

**CITY OF CARROLLTON, GEORGIA**

**Financial Statements and Supplementary Information  
For the Fiscal Year Ended June 30, 2008**

**And**

**Independent Auditor's Report**

City of Carrollton, Georgia  
June 30, 2008

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
List of Principal Officials	3
FINANCIAL SECTION:	
Independent Auditor's Report	4
Required Supplementary Information:	
Management's Discussion and Analysis	6
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	15
Statement of Activities	16
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	17
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Balance Sheet – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to Basic Financial Statements	23
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	58
Notes to Required Supplementary Information	59
Other Supplementary Information:	
Budgetary Comparison Schedule – Major Debt Service Fund	60
Budgetary Comparison Schedule – Major Capital Projects Fund	61
Combining Balance Sheet – Non-major Governmental Funds	62

City of Carrollton, Georgia  
June 30, 2008

Table of Contents

	<u>Page</u>
Other Supplementary Information - continued:	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	63
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – Non-major Special Revenue Funds	64
Schedule of Revenues and Expenditures – Project Budget and Actual, Project to Date – Non-major Capital Projects Funds	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General Fund	68
Schedule of Expenditures, Compared to Budget (GAAP Basis) – General Fund by Departments	70
Schedule of Revenues and Expenses – Budget and Actual (Non-GAAP Basis) Water and Sewerage System Enterprise Fund	71
Schedule of Revenues and Expenses – Budget and Actual (Non-GAAP Basis) Sanitation Enterprise Fund	72
Schedule of Expenditures of Federal Awards	73
Notes To Schedule of Expenditures of Federal Awards	74
Schedule of Projects Constructed with 1994 Special Purpose Local Option Sales Tax Proceeds	75
Schedule of Projects Constructed with 2004 Special Purpose Local Option Sales Tax Proceeds	76
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	79
Schedule of Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings – Federal Awards	83

City of Carrollton, Georgia  
List of Principal City Officials  
June 30, 2008

<u>Name</u>	<u>Office Held</u>
Wayne Garner	Mayor
Dr. Peter Balega	City Council Member
Gerald Byrd	City Council Member
Rusty Gray	City Council Member
Mandy Maierhofer	City Council Member
Casey Coleman	City Manager
Jim Triplett	Finance Officer/City Clerk

## **FINANCIAL SECTION**



Garrett  
Stephens  
Thomas &  
Fazio, P.C.

Ann M. Fazio	CPA	James W. Garrett	CPA
Frederick G. Thomas	CPA	Brandy C. Smith	CPA
Deborah W. Cooke	CPA	Julie M. George	CPA
Johanna H. Tallent	CPA	Heather B. Foster	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

Honorable Mayor and City Council  
Carrollton, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Carrollton, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Carrollton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Carrollton, Georgia, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2009, on our consideration of City of Carrollton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 6 through 14 and 58 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton's basic financial statements. The accompanying other supplementary information, as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments and Non-profit Organizations*" and is also not a required part of the basic financial statements of the City of Carrollton, Georgia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Barrett, Stephens, Thomas, & Gazio, P.C.

April 22, 2009

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Carrollton's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the City's financial statements, which begin on page 15.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 15 and 16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

### **Reporting the City as a Whole**

The Statement of Net Assets and the Statement of Activities

Our analysis of the City as a whole begins on page 15. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting, used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, streets, general government, and recreation departments. Property tax, franchise fees, sales tax, occupation tax, and fines and forfeitures finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City water/sewer and sanitation operations are reported here.
- Component units – The City includes one separate legal entity in its report – Carrollton Redevelopment Authority. Although legally separate, this component unit is important because the City is financially accountable for it.



## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the City's major funds begins on page 17 and provides detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City's two kinds of funds – governmental and proprietary-use different accounting approaches.

- **Governmental Funds** –Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.
- **Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. These funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

## **The City as a Whole**

### **Net Assets**

The City's combined net assets increased from \$150,593,645 in 2007 to \$160,923,044 in 2008, an increase of \$10,329,399 (7%). Our analysis below focuses on the net assets (Table 1) of the City's governmental and business-type activities.

The net assets for governmental activities changed from \$87,638,293 in 2007 to \$93,810,779 in 2008 an increase of \$6,172,486. Unrestricted net assets for governmental activities increased from \$3,094,440 in 2007 to \$10,183,685 in 2008, an increase of \$7,089,245.

Total net assets for business-type activities increased from \$62,955,352 in 2007 to \$67,112,265 in 2008. The statement of Net Assets for Business-type Activities shows unrestricted net assets of \$6,352,365 for 2008, as opposed to \$6,713,762 for 2007.

City of Carrollton  
Table 1 - Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current assets	\$ 21,132,412	\$ 21,841,392	\$ 7,774,032	\$ 8,214,576	\$ 28,906,444	\$ 30,055,968
Restricted assets	00	00	34,709	1,057,784	34,709	1,057,784
Capital assets, net	77,584,051	73,483,194	70,847,511	62,467,688	148,431,562	135,950,882
Noncurrent assets	<u>00</u>	<u>00</u>	<u>151,517</u>	<u>177,823</u>	<u>151,517</u>	<u>177,823</u>
Total assets	<u>98,716,463</u>	<u>95,324,586</u>	<u>78,807,769</u>	<u>71,917,871</u>	<u>177,524,232</u>	<u>167,242,457</u>
Current liabilities	4,728,976	3,841,739	2,973,263	2,467,458	7,702,239	6,309,197
Noncurrent liabilities	<u>176,708</u>	<u>3,844,554</u>	<u>8,722,241</u>	<u>6,495,061</u>	<u>8,898,949</u>	<u>10,339,615</u>
Total liabilities	<u>4,905,684</u>	<u>7,686,293</u>	<u>11,695,504</u>	<u>8,962,519</u>	<u>16,601,188</u>	<u>16,648,812</u>
Net assets:						
Invested in capital assets, net of related debt	75,114,497	73,016,483	60,725,191	55,183,806	135,839,688	128,200,289
Restricted:						
Capital projects	4,054,581	5,227,146	4,307	989,688	4,058,888	6,216,834
Debt service	3,937,302	5,842,212	30,402	68,096	3,967,704	5,910,308
Other purposes	520,714	458,012	00	00	520,714	458,012
Unrestricted	<u>10,183,685</u>	<u>3,094,440</u>	<u>6,352,365</u>	<u>6,713,762</u>	<u>16,536,050</u>	<u>9,808,202</u>
Total net assets	<u>\$ 93,810,779</u>	<u>\$ 87,638,293</u>	<u>\$ 67,112,265</u>	<u>\$ 62,955,352</u>	<u>\$ 160,923,044</u>	<u>\$ 150,593,645</u>

### **Changes in Net Assets**

The City's combined change in net assets increased from \$10,128,129 in 2007 to \$10,971,632 in 2008. Our analysis below focuses on the changes in net assets (Table 2) of the City's governmental and business-type activities.

### **Governmental Activities**

Revenues for the City's governmental activities totaled \$24,331,606 (excluding special items and transfers). This total represents a decrease of \$2,102,994 (8%) from the FY2007 total of \$26,434,600. This decrease was primarily attributable to decreases in charges for services, capital grants and contributions revenue, sales and hotel/motel tax revenue, interest income and miscellaneous revenue. Expenditures for the City's governmental activities totaled \$23,094,586. This total represents an increase of \$920,108 (4%) from the FY2007 total of \$22,174,478. This increase is primarily attributable to increases in public safety, highways and streets, and recreation and cultural arts program expense categories. Public safety program expense increased \$882,555 due to the construction of and staffing of the new Northside Fire Station. The highways and streets program expense category increased \$145,297. This increase was largely due to costs incurred in the cleanup of damage the City suffered in the Mother's Day 2008 tornado. These expenses were reimbursed by a Federal Emergency Management Agency (FEMA) grant. Increases in the recreation and cultural arts program expenses are discussed in the General Fund budgetary highlights, Table 3 and 4.

### **Business-Type Activities**

Revenues for the City's business-type activities totaled \$14,967,906 (excluding capital grants and contributions) and were down \$293,645 (2%) from FY2007. This decrease resulted from a decrease in interest income and water/sewer tap revenue. These revenue line items decreases were due to a drop in the prime rate which adversely affected interest income, lower available cash reserves available for investment, and a decrease in construction activity which adversely affected water/sewer tap fee revenue. Operating expenses for the City's business activities totaled \$12,881,455 and were up \$743,617 (6%) over fiscal year 2007.

The operating revenues are as follows:

	<u>2008</u>	<u>2007</u>
Charges for services:		
Water and sewer fees & charges	\$ 10,881,889	\$ 10,839,428
Garbage and landfill fees	<u>3,741,364</u>	<u>3,770,388</u>
Total	<u>\$ 14,623,253</u>	<u>\$ 14,609,816</u>

The non-operating revenues (expenses) consist of the following material changes from FY2007 to FY2008.

- Interest revenue decreased from \$466,068 to \$236,396, a decrease of \$229,672 (49%).  
(Included in \$14,967,906 total above).
- Property donation to the University of West Georgia in the amount of (\$589,767).  
(Excluded from \$14,967,906 total above).
- Capital contributions in the amount of \$2,178,135 were recorded in the Water and Sewer Fund from ongoing construction projects. The Mt. Zion School Sewer Project capital contribution of \$1,345,910 is a non-recurring item.  
(Excluded from \$14,967,906 total above).

The total increase in operating expenses of \$743,617 in business-type activity included an increase of \$702,494 in water and sewerage fund and \$41,123 in the sanitation fund. These increases were attributable to increases in personnel services and benefit costs, and increases in all categories of energy costs including natural gas, electricity, gasoline, and diesel fuel. We see these trends continuing into future fiscal years, and will have to deal with these challenges through a combination of user rate adjustments and budget reductions.

City of Carrollton  
Table 2 - Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program revenues:						
Charges for service	\$ 3,870,186	\$ 4,120,986	\$ 14,623,253	\$ 14,609,816	\$ 18,493,439	\$ 18,730,802
Operating grants & contributions	1,843,465	1,386,989	00	00	1,843,465	1,386,989
Capital grants & contributions	28,500	205,307	2,178,135	199,154	2,206,635	404,461
General revenues:						
Property taxes	3,576,689	3,363,041	00	00	3,576,689	3,363,041
Franchise & public service taxes	3,339,693	3,028,666	00	00	3,339,693	3,028,666
Sales and hotel/motel taxes	10,297,250	12,680,666	00	00	10,297,250	12,680,666
Other taxes	703,802	691,942	00	00	703,802	691,942
Interest and investment earnings	425,237	616,706	236,396	466,068	661,633	1,082,774
Miscellaneous	246,784	340,297	108,257	185,667	355,041	525,964
Special items:						
Transfer from component unit	5,181,165	2,545,140	00	00	5,181,165	2,545,140
Contributions	<u>288,861</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>288,861</u>	<u>00</u>
Total revenues	<u>29,801,632</u>	<u>28,979,740</u>	<u>17,146,041</u>	<u>15,460,705</u>	<u>46,947,673</u>	<u>44,440,445</u>
Expenses:						
Program expenses:						
General government	1,815,689	1,690,121	00	00	1,815,689	1,690,121
Public safety	9,611,640	8,729,085	00	00	9,611,640	8,729,085
Highways and streets	2,516,018	2,370,721	00	00	2,516,018	2,370,721
Education	00	950,000	00	00	00	950,000
Landfill	65,604	61,202	00	00	65,604	61,202
Recreation and culture	5,831,469	5,284,601	00	00	5,831,469	5,284,601
Economic development	364,705	214,257	00	00	364,705	214,257
Intergovernmental	39,627	18,595	00	00	39,627	18,595
Water and sewer	00	00	9,769,639	9,067,145	9,769,639	9,067,145
Sanitation	00	00	3,111,816	3,070,693	3,111,816	3,070,693
Payments to Carrollton						
Redevelopment Authority	2,623,834	2,506,117	00	00	2,623,834	2,506,117
Interest on long-term debt	<u>226,000</u>	<u>349,779</u>	<u>00</u>	<u>00</u>	<u>226,000</u>	<u>349,779</u>
Total expenses	<u>23,094,586</u>	<u>22,174,478</u>	<u>12,881,455</u>	<u>12,137,838</u>	<u>35,976,041</u>	<u>34,312,316</u>
Change in net assets	6,707,046	6,805,262	4,264,586	3,322,867	10,971,632	10,128,129
Prior period adjustments	(52,466)	00	00	9,437,510	(52,466)	9,437,510
Donation of property	00	00	(589,767)	00	(589,767)	00
Transfers	<u>(482,094)</u>	<u>706,985</u>	<u>482,094</u>	<u>(706,985)</u>	<u>00</u>	<u>00</u>
Increase in net assets	<u>\$ 6,172,486</u>	<u>\$ 7,512,247</u>	<u>\$ 4,156,913</u>	<u>\$ 12,053,392</u>	<u>\$ 10,329,399</u>	<u>\$ 19,565,639</u>

## The City's Funds

As the City completed FY2008, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of \$18,525,192. This represents a decrease of \$1,980,956 (10%) from the combined fund balance of \$20,506,148 for FY2007. The City's proprietary funds (as presented in the balance sheet on page 20) reported combined unrestricted net assets available for appropriation in the amount of \$6,304,056. This represents a decrease of \$409,706 (6%) over the combined net assets available for appropriation for FY2007.

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### Revenues

General Fund budgetary highlights discussed below are shown in Table 3. Tax revenue on real, personal, and intangible property was \$47,143 over budget. This realization of tax revenue in excess of budget projections was due to the Local Option Sales Tax (SPLOST) revenue being realized at a slightly higher level than budget projections.

Revenue from licenses and permits was realized at an amount of \$101,329 over budget projections. This positive variance was due to utility franchise fees and occupation tax revenues being realized at higher than budget amounts.

Intergovernmental revenues were realized at an amount of \$545,629 over budget projections. Of this amount, \$358,946 was the FEMA reimbursement for storm damage as discussed earlier.

Fines and forfeitures revenue was realized at an amount of \$337,708 over budget projections. Police fines that the City imposes are subject to certain payments for restricted uses as specified by state law. These payments are determined according to a rate schedule and are used to fund such initiatives as the Police Officers' Annuity and Benefit Fund and the Police Officers Training Fund. The City "nets" these payments against the Fine and Forfeitures revenue account in order to determine a net revenue amount for internal financial reporting and budgeting purposes. These payments are reclassified as revenue for external financial reporting purposes which produce a revenue figure in excess of budget projections.

Interest on invested funds was realized in an amount of \$66,324 over budget projections. This positive variance was due to larger invested balances compared to prior years, combined with competitive rates of return on the City's invested funds.

Miscellaneous revenue was realized at an amount of \$327,486 over budget projections. Of this amount, \$288,861 was contributions and donations to the Recreation Department as discussed in the next section of this audit transmittal analysis.

