's gross receipts.	$ 30,560,000
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 revenue certificates are collateralized by a pledge of Tanner Medical Center's gross receipts.	72,535,000
	103,095,000
Less current portion	(3,465,000)
	99,630,000
Plus unamortized premium, net	2,778,510
	$ 102,408,510

On December 1, 1998, Tanner Medical Center, Inc. (TMC) entered into a trust indenture (the Master Indenture) with a commercial bank as the trustee. 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.

Note 8 – Long-Term Debt – continued

E. Component Unit Long-Term Liabilities - continued

Hospital Authority - continued:

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
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	4,015,000	4,121,707	8,136,707
2019 – 2023	17,770,000	18,000,079	35,770,079
2024 – 2028	20,870,000	13,590,477	34,460,477
2029 – 2033	17,055,000	9,079,483	26,134,483
2034 – 2038	19,125,000	4,905,175	24,030,175
2039 – 2041	9,690,000	640,500	10,330,500
Total	$ 103,095,000	$ 68,343,649	$ 171,438,649

Department of Public Health:

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	$178,471	$ 15,996	$ 71,266	$123,201	$ 32,708

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. During the fiscal year, the bonds were redeemed, and therefore, the principal amount outstanding at June 30, 2013 was $0.

Note 9 – Interfund Transactions

Interfund receivable and payable balances as of June 30, 2013 are as follows:

	Due From				
Due To	General Fund	Solid Waste	Other Governmental Funds	2009 SPLOST	Total
General Fund	$ 00	$ 6,392	$ 48,004	$ 2,108	$ 56,504
Solid Waste	58,568	00	00	00	58,568
Capital Projects Fund	00	00	00	632,508	632,508
Total	$ 58,568	$ 6,392	$ 48,004	$ 634,616	$ 747,580

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, 2013 consisted of the following:

	Transfer From		
Transfer To	2009 SPLOST	Other Governmental Funds	Total
General Fund	$ 00	$ 25,398	$ 25,398
2009 SPLOST Debt Service Fund	5,462,862	00	5,462,862
Other Governmental Funds	296,973	00	296,973
Total	$ 5,759,835	$ 25,398	$ 5,785,233

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 - Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources when applicable. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2013, the County had no deferred outflows of resources to report.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources when applicable. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports property taxes ($711,059) as deferred inflows of resources only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 10 - Deferred Outflows/Inflows of Resources – continued

Component Units

Water Authority:

The Water Authority reports the loss on refunding of bonds ($98,890) as a deferred outflow of resources. This amount is deferred and amortized over the shorter of the life of the refunding debt (new debt) or the refunded debt (old debt).

Note 11 – Pension Plans

A. ACCG Pension Plan

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

Plan Description

The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (GEBCorp). The ACCG, in its role as the Plan sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Funding Policy

The County is required to contribute an actuarially determined amount annually to the Plan's trust. A contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and intended to satisfy the minimum contribution requirements as set forth in controlling State of Georgia statutes. The required contribution for the 2013 Plan year is $107,054. This amount represents 66.6% of covered payroll. Plan participants are not required to contribute to the Plan.

Note 11 – Pension Plans – continued

A. ACCG Pension Plan - continued

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, 2013, was 4 years. The County's annual pension cost and net pension obligation for the pension plan for the current year are as follows:

Derivation of Net Pension Obligation:	
Annual pension cost for prior year	$ 100,783
Actual contributions to Plan for prior year	(99,555)
Change in net pension obligation	1,228
Net pension obligation (assets) as of January 1, 2012	9,428
Net pension obligation (assets) as of January 1, 2013	$ 10,656
Derivation of Annual Pension Cost:	
Annual required contribution	$ 108,656
Interest on net pension obligation	826
Amortization of net pension obligation	(884)
Annual pension cost	$ 108,598

Basis of Valuation

Current valuation date	January 1, 2013
Annual return on invested Plan assets	7.75%
Projected annual salary increases	5.0% - 7.5% based on age
Expected annual inflation	3.0%
Actuarial value of assets	Market Value
Actuarial funding method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)

Trend Information

Fiscal Year Beginning	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
01/01/13	$ 108,598	$ N/A	N/A	$ 10,656
01/01/12	100,783	99,555	99%	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

Note 11 – Pension Plan – continued

A. ACCG Pension Plan - continued

Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
12/31/12	$ 2,410,014	*	$ 3,285,640	$ 875,626	73.3%	$ 185,164	472.9%
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

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

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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, 2013, were $1,241,155.