Table 3 – General Fund Revenues

	<u>-----2008-----</u>			<u>-----2007-----</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 9,684,000	\$ 9,731,173	\$ 47,173	\$ 9,112,354	\$ 9,447,321	\$ 334,967
Licenses and permits	3,452,000	3,553,329	101,329	3,240,000	3,415,682	175,682
Intergovernmental	881,820	1,427,449	545,629	881,820	1,022,869	141,049
Charges for services	1,126,459	1,162,268	35,809	845,150	1,281,677	436,527
Fines and forfeitures	900,000	1,237,708	337,708	900,000	1,278,637	378,637
Interest on invested funds	275,000	341,324	66,324	200,000	426,742	226,742
Miscellaneous	<u>145,000</u>	<u>472,486</u>	<u>327,486</u>	<u>75,000</u>	<u>309,802</u>	<u>234,802</u>
Total	<u>\$ 16,464,279</u>	<u>\$ 17,925,737</u>	<u>\$ 1,461,458</u>	<u>\$ 15,254,324</u>	<u>\$ 17,182,730</u>	<u>\$ 1,928,406</u>

## Expenditures

General Fund expenditure highlights discussed below are shown in Table 4. The City completed FY2008 with a total of \$17,794,829 in General Fund operating expenditures. Our analysis below focuses on the change in General Fund operating expenditures.

As noted in the financial statements, the City was significantly over budget in the Recreation and Cultural Arts Department in the amount of \$727,390. This negative budget variance can be attributed to several factors. Prior to FY2008, the Recreation Department maintained its own accounting system and bank accounts, operating on user fee revenues and an operating appropriation from the City's General Fund. City leadership made the decision to merge the Recreation Department with the City's General Fund departments beginning in FY2008. This decision resulted in the operating appropriation for the Recreation Department being eliminated, and user fee revenue and departmental expenditures related to the Recreation Department being recorded in a departmental budget unit like other General Fund departments. As part of the consolidation process, activity in the Recreation Department's bank account prior to the consolidation had to be recorded and combined with the newly established budget units for the Recreation Department in FY 2008. The combining activity to complete the consolidation resulted in significant budget overages which are summarized below:

- Capital expenditures for building improvements in the amount of \$284,404.
- Cash donations to fund programs and purchase equipment in the amount of \$86,213.
- Equipment donations in the amount of \$51,584.
- Land donations in the amount of \$75,000.
- Recording of capital expenditure made by the City on behalf of the Recreation Department \$74,195.

The remaining budget overages of approximately \$156,000 were attributed to increased energy costs (gasoline, diesel, electricity, natural gas) increased workers' compensation claims, increased grounds maintenance costs due to drought, emergency replacement of vehicles and equipment due to breakdowns beyond repair, and increased costs for operating supplies and instructor fees due to increased participation in the Recreation Department's programs and activities.

Table 4 – General Fund Operating Expenditures

	-----2008-----			-----2007-----		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 1,892,418	\$ 1,790,570	\$ 101,848	\$ 1,667,417	\$ 1,607,657	\$ 59,760
Public safety	9,677,117	9,098,221	578,896	8,953,607	8,245,190	708,417
Highways and streets	967,924	1,056,739	(88,815)	1,005,392	1,016,708	(11,316)
Landfill	63,708	65,604	(1,896)	61,105	61,202	(97)
Cultural and recreation	5,016,678	5,744,068	(727,390)	4,645,900	5,254,096	(608,196)
Intergovernmental	00	39,627	(39,627)	00	12,142	(12,142)
Total operating expenditures	<u>\$ 17,617,845</u>	<u>\$ 17,794,829</u>	<u>\$ (176,984)</u>	<u>\$ 16,333,421</u>	<u>\$ 16,196,995</u>	<u>\$ 136,426</u>

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2008 the City had \$148,431,562 invested in a broad range of capital assets, including police and fire equipment, buildings, recreation and cultural arts facilities, and water and sewer infrastructure. Please refer to our analysis below for a breakdown of the City's capital assets and to notes to the financial statements for more information.

Table 5 – Capital Assets at June 30, 2008, Net of Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 6,610,410	\$ 6,610,410	\$ 8,746,082	\$ 8,014,389	\$ 15,356,492	\$ 14,624,799
Land improvements	3,848,156	3,525,773	00	00	3,848,156	3,525,773
Buildings and improvements	18,639,918	18,620,438	1,952,127	2,036,514	20,592,045	20,656,952
Equipment	3,170,344	3,284,627	1,763,484	1,840,390	4,933,828	5,125,017
Infrastructure	43,137,947	40,640,562	49,597,872	48,006,505	92,735,819	88,647,067
Construction in progress	<u>2,177,276</u>	<u>801,384</u>	<u>8,787,946</u>	<u>2,569,890</u>	<u>10,965,222</u>	<u>3,371,274</u>
Totals	<u>\$ 77,584,051</u>	<u>\$ 73,483,194</u>	<u>\$ 70,847,511</u>	<u>\$ 62,467,688</u>	<u>\$ 148,431,562</u>	<u>\$ 135,950,882</u>

## **DEBT**

The total long-term debt of the City outstanding at June 30, 2008 was \$16,114,395, including \$3,935,000 of component unit debt. The City had \$2,200,000 in general obligation bonds outstanding. These bonds were issued to finance construction/improvements to the City school system. The amount outstanding represents a \$3,820,000 decrease from fiscal year 2007. The City also had \$7,104,965 outstanding in revenue bond debt. Bond balances of \$3,169,965 reported in business-type activities relate to improvements to the City's water and sewer systems. Amounts reported as component unit debt of \$3,935,000 relate to advance funding of construction costs for recreation, sidewalks, and downtown development improvements financed by the 2003 Special Purpose Local Option Sales Tax. The amount outstanding represents a \$3,550,000 decrease from fiscal year 2007. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems. On May 19, 2008, the City entered into an agreement with the Georgia Environmental Facilities Authority to obtain a promissory note in the amount of \$7,568,728 to be disbursed in periodic advances to finance water plant improvements and sewer line construction of which \$3,214,779 had been advanced at June 30, 2008. Please refer to our analysis below for a breakdown to the City's outstanding debt and notes to the financial statements for more information.

Table 6 – Outstanding Debt at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 2,200,000	\$ 6,020,000	\$ 00	\$ 00	\$ 00	\$ 00	\$ 2,200,000	\$ 6,020,000
Revenue bonds	00	00	3,169,965	3,574,717	3,935,000	7,485,000	7,104,965	11,059,717
Notes payable	00	00	6,340,760	3,588,592	00	00	6,340,760	3,588,592
Lease payable	<u>269,554</u>	<u>466,711</u>	<u>199,116</u>	<u>280,777</u>	<u>00</u>	<u>00</u>	<u>468,670</u>	<u>747,488</u>
Totals	<u>\$ 2,469,554</u>	<u>\$ 6,486,711</u>	<u>\$ 9,709,841</u>	<u>\$ 7,444,086</u>	<u>\$ 3,935,000</u>	<u>\$ 7,485,000</u>	<u>\$ 16,114,395</u>	<u>\$ 21,415,797</u>

## **ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when preparing the FY2009 budget, millage rates and user fees that will be charged for business-type activities. The growth in the property tax digest, as well as the projected collection rate in property taxes is taken into account when the millage rate is approved by the Mayor and City Council. Also, growth rates in other General Fund revenue categories such as sales tax, automobile tax, utility franchise fees, and occupation tax are taken into account when preparing the General Fund budget.

The above indicators were taken into account when adopting the General Fund budget for FY2009. The fiscal year 2009 General Fund budget totals \$19,350,218 an increase of \$1,717,373 over the FY2008 budget.

The property tax digest is expected to grow at a rate of approximately 2%. Other revenue categories are expected to grow at a rate of 3-5%.

If these estimates are realized, the City's General Fund balance is expected to remain unchanged for FY2009. These results are expected to be achieved without selling capital assets or using one-time sources of funds.

As for the City's business-type activities, we expect that the FY2009 results will continue to show solid financial performance.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, tax payers, customers, and creditors with a general overview of the City's financial position, and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Office at the City of Carrollton, 315 Bradley Street, Carrollton, Ga. 30117.



City of Carrollton, Georgia  
Statement of Net Assets  
June 30, 2008

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets</b>				
Current assets:				
Cash and equivalents	\$ 9,547,744	\$ 5,798,963	\$ 15,346,707	\$ 00
Investments	3,269,104	00	3,269,104	3,886,487
Restricted cash and cash equivalents	00	34,709	34,709	00
Receivables, net	7,958,733	1,771,425	9,730,158	359,667
Internal balances	149,601	(149,601)	00	00
Inventory	00	223,560	223,560	00
Prepaid expenses	207,230	129,685	336,915	00
Total current assets	<u>21,132,412</u>	<u>7,808,741</u>	<u>28,941,153</u>	<u>4,246,154</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	8,787,686	17,534,028	26,321,714	00
Other capital assets, net of accumulated depreciation	68,796,365	53,313,483	122,109,848	00
Deferred costs	00	151,517	151,517	53,105
Total non-current assets	<u>77,584,051</u>	<u>70,999,028</u>	<u>148,583,079</u>	<u>53,105</u>
Total assets	<u>\$ 98,716,463</u>	<u>\$ 78,807,769</u>	<u>\$ 177,524,232</u>	<u>\$ 4,299,259</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable – unrestricted	\$ 1,917,879	\$ 870,166	\$ 2,788,045	\$ 00
Accounts payable – restricted	00	563,996	563,996	00
Customer deposits	00	334,165	334,165	00
Accrued expenses	518,251	146,968	665,219	16,171
Current portion of long-term obligations	2,292,846	987,600	3,280,446	3,935,000
Deferred revenue	00	70,368	70,368	00
Total current liabilities	<u>4,728,976</u>	<u>2,973,263</u>	<u>7,702,239</u>	<u>3,951,171</u>
Non-current liabilities:				
Noncurrent portion of long-term obligations	176,708	8,722,241	8,898,949	00
Bond premium net of accumulated amortization	00	00	00	168,395
Total non-current liabilities	<u>176,708</u>	<u>8,722,241</u>	<u>8,898,949</u>	<u>168,395</u>
Total liabilities	<u>4,905,684</u>	<u>11,695,504</u>	<u>16,601,188</u>	<u>4,119,566</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	75,114,497	60,725,191	135,839,688	00
Restricted:				
Capital projects	4,054,581	4,307	4,058,888	00
Debt service	3,937,302	30,402	3,967,704	179,693
Other purposes	520,714	00	520,714	00
Unrestricted	<u>10,183,685</u>	<u>6,352,365</u>	<u>16,536,050</u>	<u>00</u>
Total net assets	<u>93,810,779</u>	<u>67,112,265</u>	<u>160,923,044</u>	<u>179,693</u>
Total liabilities and net assets	<u>\$ 98,716,463</u>	<u>\$ 78,807,769</u>	<u>\$ 177,524,232</u>	<u>\$ 4,299,259</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Statement of Activities  
For the Year Ended June 30, 2008

Function/Programs	Expenses	-----Program Revenues-----			-----Net (Expenses) Revenue and Changes in Net Assets-----			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,815,689	\$ 1,298,232	\$ 10,000	\$ 00	\$ (507,457)	\$ 00	\$ (507,457)	
Public safety	9,611,640	1,409,686	1,509,244	00	(6,692,710)	00	(6,692,710)	
Highways and streets	2,516,018	00	00	00	(2,516,018)	00	(2,516,018)	
Landfill	65,604	00	63,002	00	(2,602)	00	(2,602)	
Recreation and culture	5,831,469	1,162,268	253,210	28,500	(4,387,491)	00	(4,387,491)	
Economic development	364,705	00	8,009	00	(356,696)	00	(356,696)	
Intergovernmental	39,627	00	00	00	(39,627)	00	(39,627)	
Payments to Carrollton Redevelopment Authority	2,623,834	00	00	00	(2,623,834)	00	(2,623,834)	
Interest on long-term debt	<u>226,000</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>(226,000)</u>	<u>00</u>	<u>(226,000)</u>	
Total governmental activities	<u>23,094,586</u>	<u>3,870,186</u>	<u>1,843,465</u>	<u>28,500</u>	<u>(17,352,435)</u>	<u>00</u>	<u>(17,352,435)</u>	
Business-type activities:								
Water	4,925,289	6,277,327	00	96,475	00	1,448,513	1,448,513	
Sewer	4,844,350	4,604,562	00	2,081,660	00	1,841,872	1,841,872	
Sanitation	<u>3,111,816</u>	<u>3,741,364</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>629,548</u>	<u>629,548</u>	
Total business-type activities	<u>12,881,455</u>	<u>14,623,253</u>	<u>00</u>	<u>2,178,135</u>	<u>00</u>	<u>3,919,933</u>	<u>3,919,933</u>	
Total primary government	<u>\$ 35,976,041</u>	<u>\$ 18,493,439</u>	<u>\$ 1,843,465</u>	<u>\$ 2,206,635</u>	<u>(17,352,435)</u>	<u>3,919,933</u>	<u>(13,432,502)</u>	
Component unit:								
Carrollton Redevelopment								
Authority	<u>\$ 5,842,611</u>	<u>\$ 00</u>	<u>\$ 1,272,258</u>					<u>\$ (4,570,353)</u>
Total component unit	<u>\$ 5,842,611</u>	<u>\$ 00</u>	<u>\$ 1,272,258</u>					<u>(4,570,353)</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					3,576,689	00	3,576,689	00
Franchise and public service taxes					3,339,693	00	3,339,693	00
Sales and hotel/motel taxes					10,297,250	00	10,297,250	00
Other taxes					703,802	00	703,802	00
Payments from City of Carrollton					00	00	00	2,623,834
Payments from component unit					5,181,165	00	5,181,165	00
Interest and investment earnings					425,237	236,396	661,633	211,370
Contributions					288,861	00	288,861	00
Miscellaneous					235,944	108,257	344,201	00
Special item - donated property					00	(589,767)	(589,767)	00
Gain on sale of asset					10,840	00	10,840	00
Transfers					<u>(482,094)</u>	<u>482,094</u>	<u>00</u>	<u>00</u>
Total general revenues and transfers					<u>23,577,387</u>	<u>236,980</u>	<u>23,814,367</u>	<u>2,835,204</u>
Change in net assets					6,224,952	4,156,913	10,381,865	(1,735,149)
Net assets – beginning					87,638,293	62,955,352	150,593,645	1,914,842
Prior period adjustments					<u>(52,466)</u>	<u>00</u>	<u>(52,466)</u>	<u>00</u>
Net assets – ending					<u>\$ 93,810,779</u>	<u>\$ 67,112,265</u>	<u>\$ 160,923,044</u>	<u>\$ 179,693</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Balance Sheet  
Governmental Funds  
June 30, 2008