Note 12 – Risk Management

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

The County participates in the Association of County Commissioners of Georgia Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments. Insurance coverage is a $300,000 per occurrence deductible.

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

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

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

Note 13 – 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.

Note 14 – Joint Ventures

Three Rivers Regional Commission

Under Georgia law, the County, in conjunction with other cities and counties in the five county west central Georgia area, is a member of the Three Rivers Regional Commission (TRRC) and is required to pay annual dues thereto. During the year ended June 30, 2013, the County paid $111,159 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. During the year ended June 30, 2013, the County paid $183,000 to the Authority for its annual subscription.

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, 323 Newnan Street, Room 207, Carrollton, Georgia 30117.

Note 15 – Hotel/Motel Lodging Tax

The County has levied a six percent lodging tax. Twenty percent and forty percent of the tax received is paid to the Carroll County Chamber of Commerce and the Carroll County Tourism Association, respectively to promote tourism within Carroll County. A summary of the transactions for the year ending June 30, 2013 follows:

Total lodging tax receipts and interest earned	$ 41,325
60% of tax receipts and interest earned owed to the Chamber and Association for June 30, 2013	$ 24,795
Tax receipts owed at June 30, 2012	3,995
Disbursements to the Chamber and Association during the year ended June 30, 2013	(24,794)
Balance of lodging tax funds on hand at June 30, 2013 and included in Hotel/Motel Tax Fund accounts payable	$ 3,996

Note 16 – Prior Period Adjustments

Implementation of GASB Statement No. 63 and GASB Statement No. 65

In fiscal year 2013, the County implemented *GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and* early implemented *GASB Statement No, 65, Items Previously Reported as Assets and Liabilities.* As a result, we have deleted the unamortized bond issuance costs of $199,455 for governmental activities at the government-wide level by adjusting all periods affected. In addition, there are numerous terminology changes throughout the financial section of this report. These classification changes do not require a prior period adjustment.

Component Units

Water Authority:

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

Carroll County Water Authority
Restatement of Net position

Net position as of June 30, 2012	$ 45,007,672
Additions	00
Deletions*	(101,499)
Deletions**	(519,893)
Restated net position – June 30, 2012	$ 44,386,280

* Includes a prior period adjustment for depreciable capital assets that had not been depreciated in a prior year.

** Prior period adjustment for change in accounting principle: In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities, the City is required to change its accounting treatment of debt issuance costs. The new standard requires that debt issuance costs be recognized as an expenditure/expense when incurred (at the time of issuance) rather than capitalized and recognized as an expense (amortized) in a systematic and rational manner over the duration of the related debt as was the required treatment in prior periods. Therefore, in conjunction with the implementation of GASB Statement No. 65, the restatement as shown above was required to the beginning net position of the Governmental Activities to properly recognize debt issuance costs as expenses which were incurred in prior periods.

Note 17 – Subsequent Events

Technology Park

On September 3, 2013, the County adopted a resolution approving the proposed conveyance of two lots at Buffalo Creek Technology Park to Carroll County Development Authority, and on June 3, 2014, the County adopted a resolution approving the proposed conveyance of the remaining lots. The cost of the land and land improvements was $3,180,862. The County developed the property, which has a total of eighteen lots, for the purpose of a light industrial business park to be used to attract businesses and jobs to Carroll County, and desires the Authority to market and sale such lots for development best suited for the park.