	General Fund	Special Purpose Local Option Sales Tax 2004	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and equivalents	\$ 8,934,152	\$ 00	\$ 00	\$ 613,592	\$ 9,547,744
Investments	169,073	00	3,100,031	00	3,269,104
Receivables, net	2,098,014	4,704,664	00	563,242	7,365,920
Due from other funds	475,782	00	837,271	00	1,313,053
Prepaid expenses	207,230	00	00	00	207,230
Receivables from other governments	<u>462,051</u>	<u>100,000</u>	<u>00</u>	<u>30,762</u>	<u>592,813</u>
Total assets	<u>\$ 12,346,302</u>	<u>\$ 4,804,664</u>	<u>\$ 3,937,302</u>	<u>\$ 1,207,596</u>	<u>\$ 22,295,864</u>
<b>Liabilities</b>					
Accounts payable	\$ 890,802	\$ 988,553	\$ 00	\$ 22,215	\$ 1,901,570
Accrued liabilities	461,645	00	00	56,606	518,251
Due to other funds	837,271	79,695	00	246,486	1,163,452
Due to other governments	5,399	00	00	10,910	16,309
Deferred revenue	<u>138,590</u>	<u>00</u>	<u>00</u>	<u>32,500</u>	<u>171,090</u>
Total liabilities	<u>2,333,707</u>	<u>1,068,248</u>	<u>00</u>	<u>368,717</u>	<u>3,770,672</u>
<b>Fund balances</b>					
Reserved for:					
Prepaid insurance	207,230	00	00	00	207,230
Debt service	00	00	3,937,302	00	3,937,302
Unreserved, reported in:					
General fund					
Undesignated	9,805,365	00	00	00	9,805,365
Special revenue	00	00	00	520,714	520,714
Capital projects	<u>00</u>	<u>3,736,416</u>	<u>00</u>	<u>318,165</u>	<u>4,054,581</u>
Total fund balances	10,012,595	3,736,416	3,937,302	838,879	18,525,192
Total liabilities and fund balances	<u>\$ 12,346,302</u>	<u>\$ 4,804,664</u>	<u>\$ 3,937,302</u>	<u>\$ 1,207,596</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	77,584,051
Some receivables are not available to pay for current-period expenditures and therefore are deferred in the funds	171,090
Bonds and lease payables, are not due and payable in the current period and therefore are not reported in the funds	<u>(2,469,554)</u>

Net assets of governmental activities \$ 93,810,779

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Statements of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2008

	General Fund	Special Purpose Local Option Sales Tax 2004	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 9,731,173	\$ 3,597,477	\$ 2,011,019	\$ 265,740	\$ 15,605,409
Fees and fines	1,237,708	00	00	171,978	1,409,686
Licenses and permits	3,553,329	00	00	00	3,553,329
Intergovernmental	1,427,449	00	00	444,516	1,871,965
Charges for services	1,162,268	00	00	00	1,162,268
Interest	341,324	198	69,138	14,577	425,237
Contributions	288,861	00	00	00	288,861
Miscellaneous	183,625	00	00	52,319	235,944
Transfer from component unit	00	5,181,165	00	00	5,181,165
<b>Total revenues</b>	<u>17,925,737</u>	<u>8,778,840</u>	<u>2,080,157</u>	<u>949,130</u>	<u>29,733,864</u>
<b>Expenditures</b>					
Current operating:					
General government	1,719,158	1,085	00	00	1,720,243
Public safety	8,665,848	00	00	470,322	9,136,170
Highways and streets	946,501	00	00	25,257	971,758
Landfill	65,604	00	00	00	65,604
Recreation and culture	5,130,690	00	00	00	5,130,690
Economic development	00	118,145	00	246,560	364,705
Intergovernmental	39,627	00	00	00	39,627
Debt service:					
Principal	197,157	00	3,820,000	00	4,017,157
Interest	60,933	00	165,067	00	226,000
Payments to Redevelopment Authority for Debt Service	00	2,623,834	00	00	2,623,834
Capital outlay	<u>969,311</u>	<u>5,598,186</u>	<u>00</u>	<u>341,068</u>	<u>6,908,565</u>
<b>Total expenditures</b>	<u>17,794,829</u>	<u>8,341,250</u>	<u>3,985,067</u>	<u>1,083,207</u>	<u>31,204,353</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>130,908</u>	<u>437,590</u>	<u>(1,904,910)</u>	<u>(134,077)</u>	<u>(1,470,489)</u>
<b>Other financing sources (uses)</b>					
Transfers in (out) – other funds	955,375	(1,342,144)	00	(95,325)	(482,094)
Proceeds – sale of capital assets	00	00	00	24,093	24,093
<b>Total other financing sources (uses)</b>	<u>955,375</u>	<u>(1,342,144)</u>	<u>00</u>	<u>(71,232)</u>	<u>(458,001)</u>
<b>Net change in fund balance</b>	1,086,283	(904,554)	(1,904,910)	(205,309)	(1,928,490)
<b>Fund balances – beginning, as restated</b>	<u>8,926,312</u>	<u>4,640,970</u>	<u>5,842,212</u>	<u>1,044,188</u>	<u>20,453,682</u>
<b>Fund balances – ending</b>	<u>\$ 10,012,595</u>	<u>\$ 3,736,416</u>	<u>\$ 3,937,302</u>	<u>\$ 838,879</u>	<u>\$ 18,525,192</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2008

Net change in fund balances – total government funds	\$ (1,928,490)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays of \$6,908,564 exceeded depreciation of \$2,794,455 in the current period.	4,114,110
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Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This adjustment includes bond and loan repayments of \$4,017,157.	4,017,157
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	35,428
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In the Statement of Activities, only the loss on the sale of capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the assets sold.	(13,253)
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Change in Net Assets of Governmental Activities	<u>\$ 6,224,952</u>
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See accompanying notes to financial statements.

City of Carrollton, Georgia  
Balance Sheet  
Proprietary Funds  
June 30, 2008

<u>Assets</u>	<u>Business-Type Activities</u>		
	<u>Water and Sewerage Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
Current assets:			
Non-restricted assets:			
Cash	\$ 4,620,831	\$ 1,178,132	\$ 5,798,963
Accounts receivable (net of allowances)	1,237,040	534,385	1,771,425
Inventory	223,560	00	223,560
Due from other funds	222,166	42,632	264,798
Prepaid insurance	<u>106,939</u>	<u>22,746</u>	<u>129,685</u>
Total non-restricted current assets	<u>6,410,536</u>	<u>1,777,895</u>	<u>8,188,431</u>
Restricted assets:			
Cash	<u>34,709</u>	<u>00</u>	<u>34,709</u>
Total restricted current assets	<u>34,709</u>	<u>00</u>	<u>34,709</u>
Total current assets	<u>6,445,245</u>	<u>1,777,895</u>	<u>8,223,140</u>
Long-term assets:			
Capital assets:			
Property, plant, and equipment	92,953,985	1,323,137	94,277,122
Accumulated depreciation	<u>(22,786,139)</u>	<u>(643,472)</u>	<u>(23,429,611)</u>
Capital assets, net	<u>70,167,846</u>	<u>679,665</u>	<u>70,847,511</u>
Other non-current assets:			
Unamortized bond and loan costs	<u>151,517</u>	<u>00</u>	<u>151,517</u>
Total other non-current assets	<u>151,517</u>	<u>00</u>	<u>151,517</u>
 Total assets	 <u>\$ 76,764,608</u>	 <u>\$ 2,457,560</u>	 <u>\$ 79,222,168</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Balance Sheet  
Proprietary Funds  
June 30, 2008

	<u>Business-Type Activities</u>		
	<u>Water and Sewerage Fund</u>	<u>Sanitation Fund</u>	<u>Totals</u>
<u>Liabilities</u>			
Current liabilities payable from non-restricted current assets:			
Accounts payable	\$ 613,641	\$ 256,525	\$ 870,166
Leases payable – current	8,970	67,803	76,773
Accrued expenses	120,672	26,296	146,968
Due to other funds	228,002	186,397	414,399
Customer deposits	334,165	00	334,165
Deferred rental revenue	<u>70,368</u>	<u>00</u>	<u>70,368</u>
Total current liabilities payable from non-restricted current assets	<u>1,375,818</u>	<u>537,021</u>	<u>1,912,839</u>
Current liabilities payable from restricted current assets:			
Accounts payable – construction projects	563,996	00	563,996
Bonds payable – current	426,899	00	426,899
Notes payable – current	<u>483,928</u>	<u>00</u>	<u>483,928</u>
Total current liabilities payable from restricted current assets	<u>1,474,823</u>	<u>00</u>	<u>1,474,823</u>
Total current liabilities	<u>2,850,641</u>	<u>537,021</u>	<u>3,387,662</u>
Long term liabilities:			
Notes payable (less current portion)	5,856,832	00	5,856,832
Bonds payable (less current portion)	2,743,066	00	2,743,066
Capital leases payable (less current portion)	<u>8,986</u>	<u>113,357</u>	<u>122,343</u>
Total long term liabilities	<u>8,608,884</u>	<u>113,357</u>	<u>8,722,241</u>
Total liabilities	<u>11,459,525</u>	<u>650,378</u>	<u>12,109,903</u>
<u>Fund Net Assets</u>			
Invested in capital assets, net of related debt	60,226,686	498,505	60,725,191
Restricted			
Capital projects	4,307	00	4,307
Debt service	30,402	00	30,402
Unrestricted	<u>5,043,688</u>	<u>1,308,677</u>	<u>6,352,365</u>
Total fund net assets	<u>65,305,083</u>	<u>1,807,182</u>	<u>67,112,265</u>
Total liabilities and fund net assets	<u>\$ 76,764,608</u>	<u>\$ 2,457,560</u>	<u>\$ 79,222,168</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2008

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
Operating revenues:			
Charges for services	\$ 10,881,889	\$ 3,741,364	\$ 14,623,253
Operating expenses:			
Personnel services and benefits	3,642,932	1,256,019	4,898,951
Contractual services	546,136	7,399	553,535
Supplies and chemicals	1,205,939	101,671	1,307,610
Office supplies and expense	45,995	00	45,995
Utilities and telephone	949,570	23	949,593
Advertising and publicity	8,485	00	8,485
Equipment repairs	552,011	139	552,150
Vehicle repair and expense	186,022	229,080	415,102
Building and grounds repairs	176,873	00	176,873
Operating leases	9,891	00	9,891
General insurance	186,472	64,494	250,966
Depreciation	1,606,220	139,907	1,746,127
Other	13,521	7,649	21,170
Amortization	26,306	00	26,306
Landfill fees	331,089	1,288,485	1,619,574
Total operating expenses	9,487,462	3,094,866	12,582,328
Operating income	1,394,427	646,498	2,040,925
Non-operating revenues (expenses):			
Donation of property	(589,767)	00	(589,767)
Rents	67,017	00	67,017
Miscellaneous income (expense)	41,012	228	41,240
Interest revenue	183,298	53,098	236,396
Interest and other costs on bonded debt and notes payable	(282,177)	(16,950)	(299,127)
Total non-operating revenues (expenses)	(580,617)	36,376	(544,241)
Income before capital contributions and transfers	813,810	682,874	1,496,684
Capital contributions	2,178,135	00	2,178,135
Transfers in (out)	676,038	(193,944)	482,094
Change in fund net assets	3,667,983	488,930	4,156,913
Total fund net assets – beginning of year	61,637,100	1,318,252	62,955,352
Total fund net assets – end of year	\$ 65,305,083	\$ 1,807,182	\$ 67,112,265

See accompanying notes to financial statements.



City of Carrollton, Georgia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2008

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 10,885,838	\$ 3,783,726	\$ 14,669,564
Payments for suppliers	(3,964,759)	(1,569,943)	(5,534,702)
Payments to employees	(3,618,922)	(1,248,481)	(4,867,403)
Net cash provided by operating activities	<u>3,302,157</u>	<u>965,302</u>	<u>4,267,459</u>
Cash flows from noncapital financing activities:			
Operating subsidies and transfers to/from other funds	676,038	(193,944)	482,094
Other receipts	<u>41,012</u>	<u>228</u>	<u>41,240</u>
Net cash provided (used) by noncapital financing activities	<u>717,050</u>	<u>(193,716)</u>	<u>523,334</u>
Cash flows from capital and related financing activities:			
Capital contributions	2,178,135	00	2,178,135
Rent	137,385	00	137,385
GEFA Note proceeds	3,214,779	00	3,214,779
Purchases and construction of capital assets	(10,701,672)	00	(10,701,672)
Principal paid on capital debt	(881,221)	(67,803)	(949,024)
Interest paid on capital debt	<u>(282,177)</u>	<u>(16,950)</u>	<u>(299,127)</u>
Net cash used by capital and related financing activities	<u>(6,334,771)</u>	<u>(84,753)</u>	<u>(6,419,524)</u>
Cash flows from investing activities:			
Interest	<u>183,298</u>	<u>53,098</u>	<u>236,396</u>
Net cash provided by investing activities	<u>183,298</u>	<u>53,098</u>	<u>236,396</u>
Net increase (decrease) in cash and cash equivalents	(2,132,266)	739,931	(1,392,335)
Cash – beginning of year	<u>6,787,806</u>	<u>438,201</u>	<u>7,226,007</u>
Cash – end of year	<u>\$ 4,655,540</u>	<u>\$ 1,178,132</u>	<u>\$ 5,833,672</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,394,427	\$ 646,498	\$ 2,040,925
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,606,220	139,907	1,746,127
Amortization expense	26,306	00	26,306
Change in assets and liabilities:			
Receivables, net	33,329	42,362	75,691
Prepaid expenses	(12,461)	18,248	5,787
Inventories	(10,194)	00	(10,194)
Accounts and other payables	269,900	110,749	380,649
Customer deposits	(29,380)	00	(29,380)
Accrued expenses	<u>24,010</u>	<u>7,538</u>	<u>31,548</u>
Net cash provided by operating activities	<u>\$ 3,302,157</u>	<u>\$ 965,302</u>	<u>\$ 4,267,459</u>
Supplemental Disclosure:			
Noncash transaction –			
Special item – donated property	<u>\$ 589,767</u>	<u>\$ 00</u>	<u>\$ 589,767</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia  
Notes to Basic Financial Statements

Index

- Note 1.      Summary of Significant Accounting Policies
- A.      Financial Reporting Entity
  - B.      Basis of Presentation
  - C.      Measurement Focus and Basis of Accounting
  - D.      Assets, Liabilities and Equity
  - E.      Revenues, Expenditures and Expenses
  - F.      Accounting Estimates
- Note 2.      Stewardship, Compliance and Accountability
- A.      Fund Accounting Requirements
  - B.      Deposits and Investments Laws and Regulations
  - C.      Revenue Restrictions
  - D.      Debt Restrictions and Covenants
  - E.      Material Budget Violations
- Note 3.      Detail Notes on Transaction Classes/Accounts
- A.      Cash and Investments
  - B.      Accounts and Other Receivables
  - C.      Capital Assets
  - D.      Long-Term Debt
  - E.      Interfund Transactions and Balances
  - F.      Deferred Costs
  - G.      Pensions
  - H.      Accumulated Unpaid Vacation and Sick Pay
  - I.      Enterprise and Capital Project Fund Interest
- Note 4.      Other Notes
- A.      Retirement Plan and Post Retirement Benefits
  - B.      Risk Management
  - C.      Litigations and Contingent Liabilities
  - D.      Joint Ventures
  - E.      Component Units
  - F.      Special Local Option Sales Tax
  - G.      Hotel/Motel Lodging Tax
  - H.      Contingent Liabilities and Commitments
  - I.      Economic Dependency
  - J.      Lease Agreement
  - K.      Prior Period Adjustments
  - L.      Special Item – Donated Property
  - M.      Property Exchange and Reversal
  - N.      Subsequent Event

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies**

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1.A. Financial Reporting Entity**

The City's financial reporting entity comprises the following:

Primary Government:	City of Carrollton
Discretely Presented Component Unit:	Carrollton Redevelopment Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No 14, "The Financial Reporting Entity," and includes all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

*Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides service entirely to the City. The following are blended component units:

Carrollton Swimming Association  
Carrollton Area Convention and Visitors Bureau

These entities are operated under the auspices of the Carrollton Parks, Recreation and Cultural Arts Department which is included in the general fund. See Note 4E for further information about these entities.

*Discretely Presented Component Unit*

The discretely presented component unit is a separate legal entity that meets the component unit criteria described above but does not meet the criteria for blending. The City's discretely presented component unit issues separate component unit financial statements. Copies of component unit reports may be obtained from Jim Triplett, the finance officer for the City, at 315 Bradley Street, Carrollton, Georgia 30117.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies - continued**

**1.A. Financial Reporting Entity – continued**

Excluded from the reporting entity: Related Organizations

The Carrollton Board of Education has members elected by the registered voters of the City. The Board determines its annual budget without City approval. However, prior to July 1, 2004, property tax revenue levied by the City and designated for school use, funded a portion of the school board's operations. Also, the 2002 General Obligation School Bonds and 1995 General Obligation School Refunding Bonds were issued by the City for new school construction and are included in the City's long-term debt. Effective July 1, 2004, the School Board became totally independent of the City; henceforth, levying its own tax and borrowing its own debt.

The City's officials have some responsibility for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The Mayor and City Council jointly with the Carroll County Commissioners appoint the board members of the City/County Hospital Authority and also appoints three members of the West Georgia Library Board. The Mayor and City Council appoint all the members of the Carrollton Housing Authority, Historic Preservation Commission, Carrollton Planning Commission, and the Board of Development Appeals.

The Mayor and City Council appoint two members of the Carrollton Payroll Development Authority and two members of the Carroll County Health Board. The City funded the acquisition of property for future industrial development on behalf of the Carrollton Payroll Development Authority to be repaid as businesses are induced to locate and buy property there. The City collected \$4,840 in lieu of taxes for City services provided to Housing Authority residents. The City provides annual funding to the local Chamber of Commerce and the West Georgia Regional Library.

The Carroll County Solid Waste Authority is considered a related organization and is excluded from the financial reporting entity. Disclosures regarding landfill closure and postclosure care are included in the Authority's separate financial statements.

**1.B. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies - continued**

**1.B. Basis of Presentation - continued**

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. If applicable, funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

*Debt Service Fund*

The Debt Service Fund is utilized to account for the accumulation and disbursement of money needed to comply with the interest and principal redemption requirements of the general obligation bond issues. Provisions are made in the educational local option sales tax levy for money sufficient to meet the general obligation debt.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies – continued**

**1.B. Basis of Presentation – continued**

*Capital Project Funds*

The Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

**Proprietary Funds**

*Enterprise Funds*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor as follows:

<b>Major Fund:</b>	<b>Brief Description</b>
Governmental Funds: General	See above for description.
Capital Projects Fund: 2004 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2004 special one percent local option sales tax levies.
Debt Service Fund	Accounts for accumulation and payment of monies for general bond and interest payments.
Business-Type Fund: Water and Sewer Fund Sanitation Fund	Accounts for activities in providing water, wastewater and sanitation services to the public.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies – continued**

**1.B. Basis of Presentation – continued**

**Major and Non-major Funds – continued**

<b>Non-major:</b>	<b>Brief Description</b>
Special Revenue Funds: Hotel/Motel Tax Fund	Accounts for revenues and expenditures of hotel/motel tax restricted by local ordinance for the promotion of tourism and downtown development.
Drug Seizure Fund	Accounts for revenue and expenditures legally restricted for public safety use.
West Georgia Drug Task Force Grant Fund	Accounts for grants, income and expenditures related for grant purposes.
UDAG Fund	Accounts for revenues and expenditures promoting urban economic development. This fund was transferred to the Carrollton Housing Authority this year.
Regional Hazardous Material Team Fund	Accounts for revenues and expenditures restricted for use by the Hazardous Material Team.
Capital Project Funds: 1994 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 1994 special one percent local option sales tax levies.
Transportation Enhancement Activities Streetscape Fund	Accounts for project funded by a Department of Transportation grant. This fund was closed this year.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies - continued**

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, the phrase “available for exchange transactions” means expected to be received within twelve months of year-end.



City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies – continued**

**Basis of Accounting - continued**

Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, grants, and donations. On an accrual basis, revenue from sales tax is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property tax, sales tax, interest and federal and state grants.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**1.D. Assets, Liabilities and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Assets, “cash, including time deposits” includes all demand, savings accounts, and certificates of deposits with maturity of three months or less of the City. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price. Certificates of deposits with maturities greater than three months are also included in investments. Additional cash and investment disclosures are presented in Note 3.A.

**Interfund Receivable and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” These amounts are eliminated in the governmental and business-type activities columns of the net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies - continued**

**1.D. Assets, Liabilities and Equity - continued**

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants and police fines. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories**

The water and sewer funds maintain an inventory of supplies. Inventories maintained in the water department are recorded at cost on a first-in, first-out basis.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**Capital Assets**

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., 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 government as assets with an initial, individual cost of more than \$1,000. 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.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies – continued**

**1.D. Assets, Liabilities and Equity - continued**

**Capital Assets – continued**

*Government-wide Statements – continued*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related fixed assets, as applicable. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City has fully implemented the retroactive reporting of infrastructure.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings	25-50 years
- Improvements	10-50 years
- Machinery and Equipment	3-20 years
- Utility System	25-50 years
- Infrastructure	25-50 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

Restricted assets consist of cash included in the City's Water and Sewerage System which reflect restrictions for future construction of facilities, retainages, Revenue Bond and note payable retirement. When both restricted and unrestricted resources are available, City management determines when to use restricted resources first, then unrestricted resources as needed.

**Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Note 1. Summary of Significant Accounting Policies - continued**

**1.D. Assets, Liabilities and Equity - continued**

**Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as accrued expenses in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**Equity Classifications**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

**1.E. Revenues, Expenditures and Expenses**

**Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on October 1, 2007, and were due and payable on or before December 1, 2007. All unpaid taxes became delinquent December 2, 2007. The Carroll County tax commissioner bills and collects the City's property taxes. The 2007 property taxes levied for the City operations only were \$3,218,400. The millage rate is 4.79 mills for 2007 for city operations only. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. For any additional property taxes receivable after the 60-day period, an additional accrual is made in the government-wide financial statements. No liens were placed on delinquent properties, but penalties and interest accrue and are recorded when they are actually paid.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 1. Summary of Significant Accounting Policies – continued**

**Program Revenues**

Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants and contributions that are restricted to meeting the operational capital requirements of a particular program.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. Nonoperating revenues and expenses include all revenue and expenses related to capital and related financing, miscellaneous or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (classified by function)
	Intergovernmental
	Debt Service
	Capital Outlay
Proprietary Fund – By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**1.F. Accounting Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States, require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 2. Stewardship, Compliance and Accountability - continued**

**2.A. Fund Accounting Requirements**

The City complies with all state and local laws and regulations requiring the use of separate funds.

**2.B. Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Georgia debt obligations, or surety bonds. As required, all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. All deposits were fully insured or collateralized.

**2.C. Revenue Restrictions**

The City has various restrictions placed over certain revenue sources from state or local requirements.

For the year ended June 30, 2008, the City complied, in all material respects, with these revenue restrictions.

**2.D. Debt Restrictions and Covenants**

**General Obligation Debt**

The City has complied with its restrictions which limits the amount of outstanding general obligation bonded debt of the municipality.

**2.E. Material Budget Violations**

The following department's expenditures exceeded its budgeted appropriations by more than three percent.

Mail Street	\$ 9,333
Human Resources Administration	7,990
Police Department	198,932
Street Department	87,101
Shop – Inventory Control	47,410
Parks and Recreation	727,394
Intergovernmental	39,627

Budget violations also occurred in the West Georgia Drug Task Force Fund (\$86,521) and Regional Haz Mat Fund (\$9,548) and Hotel/Motel Tax Fund (\$7,156). A budget was not adopted for the following special revenue fund: UDAG fund.

General fund revenue exceeded budgeted revenue by \$1,461,458.

In the future, actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A. Cash and Investments**

Custodial Credit Risk Related to Deposits

At June 30, 2008 the carrying amount of the City's deposits was \$15,346,707 and the bank balances were \$15,628,589. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be covered. The state requires that all deposits with financial institutions be collateralized in an account equal to 110% of uninsured deposits. The government does not have a deposit policy for custodial credit risk.

Insured	\$ 553,753
Collateral held by pledging bank's trust department in the City's name	<u>15,074,836</u>
Total	<u>\$ 15,628,589</u>

Investments

State statutes authorize the City to invest only in obligations of the United States and of its agencies and instrumentalities, or bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities, or certificates of deposit of banks and savings and loan associations which have deposits insured by the FDIC or FSLIC with any uninsured amounts collateralized by direct obligations of the United States or State of Georgia.

The City's investments are categorized to give an indication of the level of risk assumed by the City at June 30, 2008. The categories are described as follows:

- Category 1. Insured, registered, or securities held by the City or its agent in the City's name.
- Category 2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3. Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent, but not in the City's name.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.A. Cash and Investments – continued**

Investments - continued

Investments, categorized by level of risk, are:

<u>Types of Investment</u>	<u>Category</u>			<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government					
Certificates of deposit	\$ 169,073	\$ 00	\$ 00	\$ 169,073	\$ 169,073
U.S. government securities	<u>3,100,031</u>	<u>00</u>	<u>00</u>	<u>3,100,031</u>	<u>3,100,031</u>
	<u>3,269,104</u>	<u>00</u>	<u>00</u>	<u>3,269,104</u>	<u>3,269,104</u>
Component Unit					
U.S. Government securities	14,176	00	00	14,176	14,176
Repurchase agreements	<u>3,872,311</u>	<u>00</u>	<u>00</u>	<u>3,872,311</u>	<u>3,872,311</u>
	<u>3,886,487</u>	<u>00</u>	<u>00</u>	<u>3,886,487</u>	<u>3,886,487</u>
Grand total investments	<u>\$ 7,155,591</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 7,155,591</u>	<u>\$ 7,155,591</u>

**3.B. Accounts and Other Receivable**

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities:			
Advalorem tax	\$ 169,134	\$ 15,367	\$ 153,767
Sales tax	6,002,818	00	6,002,818
Beer and wine tax	64,850	00	64,850
Franchise tax	777,618	00	777,618
Police fines	814,099	549,529	264,570
Occupation tax	23,279	00	23,279
Other	79,018	00	79,018
Other governments	<u>592,813</u>	<u>00</u>	<u>592,813</u>
	<u>\$ 8,523,629</u>	<u>\$ 564,896</u>	<u>\$ 7,958,733</u>
Business-Type Activities:			
Receivable from customers	\$ 2,072,813	\$ 313,236	\$ 1,759,577
Miscellaneous	<u>25,339</u>	<u>13,491</u>	<u>11,848</u>
	<u>\$ 2,098,152</u>	<u>\$ 326,727</u>	<u>\$ 1,771,425</u>

Mortgage Notes Receivable from UDAG Grant Recipients

In the early 1980's twenty houses were constructed through Community Development Block Grant funding. As a part of the grant agreements each recipient/homeowner agreed to repay a home mortgage loan of \$10,000 plus a fee of \$540 with no interest over a repayment period of fifteen years. The first monthly payment of \$58.56 became due ten years after construction was completed. The repayment period has begun for all homeowners, of which four have paid their balances in full and six are currently making payments. The estimated uncollectible allowance for these mortgage loans receivable is recorded as fifty percent of the total uncollected balance at June 30, 1995. One note has been written off against the allowance due to foreclosure. This fund was transferred to the Carrollton Housing Authority in June, 2008.



City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.C. Capital Assets**

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance at <u>July 1, 2007</u>	<u>Additions</u>	Disposals Transfers and <u>Adjustments</u>	Balance at <u>June 30, 2008</u>
Governmental activities:				
Non-depreciable:				
Land	\$ 6,610,410	\$ 00	\$ 00	\$ 6,610,410
Construction in progress	<u>801,384</u>	<u>1,690,152</u>	<u>(314,260)</u>	<u>2,177,276</u>
Total non-depreciable	<u>\$ 7,411,794</u>	<u>\$ 1,690,152</u>	<u>\$ (314,260)</u>	<u>\$ 8,787,686</u>
Depreciable:				
Land improvements	\$ 4,031,385	\$ 499,293	\$ 00	\$ 4,530,678
Buildings and improvements	22,134,270	460,737	00	22,595,007
Furnishings, vehicles, machinery and equipment	8,819,807	605,157	(40,751)	9,384,213
Infrastructure	<u>57,943,845</u>	<u>3,967,486</u>	<u>00</u>	<u>61,911,331</u>
Totals at historical cost	<u>92,929,307</u>	<u>5,532,673</u>	<u>(40,751)</u>	<u>98,421,229</u>
Less accumulated depreciation:				
Land improvements	505,612	176,910	00	682,522
Buildings and improvements	3,513,832	441,257	00	3,955,089
Furnishings, vehicles, machinery and equipment	5,535,180	706,187	(27,498)	6,213,869
Infrastructure	<u>17,303,283</u>	<u>1,470,101</u>	<u>00</u>	<u>18,773,384</u>
Total accumulated depreciation	<u>26,857,907</u>	<u>2,794,455</u>	<u>(27,498)</u>	<u>29,624,864</u>
Governmental activities capital assets (depreciable), net	<u>\$ 66,071,400</u>	<u>\$ 2,738,218</u>	<u>\$ (13,253)</u>	<u>\$ 68,796,365</u>
Business-type activities:				
Non-depreciable:				
Land	\$ 8,014,389	\$ 1,321,460	\$ (589,767)	\$ 8,746,082
Construction in progress	<u>2,569,890</u>	<u>7,634,925</u>	<u>(1,416,869)</u>	<u>8,787,946</u>
Total non-depreciable	<u>\$ 10,584,279</u>	<u>\$ 8,956,385</u>	<u>\$ (2,006,636)</u>	<u>\$ 17,534,028</u>
Depreciable:				
Buildings and improvements	\$ 5,133,587	\$ 22,433	\$ 00	\$ 5,156,020
Water and sewer distribution system	64,262,915	2,861,689	00	67,124,604
Vehicles, machinery and equipment	<u>4,170,391</u>	<u>292,079</u>	<u>00</u>	<u>4,462,470</u>
Totals at historical cost	<u>73,566,893</u>	<u>3,176,201</u>	<u>00</u>	<u>76,743,094</u>
Less accumulated depreciation:				
Buildings and improvements	3,097,073	106,820	00	3,203,893
Water and sewer distribution system	16,256,410	1,270,322	00	17,526,732
Vehicles, machinery and equipment	<u>2,330,001</u>	<u>368,985</u>	<u>00</u>	<u>2,698,986</u>
Total accumulated depreciation	<u>21,683,484</u>	<u>1,746,127</u>	<u>00</u>	<u>23,429,611</u>
Business-type capital assets (depreciable), net	<u>\$ 51,883,409</u>	<u>\$ 1,430,074</u>	<u>\$ 00</u>	<u>\$ 53,313,483</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.C. Capital Assets – continued**