Issuance of Debt

On December 30, 2013, Carroll County issued $40,000,000 (net of any original issue premium/discount) of debt in the form of General Obligation Sales Tax Bonds, Series 2013 in order to provide funds to finance a) the cost of acquiring, constructing, and equipping certain capital outlay projects of the county and the City of Carrollton; b) capitalized interest on the Bonds; and c) the costs of the issuance of the Bonds. The Bonds are general obligations of the County.

Principal of and interest on the bonds are payable first from the receipts of a special county one percent (1%) sales and use tax (2015 SPLOST), which will begin being collected in the County on April 1, 2015. To the extent that the proceeds of the 2015 SPLOST are insufficient to make such payments, the principal of and interest on the bonds are payable from an ad valorem tax which may be levied, without limitation as to rate or amount, upon all taxable property subject to taxation for general obligation bond purposes within the territorial limits of the County.

The City of Carrollton received $10,000,000 of the proceeds of the bonds (net of any pro rata share of original issue premium/discount and net of the City's pro rata share of bond issuance costs) per an intergovernmental agreement dated November 21, 2013. The City's pro rata share of the debt service requirements will be deducted from its portion of the 2015 SPLOST proceeds. In the event that SPLOST collections are insufficient to satisfy the debt requirements, the City has agreed to make contract payments to the County for its pro rata share of principal and interest due on the bonds, and to levy an ad valorem tax on all taxable property located within the limits of Carrollton subject to taxation for such purposes.

REQUIRED SUPPLEMENTARY INFORMATION

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Revenues:				
Property taxes	$ 22,938,932	$ 23,556,553	$ 23,410,762	$ (145,791)
Sales taxes	10,630,000	10,630,000	9,596,527	(1,033,473)
Insurance premium taxes	2,910,500	3,060,500	3,081,280	20,780
Other taxes	780,500	780,500	909,080	128,580
Licenses and permits	882,000	882,000	850,250	(31,750)
Intergovernmental	3,455,950	3,574,744	2,975,496	(599,248)
Charges for services	1,624,000	1,627,329	1,061,695	(565,634)
Fines and forfeitures	2,791,500	2,791,500	2,540,243	(251,257)
Reimbursements from other agencies	217,328	217,328	166,588	(50,740)
Interest	83,875	83,875	46,743	(37,132)
Rental income	797,600	797,600	797,600	00
Other revenues	708,650	770,130	385,704	(384,426)
Total revenues	47,820,835	48,772,059	45,821,968	(2,950,091)
Expenditures:				
Current:				
General government:				
County Attorney	175,000	175,000	163,680	11,320
County Commission	939,950	983,950	962,854	21,096
Elections	510,380	510,380	397,542	112,838
General administration	2,655,950	2,635,861	2,515,908	119,953
Information technology services	164,400	165,400	156,353	9,047
Property tax appraisal	1,025,250	1,025,250	893,879	131,371
Tax Commissioner	857,200	891,414	858,959	32,455
Total general government	6,328,130	6,387,255	5,949,175	438,080
Judicial:				
District Attorney	806,256	806,256	806,255	1
Juvenile Court	783,195	785,195	729,520	55,675
Magistrate Court	570,900	572,900	547,040	25,860
Probate Court	383,500	386,500	373,011	13,489
Clerk of Courts	1,012,800	1,012,800	951,660	61,140
Solicitor of State Court	416,350	420,350	386,612	33,738
Superior Court	553,550	618,550	587,318	31,232
Public Defender	831,141	831,141	828,919	2,222
State Court	342,207	342,207	329,258	12,949
CASA	10,000	10,000	10,000	00
Total judicial	5,709,899	5,785,899	5,549,593	236,306

See accompanying notes to the required supplementary information.

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Expenditures (continued):				
Current (continued):				
Public safety:				
800 MgH telecommunications system	$ 183,000	$ 183,000	$ 183,000	$ 00
Coroner	78,764	78,764	70,259	8,505
Animal control	595,775	491,591	471,754	19,837
Ambulance service	837,000	837,000	837,000	00
Emergency management	142,750	143,000	128,672	14,328
Fire department	6,816,430	6,995,892	6,649,119	346,773
Correctional Institute	3,463,178	3,685,328	3,367,669	317,659
Sheriff	13,038,091	13,456,316	13,020,827	435,489
Total public safety	25,154,988	25,870,891	24,728,300	1,142,591
Public works:				
Public works department	3,178,300	3,403,300	2,924,770	478,530
Solid waste disposal and recycling	2,263,000	2,263,000	2,144,825	118,175
Total public works	5,441,300	5,666,300	5,069,595	596,705
Health and Welfare:				
Community services	300,000	300,000	300,000	00
Welfare	111,195	111,195	111,195	00
West Georgia Mental Health Center	25,000	25,000	25,000	00
Total health and welfare	436,195	436,195	436,195	00
Cultural and Recreation:				
Recreation department	1,786,800	1,789,367	1,661,319	128,048
Parks	777,492	830,492	724,658	105,834
Libraries	235,000	235,000	235,000	00
Total recreation	2,799,292	2,854,859	2,620,977	233,882
Economic development:				
Community development	1,951,031	1,770,660	1,699,965	70,695
Total economic development	1,951,031	1,770,660	1,699,965	70,695

See accompanying notes to the required supplementary information.

Carroll County, Georgia
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Variance With Final
	Original	Final	Actual	Budget
Total expenditures	$ 47,820,835	$ 48,772,059	$ 46,053,800	$ 2,718,259
Excess (deficiency) of revenues over expenditures	00	00	(231,832)	(231,832)
Other financing sources (uses):				
Transfers in	00	00	25,398	25,398
Total other financing sources (uses)	00	00	25,398	25,398
Net change in fund balance	00	00	(206,434)	(206,434)
Fund balance, beginning of year	10,584,137	10,584,137	10,584,137	00
Fund balance, end of year	$ 10,584,137	$ 10,584,137	$ 10,377,703	$ (206,434)

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, 2013.

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 Clerk's 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.

Capital Projects Funds

The **Capital Projects Fund for Public Roads** is used to account for capital projects for public roads financed by the Georgia Department of Transportation Local Maintenance and Improvement Grant (LMIG).

Carroll County, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	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	Capital Projects Fund for Public Roads	Total Nonmajor Governmental Funds
Assets													
Cash and cash equivalents	$ 613,168	$ 1,323,932	$ 1	$ 120,815	$ 56,474	$ 21,411	$ 295,706	$ 191,557	$ 2,181	$ 5,024	$ 00	$ 00	$ 2,630,269
Taxes receivable	00	00	3,995	00	2,702	00	00	00	00	00	00	00	6,697
Accounts receivables	00	497,490	00	295	3,410	00	5,241	00	00	00	00	00	506,436
Due from other funds	00	00	00	00	00	00	00	00	00	00	00	632,508	632,508
Total assets	$ 613,168	$ 1,821,422	$ 3,996	$ 121,110	$ 62,586	$ 21,411	$ 300,947	$ 191,557	$ 2,181	$ 5,024	$ 00	$ 632,508	$ 3,775,910
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	$ 00	$ 12,155	$ 2,398	$ 3,083	$ 252	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 119,891	$ 137,779
Due to other funds	00	46,406	1,598	00	00	00	00	00	00	00	00	00	48,004
Total liabilities	00	58,561	3,996	3,083	252	00	00	00	00	00	00	119,891	185,783
Fund Balances:													
Fund balance - Restricted	613,168	1,762,861	00	00	00	21,411	00	00	00	00	00	512,617	2,910,057
Fund balance – Committed	00	00	00	118,027	62,334	00	300,947	191,557	2,181	5,024	00	00	680,070
Total fund balances	613,168	1,762,861	00	118,027	62,334	21,411	300,947	191,557	2,181	5,024	00	512,617	3,590,127
Total liabilities and fund balances	$ 613,168	$ 1,821,422	$ 3,996	$ 121,110	$ 62,586	$ 21,411	$ 300,947	$ 191,557	$ 2,181	$ 5,024	$ 00	$ 632,508	$ 3,775,910