Depreciation was charged to governmental activities as follows:

General government	\$ 95,446
Public safety	475,470
Highways and streets	1,522,760
Recreation and culture	<u>700,779</u>
	<u>\$ 2,794,455</u>

**3.D. Long-Term Debt**

The following is a summary of the changes in long-term debt of the City for the fiscal year ended June 30, 2008:

<u>Activity Type</u>		<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
Governmental	General Obligation School Refunding bonds, Series 1995	\$ 1,790,000	\$ 00	\$ 1,790,000	\$ 00	\$ 00
Governmental	General Obligation School Bonds, Series 2002	4,230,000	00	2,030,000	2,200,000	2,200,000
Governmental	Lease payable – GMA Lease Pool	466,711	00	197,157	269,554	92,846
Business-Type	Series 1993 Water and Sewer Bonds	1,910,000	00	280,000	1,630,000	295,000
Business-Type	Series 1997 Water and Sewer Bonds	1,664,717	00	124,752	1,539,965	131,899
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 13090801	2,475,202	00	360,143	2,115,059	367,552
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 93-015WS	1,113,390	00	102,468	1,010,922	107,656
Business-Type	Lease payable – GMA Lease Pool	280,777	00	81,661	199,116	76,773
Business-Type	Georgia Environmental Facilities Authority Note payable Project 2008-L03 WJ	<u>00</u>	<u>3,214,779</u>	<u>00</u>	<u>3,214,779</u>	<u>8,720</u>
	Total primary government	13,930,797	3,214,779	4,966,181	12,179,395	3,280,446
Component Unit	Series 2004, Redevelopment Authority Bonds	<u>7,485,000</u>	<u>00</u>	<u>3,550,000</u>	<u>3,935,000</u>	<u>3,935,000</u>
	Total primary government and component unit	<u>\$ 21,415,797</u>	<u>\$ 3,214,779</u>	<u>\$ 8,516,181</u>	<u>\$ 16,114,395</u>	<u>\$ 7,215,446</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts - continued**

**3.D. Long-Term Debt - continued**

General Obligation Bonds

On June 29, 1995, the City issued \$4,080,000 General Obligation School Refunding Bonds, Series 1995 to advance refund \$3,580,000 of the outstanding 1990 school bonds. Total proceeds of \$4,222,325 included \$15,785 in accrued interest. Underwriting fees and other issuance costs were \$122,015. Net proceeds of \$4,084,524 were used to purchase U. S. government securities deposited in an irrevocable trust with an escrow agent. Debt service payments on the refunded bonds were paid from the irrevocable trust. The City made the advance refunding to benefit from recent declines in interest rates. As a result of the advance refunding, the City reduced its total debt service requirements over the next 15 years by approximately \$150,000, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new total debt) of approximately \$130,000. These bonds which were to be paid through 2011 were paid off this year.

On March 6, 2002, the City sold \$9,250,000 General Obligation School Bonds, Series 2002. The proceeds from the bonds are to be used to acquire, construct, renovate, modify, improve, extend, and equip capital outlay projects within the Carrollton City School System. Interest payments are due on February 1, and August 1, or each year, with the first interest payment due August 1, 2002. Except for \$173,024 applied to issuance costs, which is accounted for in the Debt Service Fund, the proceeds from the sale went directly to the Carrollton School Board which is administering the capital project.

General bond obligations currently amount to \$6,020,000 for the principal retirement with \$402,500 to be provided for future interest retirement. The ordinances authorizing the issuance of the 1995 bonds require that sufficient tax be levied and prorated to the Bond Retirement and Interest Fund to provide funds to pay principal and interest maturing during the current year. Principal and interest retirement of the 2002 bonds are funded by a 1% Education Special Purpose Local Option Sales Tax (ESPLOST). ESPLOST proceeds are collected by the state and remitted directly to the School Board. ESPLOST proceeds available after paying principal and interest on the 2002 bonds due each bond year are applied towards principal and interest on the outstanding 1995 bonds for the period July 1, 1998 through July 1, 2008. The 2002 bond agreement also states that to the extent that the City's portion of the proceeds of the sales tax are insufficient to make such payments, the principal and interest on the bonds are payable from City ad valorem tax levied for school bond purposes.

General obligation bonds payable at June 30, 2008, were comprised of the following individual issues:

	<u>Maturity Years</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
School bonds - 2002				
3.7500%	2009	<u>\$ 2,200,000</u>	<u>\$ 41,250</u>	<u>\$ 2,241,250</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts - continued**

**3.D. Long-Term Debt - continued**

Business-Type Activity

Water and Sewerage Revenue Bond Series 1993

In December, 1993 the City issued Water and Sewerage Revenue Bonds Series 1993 totaling \$4,850,000 to pay the costs of certain improvements to the City's water and sewer system. The bonds are secured by a pledge of the net revenues derived from the operation of the water system. The bonds are payable over a period of twenty years at 4.8% interest payable semiannually January 1 and July 1. The principal is due annually on July 1. Bond issuance costs of \$232,818 were incurred relative to the sale which includes surety bond insurance expense of \$103,000. Total issuance cost will be amortized over the life of the bonds.

The following is a schedule of principal and interest requirements to maturity on 1993 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 295,000	\$ 79,640	\$ 374,640
FYE 2010	310,000	65,480	375,480
FYE 2011	325,000	50,600	375,600
FYE 2012	340,000	35,000	375,000
FYE 2013	<u>360,000</u>	<u>18,000</u>	<u>378,000</u>
	<u>\$ 1,630,000</u>	<u>\$ 248,720</u>	<u>\$ 1,878,720</u>

Water and Sewerage Revenue Bond Series 1997

In November, 1997 the City issued Water and Sewerage Revenue Bonds Series 1997 totaling \$2,600,000 to pay the costs of certain improvements to the City's water and sewer system. The bonds are secured by a pledge of the net revenues derived from the operation of the water system. The bonds are payable over a period of twenty years at 5.35% interest. Quarterly payments of principal and interest are due January 1, April 1, July 1, and October 1. Bond issuance costs of \$53,300 were incurred relative to the sale which includes surety bond insurance expense of \$11,000. Total issuance cost will be amortized over the life of the bonds.

The following is a schedule of principal and interest requirements to maturity on 1997 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 131,899	\$ 80,852	\$ 212,751
FYE 2010	139,201	73,550	212,751
FYE 2011	146,906	65,845	212,751
FYE 2012	154,881	57,870	212,751
FYE 2013	163,612	49,139	212,751
FYE 2014	172,669	40,082	212,751
FYE 2015	182,228	30,523	212,751
FYE 2016	192,262	20,489	212,751
FYE 2017	202,958	9,793	212,751
FYE 2018	<u>53,349</u>	<u>717</u>	<u>54,066</u>
	<u>\$ 1,539,965</u>	<u>\$ 428,860</u>	<u>\$ 1,968,825</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.D. Long-Term Debt – continued**

Other Fund Requirements:

Sinking Funds

The ordinance authorizing the issuance of the Series 1993 and 1997 revenue bonds requires that a sinking fund be established for the purpose of making payments of principal and interest. Monthly transfers into the sinking fund from the water revenue account are required to provide sufficient funds to pay all outstanding bonds at their respective maturities and the interest payable thereon. This account reflected a balance of \$15,700 on June 30, 2008.

Debt Service Reserve and Surety Bonds

After satisfying sinking fund conditions, the 1993 bond ordinance specifies that a Debt Service Reserve Fund be established and amounts deposited equal to the Debt Service requirement. The bond document states that this requirement was fulfilled by depositing into the debt service fund an irrevocable surety bond of \$33,420 at the date of bond issuance.

Renewal and Extension Fund

The 1993 bond ordinance requires that after paying debt service funds, all moneys remaining in the Revenue Fund in excess of reasonable operating needs, shall be transferred to a special account designated as a "Renewal and Extension Fund" until the balance in the fund reaches \$200,000. The purpose of the fund is to be available for water system emergencies and for normal replacements.

Georgia Environmental Facilities Authority Note Payable - Water Fund - SRF 13090801

On May 19, 1989, the City signed an agreement with the Georgia Department of Natural Resources Environmental Protection Division and with the Georgia Environmental Facilities Authority to obtain a promissory note for \$6,240,000 to finance one phase of the City's environmental facilities project. The amount actually financed was \$6,696,253. The interest rate is 2% per annum with principal and interest being repaid in 80 quarterly payments of \$101,763 which began on March 1, 1994. The payment agreement changed from quarterly to monthly during fiscal year ended June 30, 2005. The principal balance payable at June 30, 2008 was \$2,115,058.

The following is a summary of the debt service requirements for the next five years and year thereafter.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 367,552	\$ 38,885	\$ 406,437
FYE 2010	374,905	31,532	406,437
FYE 2011	382,472	23,965	406,437
FYE 2012	390,168	16,269	406,437
FYE 2013	398,084	8,353	406,437
FYE 2014	201,878	1,185	203,063
	<u>\$ 2,115,059</u>	<u>\$ 120,189</u>	<u>\$ 2,235,248</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.D. Long-Term Debt – continued**

Georgia Environmental Facilities Authority Note Payable - Water Fund - SRF 93-015WS

On October 26, 1993, the City signed an agreement with the Georgia Environmental Facilities Authority to obtain a promissory note for \$2,000,000 of which \$1,973,340 was used to finance another phase of the City's environmental facilities project. The interest rate on this permanent financing is 4.8%. Principal and interest will be repaid in 78 quarterly payments of \$38,555 which commenced February, 1997. The payment period changed from quarterly to monthly during the fiscal year ended June 30, 2005.

The following is a summary of the current debt service requirements:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 107,656	\$ 46,106	\$ 153,762
FYE 2010	112,860	40,901	153,761
FYE 2011	118,399	35,363	153,762
FYE 2012	124,162	29,600	153,762
FYE 2013	130,342	23,420	153,762
FYE 2014 to 2016	<u>417,503</u>	<u>30,747</u>	<u>448,250</u>
	<u>\$ 1,010,922</u>	<u>\$ 206,137</u>	<u>\$ 1,217,059</u>

Georgia Environmental Facilities Authority Note Payable - Water Fund - 2008-LO3WJ

On May 19, 2008, the City signed an agreement with the Georgia Environmental Facilities Authority to obtain a promissory note for \$7,568,728 to be disbursed in periodic advances to finance a portion of the environmental facilities project which includes water plant rehabilitation and expansion and the construction of sewers in the Lake Carroll area. The amount advanced at June 30, 2008, was \$3,214,779. The interest rate is 4.1% compounded monthly with principal and interest payable in 239 monthly installments. Interest of \$14,045 was accrued at June 30, 2008, and capitalized to the construction projects.

The following is a summary of the debt service requirements for the next five years and years thereafter.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 8,720	\$ 10,984	\$ 19,704
FYE 2010	106,994	129,452	236,446
FYE 2011	111,464	124,982	236,446
FYE 2012	116,121	120,325	236,446
FYE 2013	120,972	115,474	236,446
FYE 2014 to 2018	685,030	497,202	1,182,232
FYE 2019 to 2023	840,598	341,634	1,182,232
FYE 2024 to 2028	1,031,494	150,738	1,182,232
FYE 2029	<u>193,386</u>	<u>3,654</u>	<u>197,040</u>
	<u>\$ 3,214,779</u>	<u>\$ 1,494,445</u>	<u>\$ 4,709,224</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.D. Long-Term Debt – continued**

GMA Lease Payable – Governmental and Business Types

1998 Series

The City began leasing equipment under a second GMA lease agreement in fiscal year ended June, 1999. It executed a Master Lease Agreement with the Trust for \$2,644,000 for the period June 1, 1998 to June 1, 2028, and supplemental lease agreements for each purchase of equipment handled under this lease. The principal balance payable at June 30, 2008, was \$468,670 with \$269,554 in the General Fund, \$17,956 in the Water Fund, and \$181,160 in the Sanitation Fund.

Other components of the agreement include certificates of participation, swap providers, OID and a rebate fund which involve several financial institutions and generate interest income which reduces net interest expense similar to the previous series.

Under the terms of the agreement, the City is required to make lease payments in sufficient amounts to pay when due the principal of and interest on its share of certificates each year as well as administrative and issuance costs of the certificates. The obligation to make such payments is conditioned upon the annual appropriation of funds by the Mayor and City Council.

The following is a schedule of future minimum lease payments under this capital lease as of June 30, 2008. For purposes of this schedule, an assumed interest rate of 4.75% was used.

General Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 92,847	\$ 10,242	\$ 103,089
FYE 2010	92,847	5,832	98,679
FYE 2011	83,860	1,670	85,530
	<u>\$ 269,554</u>	<u>\$ 17,744</u>	<u>\$ 287,298</u>

Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2009	\$ 76,773	\$ 7,340	\$ 84,113
FYE 2010	76,772	3,693	80,465
FYE 2011	45,571	907	46,478
	<u>\$ 199,116</u>	<u>\$ 11,940</u>	<u>\$ 211,056</u>

Vehicles and equipment held under capital leases at June 30, 2008 were \$631,988 in governmental-type funds and \$383,863 in business-type funds.

The City has no operating leases at this time.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.D. Long-Term Debt - continued**

Component Unit Long-Term Debt – Carrollton Redevelopment Authority Revenue Bonds – Series 2004

The following is a summary of changes in the long-term debt of the Carrollton Redevelopment Authority for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Series 2004 Revenue Bonds Payable	<u>\$ 7,485,000</u>	<u>\$ 00</u>	<u>\$ 3,550,000</u>	<u>\$ 3,935,000</u>

The following is a schedule of principal and interest requirements to maturity on Series 2004 Bonds:

<u>Interest Rate</u>	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
5.000%	2009	<u>\$ 3,935,000</u>	<u>\$ 196,750</u>	<u>\$ 4,131,750</u>

**3.E. Interfund Transactions and Balances**

Transfers and payments within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs.

Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Nonmajor governmental	\$ 134,752	\$ 39,427
Water and sewer	666,106	00
Sanitation	193,944	00
	<u>\$ 994,802</u>	<u>\$ 39,427</u>
2004 SPLOST:		
Water and sewer	<u>\$ 00</u>	<u>\$ 1,342,144</u>
Nonmajor Funds:		
General fund	<u>\$ 39,427</u>	<u>\$ 134,752</u>
Business-type:		
Water and sewer fund		
General fund	\$ 00	\$ 666,106
2004 SPLOST	1,342,144	00
Sanitation fund		
General fund	00	193,944
	<u>\$ 1,342,144</u>	<u>\$ 860,050</u>



City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.E. Interfund Transactions and Balances**

Interfund balances at June 30, 2008, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Interfund balances reported in the fund financial statements are as follows:

<b>Major Governmental Funds:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
2004 SPLOST Fund	\$ 79,695	\$ 00
Debt Service Fund	00	837,271
Hotel/Motel Tax Fund	11,375	00
West Georgia Drug Task Force	7,908	00
1994 SPLOST Fund	5,037	00
Water Fund	185,370	00
Sanitation Fund	<u>186,397</u>	<u>00</u>
	<u>475,782</u>	<u>837,271</u>
2004 SPLOST:		
General Fund	<u>00</u>	<u>79,695</u>
Debt Service Fund:		
General Fund	<u>837,271</u>	<u>00</u>
Total Major Funds	<u>1,313,053</u>	<u>916,966</u>
<b>Non-Major Governmental Funds:</b>		
1994 SPLOST:		
General Fund	00	5,037
Water Fund	<u>00</u>	<u>222,166</u>
	<u>00</u>	<u>227,203</u>
Hotel/Motel Fund:		
General Fund	<u>00</u>	<u>11,375</u>
WGDTF:		
General Fund	<u>00</u>	<u>7,908</u>
Total Non-Major Governmental Funds	<u>00</u>	<u>246,486</u>
Grand Total – Governmental Funds	<u>\$ 1,313,053</u>	<u>\$ 1,163,452</u>
Net of receivables over payables		<u>\$ 149,601</u>

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 3. Detail Notes on Transaction Classes/Accounts – continued**

**3.E. Interfund Transactions and Balances – continued**

<b>Business-Type Funds:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Water and Sewer Fund:		
General Fund	\$ 00	\$ 185,370
1994 SPLOST	222,166	00
Sanitation Fund	<u>00</u>	<u>42,632</u>
	<u>222,166</u>	<u>228,002</u>
Sanitation Fund:		
General Fund	00	186,397
Water Fund	<u>42,632</u>	<u>00</u>
	<u>42,632</u>	<u>186,397</u>
Total Business – Type Funds	<u>\$ 264,798</u>	<u>\$ 414,399</u>
Net of receivables over payables		<u>\$ (149,601)</u>

**3.F. Deferred Costs**

Enterprise Fund

Loan closing cost of \$240,000 on the note from the State revolving loan is being amortized over the loan repayment period in the City's Water and Sewerage System Enterprise Fund and the net unamortized value is \$65,000. Bond issuance costs of \$232,818 and \$53,300 were incurred on the 1993 and 1997 Water and Sewerage Revenue Bonds, respectively as reflected in Note 3D. These are being amortized over the bond repayment period. The net unamortized balances are \$61,421 and \$25,096 respectively.

**3.G. Pensions**

The City's provision for cost of retirement is recorded on the accrual basis.

**3.H. Accumulated Unpaid Vacation and Sick Pay**

Accumulated unpaid vacation has been accrued in the various funds where applicable. Sick pay is not paid upon termination and therefore has not been accrued in the various funds.

**3.I. Enterprise and Capital Project Fund Interest**

Enterprise and capital project fund interest is charged to expense as incurred except for interest related to borrowings used for construction projects net of earnings which is capitalized until such time when construction is substantially complete.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes**

**4.A. Retirement Plan and Post Retirement Benefits**

Plan Description of the City of Carrollton Retirement Plan

The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. The City's payroll for employees covered by the system for the year ended May 1, 2008, was \$9,973,562, and total wages were \$12,017,605.

All full-time City employees with one year of service are eligible to participate in the system. Benefits vest after 10 years of credited service. City employees can retire at or after age 65 with five years of credited service or after age 55 with 10 years of credited service. There is no maximum employee entry age. The benefit formula ranges from 1.0% to 1.75% of annual salary based on year of birth of the employee. An extra credit is earned for years of service. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by the Georgia Municipal Employees Benefit System and the adoption agreement executed by the City.

City employees are not required to contribute to the Plan, rather the City contributed the amount necessary to fund the system, using the actuarial basis specified by the adoption agreement.

As of May 1, 2008, the current plan membership includes the following categories of participants:

Retirees and beneficiaries currently receiving benefits	84
Terminated employees entitled to benefits but not yet receiving them	67
Current active employees:	
Vested	118
Nonvested	<u>141</u>
Total membership in the plan	<u>410</u>

Plan Asset Matters and Accounting Policies

Asset Data: The Georgia Municipal Employees Benefit System has supplied all asset data used in the valuation. The actuarial value of assets is based on the roll forward of prior year's actuarial value, with contributions, disbursements, and expected return on investments plus 10% of investment gains (losses) during ten prior years.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4.A. Retirement Plan and Post Retirement Benefits – continued**

Plan Asset Matters and Accounting Policies – continued

Participant Data: The primary source of participant data for the current valuation is a census of all participants which was prepared as of March 1, 2008, supplied by the City through GMEBS.

The System assets do not include any loans, notes, or bonds or other instruments or securities of the City or related parties.

Report

This plan has a stand alone financial report which may be obtained by writing Georgia Municipal Association, Inc. at 201 Pryor Street, S.W., Atlanta, Georgia 30303.

Funding Status and Progress

The amount shown below as the "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

The "actuarial accrued liability" was computed as part of an actuarial valuation performed as of May 1, 2008. Significant actuarial assumptions used in the valuation include (a) rate of return on the investment of present and future assets of 8 percent a year, (b) projected salary increases of 5.5 percent a year attributable to inflation (5.0%) and merit or seniority (0.5%), and (c) no post retirement benefit increases.

Required Supplementary Information  
Schedule of Pension Plan Funding Progress  
As of June 30, 2008  
(Unaudited)

Actuarial Valuation Date (May 1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL/ (Funding Excess) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (prior year) (c)	Unfunded AAL/ (Funding Excess) as Percentage of Covered Payroll ((b - a) / c)
1999	9,140,201	7,351,243	(1,788,958)	124%	6,301,699	(28.4%)

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4.A. Retirement Plan and Post Retirement Benefits – continued**

Funding Status and Progress – continued

Required Supplementary Information  
Schedule of Pension Plan Funding Progress  
As of June 30, 2008  
(Unaudited) – continued

Actuarial Valuation Date (May 1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL/ (Funding Excess) (b - a)	Funded Ratio (a / b)	Annual Covered Payroll (prior year) (c)	Unfunded AAL/ (Funding Excess) as Percentage of Covered Payroll ((b - a) / c)
2000	\$ 9,875,943	\$ 8,189,050	\$ (1,686,893)	121%	\$ 6,656,894	(25.3%)
2001	10,457,558	8,995,596	(1,461,962)	116%	7,186,210	(20.3%)
2002	10,977,911	10,561,384	(416,527)	104%	7,546,555	(5.5%)
2003	11,307,091	11,661,677	354,586	97%	8,417,491	4.2%
2004	11,793,503	13,410,891	1,617,389	88%	8,804,537	18.3%
2005	12,418,646	14,336,504	1,917,858	87%	9,113,333	21.0%
2006	13,197,901	14,517,915	1,320,014	91%	8,829,755	14.9%
2007	13,971,149	15,501,567	1,530,418	90%	9,357,443	16.4%
2008	14,689,299	16,789,002	2,099,703	87%	9,973,562	21.1%

The funding policy for the plan is to contribute an amount equal to the recommended contribution in each year. These contributions are determined under the projected unit credit actuarial cost method. The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described previously.

Contributions totaling \$808,700 were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of May 1, 2008, for the plan year. These contributions consist of (a) \$489,083 of normal cost, (b) \$289,739 of amortization of the unfunded actuarial accrued liability, and (c) \$29,878 in interest. The employer contribution represents 8.1 percent of payroll.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4.A. Retirement Plan and Post Retirement Benefits – continued**

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Trend information, to the extent available, is presented below.

Schedule of Employer Contribution  
Ten-Year Trend Information  
As of June 30, 2008  
(Unaudited)

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-99	123,556	100%	0
6-30-00	152,176	100%	0
6-30-01	206,361	100%	0
6-30-02	312,931	100%	0
6-30-03	452,321	100%	0
6-30-04	625,798	100%	0
6-30-05	695,628	100%	0
6-30-06	639,732	100%	0
6-30-07	695,693	100%	0
6-30-08	808,700	100%	0

Post Retirement Benefits

All full-time City employees enrolled in the City's retirement program are eligible to receive retiree health insurance program benefits through the Georgia Municipal Association. Public safety employees are eligible for the program at age sixty, and all other employees are eligible at age sixty-two. The employee must have twenty years of total service with the City and be eligible under the City's GMEBS Retirement Program. The City will pay for the retiree's existing health insurance coverage for the eighteen month Cobra period following retirement, after which the City will pay for employees covered under the group retirement program until the employee qualifies for Medicare. This program was initiated in 1992 by local ordinance.

The City's post-retirement benefit program was amended in March, 2003 (and December, 2001) to offer early retirement to employees whose age plus years of service (inclusive of accrued sick leave) equaled at least seventy-five (eighty). Eligible employees had to elect early retirement by May 1, 2003 (December 31, 2001). The City will maintain health insurance coverage on early retirees for 18 months following their retirement. The employee's share of the premium, equal to the amount paid while an active employee, is deducted from their monthly bridge payment. Early retirees are not eligible for coverage after the initial 18-month period. The retiree cost is not presently separated from cost of insurance on active employees. Three retirees were covered in the current year at a cost of \$16,346.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4.B. Risk Management**

The City is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association 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.

As part of these risks, the City is obligated to pay all contributions and assessments as prescribed by the pools, 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 City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are 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 worker's compensation law of Georgia. The funds are to pay all cost 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.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

**4.C. Litigations and Contingent Liabilities**

The City is involved in various cases which are active. The City intends to vigorously defend its positions on these matters. Should any of these cases be settled unfavorably, the City has set aside the funds to cover the settlements. Therefore, these cases should not have an adverse effect on the City's financial condition.

**4.D. Joint Ventures**

Under Georgia law, the City, in conjunction with other cities and counties, is a member of the Chattahoochee Flint Regional Development Commission (RDC) and is required to pay annual dues thereto. Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the chief elected official 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 RDC. Separate financial statements may be obtained from the office located on Highway 34, Franklin, Georgia.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4 E. Component Units**

Blended Component Units

The activity and assets of the following two component units (Swimming Association and Area Convention and Visitors Bureau) which are functions of the Parks, Recreation, and Cultural Arts Department, were blended in the City's general fund financial statements. Component unit financial statements are available at the office of the Parks, Recreation and Cultural Arts Department, 118 S. White St., Carrollton, Georgia 30117.

Carrollton Swimming Association

This nonprofit group is the organization of parents who have children on the Carrollton Swim Team and support the activities financially, by dues and other fund raising activities. Annual costs are approximately \$137,100.

Carrollton Area Convention and Visitors Bureau

This entity superseded the Carroll County Area Convention and Visitors Bureau and is funded from a portion of the tax assessed on area motel and hotel receipts. Approximately \$87,000 was expended to promote tourism in the area this year.

Discretely Presented Component Units

Carrollton Redevelopment Authority

In September of 2000, the Carrollton Redevelopment Authority was reactivated for the sole purpose of issuing revenue bonds to provide advance funding for SPLOST construction projects which would be subsequently repaid with SPLOST revenue. On December 1, 2005, the City signed an intergovernmental agreement with Carroll County to provide immediate joint funding to the two governments by issuing \$15,050,000 in revenue bonds to the Carrollton Redevelopment Authority. This will enable the City and County to finance and reimburse the costs of the 2004 Special Purpose Local Option Sales Tax (SPLOST) projects. The City's portion of the revenue bonds was \$10,130,000, and the County's portion was \$4,920,000.



City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes – continued**

**4 E. Component Units – continued**

The City's and County's obligations to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal of and interest on the Bonds are absolute and unconditional. These obligations are secured by a pledge of the City's and County's full faith and credit and taxing powers and will not expire so long as any of the bonds remain outstanding and unpaid. The City and County has agreed to make payments directly to the Sinking Fund Custodian. The City and County make payments with respect to the project from the revenues received pursuant to the 2004 special one percent sales and use tax. The Authority's fiscal year end is June 30.

**4.F. Special Local Option Sales Tax**

1994 SPLOST

In 1993, the voters of Carroll County approved a one percent special local option sales tax (SPLOST) to finance street improvement and other capital projects in the County. On September 22, 1993, Carroll County entered into a contract with the various cities whereby the revenues for this tax would be shared with these cities to be used for street improvement and other capital projects. The City of Carrollton's allocable portion of total funds was 22.37%. The collection on this tax began April 1, 1994, through March 31, 1999. Remaining funds are earmarked for renovation of the train depot, for which the City received title on January 3, 2006.

2004 SPLOST

In 2003, the voters of Carroll County approved a one percent special local option sales tax (SPLOST) to finance various capital projects in the County. On August 7, 2003, Carroll County entered into a contract with the various cities whereby the revenues for this tax would be shared with these cities to be used for various capital projects. The City of Carrollton's allocable portion of total funds is 25.10%. The collection on this tax began April 1, 2004, and is to be collected for a period of no more than five years.

Activity in each SPLOST issue is accounted for in a separate capital project fund to reflect current major construction activity.

**4.G. Hotel/Motel Lodging Tax**

The City collects and disburses a hotel/motel tax in accordance with the provisions with OCGA 48-13-51. The total rate of 5% generated \$259,516 in tax receipts and is allocated as follows: 40% of total to the Carrollton Convention Center or \$103,806, 20% of total or \$51,903 to the Carroll County Chamber of Commerce, and 40% or \$103,806 retained by the City and spent in accordance with legal provisions.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes - continued**

**4.H. Contingent Liabilities and Commitments**

State Revolving Loan Agreement

The State revolving loan agreement requires that in the event the loan cannot be repaid from water fund revenues, the City has a general obligation to collect and apply sufficient tax to repay the principal and interest on the loan as required in the loan agreement.

The following reflects future project commitments and plans.

Bradley Street Depot Renovation

The Bradley Street train depot is scheduled to begin renovation during the summer of 2009. Renovations include building structure stabilization (foundation brick veneer, windows, and roof). The estimated cost of this project is \$500,000 and will be funded by the residual balance of the 1994 SPLOST.

Lake Carroll Dam

The design phase of the Lake Carroll Dam project has been completed and submitted to the Georgia EPD for Safe Dam Review. Due to extreme drought conditions, the project has been deferred indefinitely.

Sanitary Sewer I & I – Phase II

Phase I of this project to reduce inflow and infiltration (I & I) was completed in 2004. Phase II of this project was started in July of 2005, which included approximately \$220,000 in flow monitoring, surveying and sewer modeling; which allowed City crews to locate additional sources of I & I. The repair of known leakage points is underway. The 5-year plan for this project includes annual appropriations of \$600,000 to finish the sewer study and model, and affect repairs.