Carroll County, Georgia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	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	Capital Projects Fund for Public Roads	Total Nonmajor Governmental Funds
Revenues:													
Other taxes	$ 00	$ 00	$ 41,316	$ 42,054	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 00	$ 83,370
Intergovernmental	130,006	00	00	00	00	00	69,193	00	00	00	00	989,907	1,189,106
Charges for services	00	1,975,193	00	00	00	00	00	10,286	00	00	00	00	1,985,479
Fines and forfeitures	323,284	00	00	00	79,852	26,413	00	00	00	00	00	00	429,549
Interest income	1,617	4,522	9	395	67	131	980	00	00	21	49	00	7,791
Other revenues	28,711	00	00	00	00	00	00	00	217,873	64,690	00	00	311,274
Total revenues	483,618	1,979,715	41,325	42,449	79,919	26,544	70,173	10,286	217,873	64,711	49	989,907	4,006,569
Expenditures:													
Current:													
Judicial	00	00	00	00	00	48,666	49,176	23,155	00	00	00	00	120,997
Public safety	1,029,633	1,608,556	00	00	37,833	00	00	00	228,149	76,869	00	00	2,981,040
Economic development	00	00	24,795	36,379	00	00	00	00	00	00	00	00	61,174
Debt service	00	00	00	00	00	00	00	00	00	00	66,625	00	66,625
Capital outlay	00	00	00	00	00	00	00	00	00	00	00	774,263	774,263
Total expenditures	1,029,633	1,608,556	24,795	36,379	37,833	48,666	49,176	23,155	228,149	76,869	66,625	774,263	4,004,099
Excess (deficiency) of revenues over (under) expenditures	(546,015)	371,159	16,530	6,070	42,086	(22,122)	20,997	(12,869)	(10,276)	(12,158)	(66,576)	215,644	2,470
Other financing sources (uses):													
Transfers in	00	00	00	00	00	00	00	00	00	00	00	296,973	296,973
Transfers out	00	00	(16,530)	00	00	00	00	00	00	00	(8,868)	00	(25,398)
Total other financing sources (uses)	00	00	(16,530)	00	00	00	00	00	00	00	(8,868)	296,973	271,575
Net change in fund balances	(546,015)	371,159	00	6,070	42,086	(22,122)	20,997	(12,869)	(10,276)	(12,158)	(75,444)	512,617	274,045
Fund balances, beginning 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	00	3,316,082
Fund balances, end of year	$ 613,168	$ 1,762,861	$ 00	$ 118,027	$ 62,334	$ 21,411	$ 300,947	$ 191,557	$ 2,181	$ 5,024	$ 00	$ 512,617	$ 3,590,127

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
1999 Issue
June 30, 2013

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	1	6,885,338
	39,142,280	39,142,280	39,093,162	1	39,093,163
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	$ 1	$ 63,382,791

Carroll County, Georgia
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds
2004 Issue
June 30, 2013

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	$ 13,154,383	$ 10,804	$ 00	$ 00	$ 13,165,187
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	19,132,708	00	1,637,284	00	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	6,712,257	32,500	00	00	6,744,757
Road projects	5,250,000	5,250,000	6,719,998	1	579,480	00	7,299,479
	52,640,500	52,640,500	53,964,013	43,305	7,341,651	00	61,348,969
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	$ 80,211,063	$ 43,305	$ 7,341,651	$ 00	$ 87,596,019