Membrane Project

The City is in the process of installing a membrane filtration system at the Carrollton Water Treatment Plant. The project is expected to be completed by April, 2009 at an estimated cost of \$7.5 million.

**4.I. Economic Dependency**

A significant portion of the water and sanitation funds service revenues are dependent on the business activity levels of commercial users.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes – continued**

**4.J Lease Agreement**

On January 26, 2004, the City entered into a lease agreement with the Community Action for Improvement, Inc. (CAFI), for a twenty year period extending through January 26, 2024, subject to the conditions of a grant from Georgia Department of Community Affairs (DCA). The City is leasing the Headstart building constructed in 2003 to CAFI for one dollar (\$1.00) per year. The City has agreed to maintain property and liability insurance on this building for the period of the lease. The property shall be reconveyed to the lessee (CAFI) in fee simple, upon the expiration or earlier termination of this lease provided the lessee has continued to use the facilities in a manner that complies with the “Continued Use of Facilities” statement set forth in the grant.

**4.K. Prior Period Adjustments**

Changes were made to the beginning net assets for the reasons stated below:

	General <u>Fund</u>
Fund balance – June 30, 2007, as previously stated	\$ 8,978,778
Cumulative adjustment to prior year accrued salaries for the recreation department	<u>(52,466)</u>
Fund balance – June 30, 2007, as restated	<u>\$ 8,926,312</u>
Net Assets – Governmental Activities June 30, 2007 as previously stated	\$ 87,638,293
Cumulative adjustment to prior year accrued salaries for the recreation department	<u>(52,466)</u>
Net Assets – Governmental Activities June 30, 2008, as restated	<u>\$ 87,585,827</u>

**4.L. Special Item – Donated Property**

On March 3, 2008, the Mayor and Council authorized the final transfer of approximately 246 acres of real property from the City of Carrollton to the Board of Regents of the University System of Georgia for the use of the University of West Georgia. The property transfer was recorded in the Water and Sewerage Fund as the City’s original use of the property was as a sludge application site. The donation was recorded at its initial value of \$589,767.

City of Carrollton, Georgia  
Notes to Basic Financial Statements  
June 30, 2008

**Note 4. Other Notes – continued**

**4.M. Property Exchange and Reversal between City of Carrollton and Carroll County**

On October 4, 2007, the City of Carrollton, Georgia, transferred to Carroll County, Georgia, two properties on Tanner and Bradley Streets in exchange for a permanent right of first refusal for the purchase of the College Street property owned by the County. Subsequently, after changing the location of the future Justice center, both parties determined that this property exchange should be rescinded. Attorneys for both parties have indicated that the reversal of this exchange will occur in 2009. Therefore, this transaction is not reflected in the City or the County financial statements for the year ended June 30, 2008.

**4.N. Subsequent Event**

On November 28, 2008, Carroll County issued \$40,500,000 of debt in the form of General Obligation Sales Tax Bonds, Series 2008 in order to fund (a) a portion of the 2009 SPLOST County projects and City of Carrollton projects, (b) capitalized interest on the Bonds and (c) the cost of issuing the Bonds. The City's portion of the debt was \$10,500,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Carrollton, Georgia  
 Budgetary Comparison Schedule - General Fund  
 For the Year Ended June 30, 2008

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Taxes	\$ 9,684,000	\$ 9,731,173	\$ 47,173
License and permits	3,452,000	3,553,329	101,329
Intergovernmental	881,820	1,427,449	545,629
Charges for services	1,126,459	1,162,268	35,809
Fines and forfeitures	900,000	1,237,708	337,708
Interest on invested funds	275,000	341,324	66,324
Contributions	00	288,861	288,861
Miscellaneous	<u>145,000</u>	<u>183,625</u>	<u>38,625</u>
Total revenues	<u>16,464,279</u>	<u>17,925,737</u>	<u>1,461,458</u>
Expenditures:			
General government	1,892,418	1,790,570	101,848
Public safety	9,677,117	9,098,221	578,896
Highways and streets	967,924	1,056,739	(88,815)
Landfill	63,708	65,604	(1,896)
Recreation and culture	5,016,678	5,744,068	(727,390)
Intergovernmental	<u>00</u>	<u>39,627</u>	<u>(39,627)</u>
Total expenditures	<u>17,617,845</u>	<u>17,794,829</u>	<u>(176,984)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,153,566)</u>	<u>130,908</u>	<u>1,284,474</u>
Other financing sources (uses):			
Transfers in (out)	918,566	955,375	36,809
Proceeds from GMA pooled lease	<u>235,000</u>	<u>00</u>	<u>(235,000)</u>
Total other financing sources (uses)	<u>1,153,566</u>	<u>955,375</u>	<u>(198,191)</u>
Excess of revenues over expenditures and other financing sources (uses)	00	1,086,283	1,086,283
Fund balance at beginning of year, as restated	<u>8,926,312</u>	<u>8,926,312</u>	<u>00</u>
Fund balance at end of year	<u>\$ 8,926,312</u>	<u>\$ 10,012,595</u>	<u>\$ 1,086,283</u>

See accompanying notes to required supplementary information.

City of Carrollton, Georgia  
Notes to Required Supplementary Information  
June 30, 2008

Budgets are prepared for all governmental 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 the modified accrual basis of accounting. The City does not use an encumbrance system which records commitments related to unperformed contracts for goods and services.

The following department's expenditures exceeded its budgeted appropriations by more than three percent.

Main Street	\$ 9,333
Human Resources Administration	7,990
Police Department	198,932
Street Department	87,101
Shop – Inventory Control	47,410
Cultural and Recreation	727,390
Intergovernmental	39,627

General fund revenue exceeded budgeted revenue by \$1,461,458.

In the future, actual expenditures will be compared to budgeted expenditures and budget amendments will be made when appropriate.

## **OTHER SUPPLEMENTARY INFORMATION**



City of Carrollton, Georgia  
 Budgetary Comparison Schedule - Major Debt Service Fund  
 For the Year Ended June 30, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 2,790,420	\$ 2,011,019	\$ (779,401)
Interest	<u>00</u>	<u>69,138</u>	<u>69,138</u>
Total revenues	<u>2,790,420</u>	<u>2,080,157</u>	<u>(710,263)</u>
Expenditures:			
Principal	2,635,000	3,820,000	(1,185,000)
Interest and other fees	<u>155,420</u>	<u>165,067</u>	<u>(9,647)</u>
Total expenditures	<u>2,790,420</u>	<u>3,985,067</u>	<u>(1,194,647)</u>
Deficiency of revenues over expenditures	00	(1,904,910)	(1,904,910)
Fund balance at beginning of year	<u>5,842,212</u>	<u>5,842,212</u>	<u>00</u>
Fund balance at end of year	<u>\$ 5,842,212</u>	<u>\$ 3,937,302</u>	<u>\$ (1,904,910)</u>

See accompanying notes to required supplementary information.

City of Carrollton  
Capital Projects Fund  
2004 Special Purpose Local Option Sales Tax  
Schedule of Revenues and Expenditures  
Budgetary Comparison Schedule - Major Capital Projects Fund  
**Project Budget and Actual, Project to Date**  
For the Period Ended June 30, 2008

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Carroll County SPLOST tax	\$ 21,335,000	\$ 14,721,057	\$ (6,613,943)
Grant revenue	00	134,497	134,497
Interest	00	9,521	9,521
Citizen donation	<u>00</u>	<u>100,000</u>	<u>100,000</u>
Total	<u>21,335,000</u>	<u>14,965,075</u>	<u>(6,369,925)</u>
Expenditures:			
Downtown Development Improvements	6,400,000	6,288,371	111,629
New Northeast Fire Substation	1,025,000	1,828,512	(803,512)
Recreation/Cultural Arts Improvements	4,275,000	2,700,602	1,574,398
Greenspace Acquisition	535,000	266,419	268,581
Lake Carroll Improvement/Reservoir	2,150,000	51,926	2,098,074
West Carrollton Revitalization	800,000	359,623	440,377
Economic Development	3,200,000	531,682	2,668,318
Sidewalk & Street Improvements	2,150,000	857,276	1,292,724
Public Utilities Improvements	<u>800,000</u>	<u>472,490</u>	<u>327,510</u>
	<u>21,335,000</u>	<u>13,356,901</u>	<u>7,978,099</u>
Excess of revenues over expenditures	<u>00</u>	<u>1,608,174</u>	<u>1,608,174</u>
Other sources and uses:			
Transfers to other funds	00	(8,942,338)	(8,942,338)
Transfers from other funds	<u>00</u>	<u>11,070,580</u>	<u>11,070,580</u>
Total other sources and uses	<u>00</u>	<u>2,128,242</u>	<u>2,128,242</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 00</u>	<u>\$ 3,736,416</u>	<u>\$ 3,736,416</u>

City of Carrollton, Georgia  
Non-major Governmental Funds  
Combining Balance Sheet  
June 30, 2008

Assets

	UDAG Fund	Hotel/Motel Tax Fund	Drug Seizure Fund	Regional Hazardous Material Team Fund	West Georgia Drug Task Force Fund	1994 Special Purpose Local Option Sales Tax Fund	Transportation Enhancement Activities Streetscape Fund	Total
Cash in bank	\$ 00	\$ 47,089	\$ 78,162	\$ 13,678	\$ 460,233	\$ 14,430	\$ 00	\$ 613,592
Receivable	00	23,229	00	00	30,762	540,013	00	594,004
Total assets	<u>\$ 00</u>	<u>\$ 70,318</u>	<u>\$ 78,162</u>	<u>\$ 13,678</u>	<u>\$ 490,995</u>	<u>\$ 554,443</u>	<u>\$ 00</u>	<u>\$ 1,207,596</u>

Liabilities and Fund Balance

Accounts and accrued payables	\$ 00	\$ 6,348	\$ 00	\$ 150	\$ 6,642	\$ 9,075	\$ 00	\$ 22,215
Unearned revenue	00	00	00	00	32,500	00	00	32,500
Due to other governments	00	00	00	00	10,910	00	00	10,910
Due to other funds	00	11,375	00	00	7,908	227,203	00	246,486
Seized funds awaiting disposition	00	00	3,778	00	52,828	00	00	56,606
Fund balance - restricted	<u>00</u>	<u>52,595</u>	<u>74,384</u>	<u>13,528</u>	<u>380,207</u>	<u>318,165</u>	<u>00</u>	<u>838,879</u>
Total liabilities and fund balance	<u>\$ 00</u>	<u>\$ 70,318</u>	<u>\$ 78,162</u>	<u>\$ 13,678</u>	<u>\$ 490,995</u>	<u>\$ 554,443</u>	<u>\$ 00</u>	<u>\$ 1,207,596</u>

City of Carrollton, Georgia  
Non-major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2008

	Special Revenue Funds					Capital Projects Funds		
	UDAG Fund	Hotel/Motel Tax Fund	Drug Seizure Fund	Regional Hazardous Material Team Fund	West Georgia Drug Task Force Fund	1994 Special Purpose Local Option Sales Tax Fund	Transportation Enhancement Activities Streetscape Fund	Total
Revenues:								
Forfeitures	\$ 00	\$ 00	\$ 76,768	\$ 00	\$ 95,210	\$ 00	\$ 00	\$ 171,978
Taxes	00	259,516	00	00	00	6,224	00	265,740
Interest	144	2,002	1,726	453	8,209	1,549	494	14,577
Intergovernmental	00	00	00	10,587	433,929	00	00	444,516
Other	00	00	00	3,000	49,319	00	00	52,319
Total revenues	144	261,518	78,494	14,040	586,667	7,773	494	949,130
Expenditures	83,191	164,868	70,791	12,148	506,877	245,332	00	1,083,207
Excess (deficiency) of revenues over expenditures	(83,047)	96,650	7,703	1,892	79,790	(237,559)	494	(134,077)
Other financing sources (uses):								
Operating transfer in (out) – other funds	00	(103,806)	00	00	39,427	00	(30,946)	(95,325)
Proceeds – sale of capital assets	00	00	00	00	24,093	00	00	24,093
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(83,047)	(7,156)	7,703	1,892	143,310	(237,559)	(30,452)	(205,309)
Fund balance at beginning of year	83,047	59,751	66,681	11,636	236,897	555,724	30,452	1,044,188
Fund balance at end of year	\$ 00	\$ 52,595	\$ 74,384	\$ 13,528	\$ 380,207	\$ 318,165	\$ 00	\$ 838,879

City of Carrollton, Georgia  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances – Budget and Actual (Budgetary Basis)  
Non-major Special Revenue Funds  
For the Year Ended June 30, 2008

	<b>HOTEL/MOTEL TAX</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 237,000	\$ 259,516	\$ 22,516
Interest	<u>3,000</u>	<u>2,002</u>	<u>(998)</u>
Total revenues	<u>240,000</u>	<u>261,518</u>	<u>21,518</u>
Expenditures:			
Economic development	<u>240,000</u>	<u>164,868</u>	<u>75,132</u>
Total expenditures	<u>240,000</u>	<u>164,868</u>	<u>75,132</u>
Excess of revenues over expenditures	00	96,650	96,650
Transfers out	00	(103,806)	(103,806)
Fund balances at beginning of year	<u>59,751</u>	<u>59,751</u>	<u>00</u>
Fund balances at end of year	<u>\$ 59,751</u>	<u>\$ 52,595</u>	<u>\$ (7,156)</u>

	<b>DRUG SEIZURE FUND</b>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Seized funds - forfeitures	\$ 5,000	\$ 76,768	\$ 71,768
Interest	<u>500</u>	<u>1,726</u>	<u>1,226</u>
Total revenues	<u>5,500</u>	<u>78,494</u>	<u>72,994</u>
Expenditures:			
Maintenance and operations	5,500	4,733	767
Capital expenditures	<u>00</u>	<u>66,058</u>	<u>(66,058)</u>
Total expenditures	<u>5,500</u>	<u>70,791</u>	<u>(65,291)</u>
Excess of revenues over expenditures	00	7,703	7,703
Fund balances at beginning of year	<u>66,681</u>	<u>66,681</u>	<u>00</u>
Fund balances at end of year	<u>\$ 66,681</u>	<u>\$ 74,384</u>	<u>\$ 7,703</u>

City of Carrollton, Georgia  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances – Budget and Actual (Budgetary Basis)  
Non-major Special Revenue Funds  
For the Year Ended June 30, 2008

**REGIONAL HAZARDOUS MATERIAL TEAM FUND**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant revenue	\$ 00	\$ 10,587	\$ 10,587
Service revenue	2,000	3,000	1,000
Interest	600	453	(147)
Total revenues	<u>2,600</u>	<u>14,040</u>	<u>11,440</u>
Expenditures:			
Maintenance and training	<u>2,600</u>	<u>12,148</u>	<u>(9,548)</u>
Total expenditures	<u>2,600</u>	<u>12,148</u>	<u>(9,548)</u>
Excess of revenues over expenditures	00	1,892	1,892
Fund balances at beginning of year	<u>11,636</u>	<u>11,636</u>	<u>00</u>
Fund balances at end of year	<u>\$ 11,636</u>	<u>\$ 13,528</u>	<u>\$ 1,892</u>