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, 2013

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	$ 11,862,710	$ 1,927,737	$ 7,356,043	$ 673,179	$ 21,819,669
Water facilities and equipment	9,500,000	9,500,000	1,410	00	00	00	1,410
Public works facilities and equipment	7,000,000	7,000,000	7,695,828	38,453	00	00	7,734,281
Recreation facilities and equipment	7,000,000	7,000,000	2,695,814	168,259	258,876	00	3,122,949
Judicial center facilities and equipment	6,000,000	6,000,000	13,029,672	639,826	500,000	00	14,169,498
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	1,480,024	179,518	00	00	1,659,542
Public safety facilities and equipment	2,500,000	2,500,000	2,078,866	77,705	2,795	00	2,159,366
Courthouse facilities and equipment	1,000,000	1,000,000	585,896	2,019,129	00	00	2,605,025
Administrative facilities and equipment	500,000	500,000	760,876	47,707	24,218	00	832,801
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	73,361	851	00	00	74,212
	67,328,705	67,328,705	40,291,395	5,099,185	8,141,932	673,179	54,205,691
Cities							
Bowdon projects	1,908,712	1,908,712	921,439	293,595	00	00	1,215,034
Bremen projects	24,988	24,988	9,961	3,174	00	00	13,135
Carrollton projects	21,026,585	21,026,585	10,150,777	3,234,309	00	00	13,385,086
Mount Zion projects	1,454,119	1,454,119	702,287	223,767	00	00	926,054
Roopville projects	190,295	190,295	89,653	28,566	00	00	118,219
Temple projects	3,892,388	3,892,388	1,877,745	598,299	00	00	2,476,044
Villa Rica projects	6,759,300	6,759,300	3,262,394	1,039,486	00	00	4,301,880
Whitesburg projects	563,195	563,195	273,941	87,285	00	00	361,226
	35,819,582	35,819,582	17,288,197	5,508,481	00	00	22,796,678
	$ 103,148,287	$ 103,148,287	$ 57,579,592	$ 10,607,666	$ 8,141,932	$ 673,179	$ 77,002,369

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
Probate Court
Juvenile Court

Carroll County, Georgia
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	Tax Commissioner	Sheriff	Inmate Jail Fund	Correctional Institute Inmate Fund	Magistrate Court	Clerk of Court	Probate Court	Juvenile Court	Totals
Assets									
Cash	$ 2,091,405	$ 121,718	$ 156,376	$ 9,336	$ 59,701	$ 276,096	$ 2,412	$ 13,264	$ 2,730,308
Taxes receivable	2,292,263	00	00	00	00	00	00	00	2,292,263
Other receivable	00	00	00	00	00	00	8,607	00	8,607
Total assets	$ 4,383,668	$ 121,718	$ 156,376	$ 9,336	$ 59,701	$ 276,096	$ 11,019	$ 13,264	$ 5,031,178
Liabilities									
Due to other governments	$ 1,511,091	$ 100,000	$ 76,041	$ 00	$ 9,818	$ 186,170	$ 11,019	$ 00	$ 1,894,139
Due to others	580,314	21,718	80,335	9,336	49,883	89,926	00	13,264	844,776
Uncollected taxes	2,292,263	00	00	00	00	00	00	00	2,292,263
Total liabilities	$ 4,383,668	$ 121,718	$ 156,376	$ 9,336	$ 59,701	$ 276,096	$ 11,019	$ 13,264	$ 5,031,178

COMPLIANCE SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Garrett
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Julie M. George	CPA
Frederick G. Thomas	CPA	Amber E. Ash	CPA
Deborah W. Cooke	CPA	Kevin G. Bush	CPA
Johanna H. Tallent	CPA	Shari L. Reid	CPA

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

Independent Auditor's Report 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, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 12, 2014. Our report includes a reference to other auditors who 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. The financial statements of the Carroll City-County Hospital Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2013-1, that we consider to be a significant deficiency.

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 June 12, 2014.

Carroll County's Response to Findings

Carroll County's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Garrett, Thomas & Tazio, P.C.

Carrollton, Georgia
June 12, 2014

Findings:

2013-1 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.

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.