**WEST GEORGIA DRUG TASK FORCE**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant	\$ 264,750	\$ 264,750	\$ 00
Agency contributions and match	155,606	169,179	13,573
Forfeitures	00	95,210	95,210
Interest	00	8,209	8,209
Contributions	00	40,000	40,000
Miscellaneous	00	9,319	9,319
Total revenues	<u>420,356</u>	<u>586,667</u>	<u>166,311</u>
Expenditures:			
Wages and benefits	328,628	328,628	00
Other operating expenditures	91,728	116,740	(25,012)
District attorney's fees	00	8,073	(8,073)
Capital expenditures	00	53,436	(53,436)
Total expenditures	<u>420,356</u>	<u>506,877</u>	<u>(86,521)</u>
Excess of revenues over expenditures	00	79,790	79,790
Proceeds from sale of capital asset	00	24,093	24,093
Transfers from general fund	<u>00</u>	<u>39,427</u>	<u>39,427</u>
Excess of revenues and other sources over expenditures	00	143,310	143,310
Fund balances at beginning of year	<u>236,897</u>	<u>236,897</u>	<u>00</u>
Fund balances at end of year	<u>\$ 236,897</u>	<u>\$ 380,207</u>	<u>\$ 143,310</u>

City of Carrollton  
Capital Projects Fund  
1994 Special Purpose Local Option Sales Tax  
Schedule of Revenues and Expenditures  
Non-major Capital Projects Funds  
**Project Budget and Actual, Project to Date**  
For the Period Ended June 30, 2008

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Carroll County SPLOST tax	\$ 7,125,000	\$ 10,247,993	\$ 3,122,993
Intergovernmental			
Georgia Department of Transportation	00	781,717	781,717
Other governmental	00	383,023	383,023
Interest	00	178,678	178,678
Other	<u>00</u>	<u>48,221</u>	<u>48,221</u>
Total revenues	<u>7,125,000</u>	<u>11,639,632</u>	<u>4,514,632</u>
Expenditures:			
Paving, road improvements and Depot	6,400,000	10,469,728	(4,069,728)
Recreation and culture	<u>725,000</u>	<u>872,932</u>	<u>(147,932)</u>
Total expenditures	<u>7,125,000</u>	<u>11,342,660</u>	<u>(4,217,660)</u>
Excess of revenues over expenditures	<u>00</u>	<u>296,972</u>	<u>296,972</u>
Other uses:			
Transfers to other funds	00	(32,267)	(32,267)
Transfers from other funds	<u>00</u>	<u>53,460</u>	<u>53,460</u>
Total other uses	<u>00</u>	<u>21,193</u>	<u>21,193</u>
Excess of revenues over expenditures and other uses	<u>\$ 00</u>	<u>\$ 318,165</u>	<u>\$ 318,165</u>

City of Carrollton  
Capital Projects Fund  
Transportation Enhancement Activities Streetscape Fund  
STP-0000-00(110)  
Schedule of Revenues and Expenditures  
Non-major Capital Projects Funds  
**Project Budget and Actual, Project to Date**  
For the Period Ended June 30, 2008

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Grant revenue	\$ 1,000,000	\$ 1,000,000	\$       00
Interest income	<u>          00</u>	<u>          5,193</u>	<u>          5,193</u>
Total revenues	<u>1,000,000</u>	<u>1,005,193</u>	<u>          5,193</u>
Expenditures:			
Streetscape project	<u>1,250,000</u>	<u>1,308,352</u>	<u>     (58,352)</u>
Total expenditures	<u>1,250,000</u>	<u>1,308,352</u>	<u>     (58,352)</u>
Deficiency of revenues over expenditures	<u>     (250,000)</u>	<u>     (303,159)</u>	<u>     (53,159)</u>
Other financing sources:			
Transfers from other funds	<u>     250,000</u>	<u>     334,105</u>	<u>      84,105</u>
Total other financing sources	<u>     250,000</u>	<u>     334,105</u>	<u>      84,105</u>
Excess of revenues and other sources over expenditures	<u>\$        00</u>	<u>\$   30,946</u>	<u>\$   30,946</u>



City of Carrollton, Georgia  
General Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (GAAP Basis)  
Includes Capital Outlays within Departments  
For the Year Ended June 30, 2008

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Real, intangible and personal property	\$ 3,349,000	\$ 3,345,827	\$ (3,173)
Auto and mobile homes	260,000	216,189	(43,811)
Sales - local option	4,315,000	4,423,014	108,014
Insurance premium tax	1,100,000	1,084,596	(15,404)
Beer and wine tax	660,000	661,547	1,547
Licenses and permits:			
Occupation tax	930,000	974,519	44,519
Building, electric and plumbing permits	250,000	141,910	(108,090)
Franchise fees	2,052,000	2,255,097	203,097
Alcoholic beverage license	220,000	181,803	(38,197)
Intergovernmental:			
State and federal -			
Emergency Assistance Grants	50,000	384,283	334,283
Recreation Department -			
Parks Grants	00	28,500	28,500
Nutrition Program Grant	90,640	96,741	6,101
Employee Health Grant	00	10,000	10,000
Carroll County -			
Recreation program	100,000	156,469	56,469
Fire department	582,180	582,180	00
Landfill personnel reimbursement	59,000	63,002	4,002
Tourism	00	8,009	8,009
Carrollton School Board	00	98,265	98,265
Charges for services:			
Recreation Department program fees	1,126,459	1,162,268	35,809
Fines and forfeitures	900,000	1,237,708	337,708
Interest on invested funds	275,000	341,324	66,324
Contributions	00	288,861	288,861
Miscellaneous:			
Insurance reimbursements	00	28,061	28,061
Rents	00	98,755	98,755
Other	<u>145,000</u>	<u>56,809</u>	<u>(88,191)</u>
Total revenues	<u>\$ 16,464,279</u>	<u>\$ 17,925,737</u>	<u>\$ 1,461,458</u>

City of Carrollton, Georgia  
General Fund  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual (GAAP Basis) - continued  
Includes Capital Outlays within Departments  
For the Year Ended June 30, 2008

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
General government	\$ 1,892,418	\$ 1,790,570	\$ 101,848
Public safety	9,677,117	9,098,221	578,896
Highways and streets	967,924	1,056,739	(88,815)
Landfill	63,708	65,604	(1,896)
Cultural and recreation	5,016,678	5,744,068	(727,390)
Intergovernmental	00	39,627	(39,627)
Total expenditures	<u>17,617,845</u>	<u>17,794,829</u>	<u>(176,984)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,153,566)</u>	<u>130,908</u>	<u>1,284,474</u>
Other financing sources (uses):			
Operating transfers in	933,566	994,802	61,236
Operating transfers out	(15,000)	(39,427)	(24,427)
Proceeds from GMA pooled lease	<u>235,000</u>	<u>00</u>	<u>(235,000)</u>
Total other financing sources (uses)	<u>1,153,566</u>	<u>955,375</u>	<u>(198,191)</u>
Excess of revenues and other sources over expenditures and other uses	00	1,086,283	1,086,283
Fund balance at beginning of year, as restated	<u>8,926,312</u>	<u>8,926,312</u>	<u>00</u>
Fund balance at end of year	<u>\$ 8,926,312</u>	<u>\$ 10,012,595</u>	<u>\$ 1,086,283</u>

City of Carrollton, Georgia  
General Fund  
Schedule of Expenditures, Compared to Budget (GAAP Basis) – by Departments  
For the Year Ended June 30, 2008

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government:			
Mayor and council	\$ 90,760	\$ 88,661	\$ 2,099
City manager's office	232,686	233,387	(701)
General administration	571,759	535,446	36,313
Building inspections	252,412	220,662	31,750
Planning administration	194,587	159,977	34,610
Main Street	66,075	75,408	(9,333)
Human resources administration	183,436	191,426	(7,990)
Legal	71,000	56,739	14,261
Finance and purchasing	<u>229,703</u>	<u>228,864</u>	<u>839</u>
Total general government	<u>1,892,418</u>	<u>1,790,570</u>	<u>101,848</u>
Public Safety:			
Police department	5,358,017	5,556,949	(198,932)
Fire department	<u>4,319,100</u>	<u>3,541,272</u>	<u>777,828</u>
Total public safety	<u>9,677,117</u>	<u>9,098,221</u>	<u>578,896</u>
Highway and Streets:			
Street department	187,561	274,662	(87,101)
Engineering department	526,129	485,308	40,821
General maintenance	146,093	140,191	5,902
Garage	108,141	109,168	(1,027)
Shop	<u>00</u>	<u>47,410</u>	<u>(47,410)</u>
Total highways and streets	<u>967,924</u>	<u>1,056,739</u>	<u>(88,815)</u>
Landfill	<u>63,708</u>	<u>65,604</u>	<u>(1,896)</u>
Cultural and recreation:			
Parks and recreation	4,788,926	5,516,320	(727,394)
West Georgia Regional Library	<u>227,752</u>	<u>227,748</u>	<u>4</u>
Total cultural and recreation	<u>5,016,678</u>	<u>5,744,068</u>	<u>(727,390)</u>
Intergovernmental	<u>00</u>	<u>39,627</u>	<u>(39,627)</u>
Total expenditures	<u>\$ 17,617,845</u>	<u>\$ 17,794,829</u>	<u>\$ (176,984)</u>

City of Carrollton, Georgia  
Water and Sewerage System Enterprise Fund  
Schedule of Revenues and Expenses  
Budget and Actual (Non-GAAP Basis)  
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Operating revenues:			
Water sales	\$ 5,600,000	\$ 5,644,011	\$ 44,011
Sewer fees and surcharges	4,275,000	4,235,873	(39,127)
Water and sewer tap fees	<u>600,000</u>	<u>1,002,005</u>	<u>402,005</u>
Total operating revenues	<u>10,475,000</u>	<u>10,881,889</u>	<u>406,889</u>
Expenses:			
General operations	764,840	826,910	(62,070)
Filter plant	1,760,091	1,855,531	(95,440)
Systems upkeep	1,694,900	1,857,306	(162,406)
Sewerage treatment plant	2,564,415	2,654,011	(89,596)
Water support services	444,755	418,796	25,959
Facilities maintenance	<u>458,075</u>	<u>473,876</u>	<u>(15,801)</u>
Total operating expenses	<u>7,687,076</u>	<u>8,086,430</u>	<u>(399,354)</u>
Excess of operating revenues over operating expenses	<u>2,787,924</u>	<u>2,795,459</u>	<u>7,535</u>
Non-operating revenues, (expenses) and other financing sources and (uses):			
Bond proceeds	00	3,214,779	3,214,779
Interest income	300,000	183,298	(116,702)
Miscellaneous	100,000	41,012	(58,988)
SPLOST transfers	00	1,342,144	1,342,144
Capital contributions	00	2,178,135	2,178,135
Water projects - construction and engineering	(1,518,181)	(10,482,569)	(8,964,388)
Payments - GMA loan - principal and interest	(14,516)	(17,323)	(2,807)
Payments - State Revolving - principal and interest	(407,512)	(406,484)	1,028
Payments - GEFA loan - principal and interest	(153,762)	(153,762)	00
Payment - 1993 Revenue Bond interest	(46,540)	(93,080)	(46,540)
Payment - 1993 Revenue Bond principal	(280,000)	(280,000)	00
Payment - 1997 Revenue Bond - interest	(38,552)	(87,999)	(49,447)
Payment - 1997 Revenue Bond - principal	(124,752)	(124,752)	00
Rents	64,000	67,018	3,018
Transfer to General Fund	(668,109)	(666,106)	2,003
Transfers to other governments	<u>00</u>	<u>(589,767)</u>	<u>(589,767)</u>
	<u>(2,787,924)</u>	<u>(5,875,456)</u>	<u>(3,087,532)</u>
Excess of revenues and other sources over expenses and other financing uses	<u>\$ 00</u>	<u>\$ (3,079,997)</u>	<u>\$ (3,079,997)</u>

City of Carrollton, Georgia  
Sanitation Enterprise Fund  
Schedule of Revenues and Expenses  
Budget and Actual (Non-GAAP Basis)  
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Operating revenues:				
Garbage and landfill fees	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,741,364</u>	<u>\$ 341,364</u>
Total operating revenues	<u>3,400,000</u>	<u>3,400,000</u>	<u>3,741,364</u>	<u>341,364</u>
Operating expenses	<u>3,146,520</u>	<u>3,146,520</u>	<u>2,954,959</u>	<u>191,561</u>
Excess of operating revenues over operating expenses	<u>253,480</u>	<u>253,480</u>	<u>786,405</u>	<u>532,925</u>
Non-operating revenues, (expenses) and other financing sources and (uses):				
Payments – GMA loan – principal and interest	(71,023)	(71,023)	(84,753)	(13,730)
Interest income	20,000	20,000	53,098	33,098
Miscellaneous income	00	00	228	228
Interfund transfers	<u>(202,457)</u>	<u>(202,457)</u>	<u>(193,944)</u>	<u>8,513</u>
	<u>(253,480)</u>	<u>(253,480)</u>	<u>(225,371)</u>	<u>28,109</u>
Excess of operating revenues and other sources over operating expenses and other uses	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 561,034</u>	<u>\$ 561,034</u>

City of Carrollton, Georgia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Grantors' Number</u>	<u>Agency or Pass-Through Federal Expenditures</u>
<u>Department of Homeland Security:</u>			
Passed through State Agency:			
Georgia Emergency Management Agency:			
Public Assistance Grant	97.036	045-13492-00 (FEMA-3218-EM-GA)	\$ 19,337
Public Assistance Grant	97.036	045-13492-00 (FEMA-1761-DR-GA)	<u>358,946</u> <u>378,283</u>
Haz-Mat Equipment Grant	97.004	045-13492-03 GAN#2004-GE-T4-0012	<u>10,587</u>
Total Department of Homeland Security			
<u>Department of Health &amp; Human Services:</u>			
Passed through State Agency:			
Chattahoochee Flint ADP – Nutrition services – Special Projects for Aging Title III, Part C:	93.045	427-93-90111	<u>96,741</u>
<u>Department of Justice:</u>			
State Criminal Justice Coordinating Council:			
West Georgia Drug Task Force	16.579	B97-8-010	<u>264,750</u>
Total expenditures of federal awards			<u>\$ 750,361</u>

The schedule of expenditures of federal awards includes the federal grant activity of the City of Carrollton and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

City of Carrollton, Georgia  
Notes To Schedule of Expenditures of Federal Awards

Note 1. Significant Accounting Policies

*Basis of Presentation*

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

*Measurement Focus*

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

*Program Type Determination*

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

*Method of Major Program Selection*

The risk based approach was used in the selection of federal programs to be tested as major programs. The City qualified as a low-risk auditee for the fiscal year ended June 30, 2008.

*Amount Provided to Subrecipients*

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

City of Carrollton, Georgia  
Schedule of Projects Constructed with 1994 Special Purpose  
Local Option Sales Tax Proceeds  
For the Year Ended June 30, 2008

	<u>Expenditures and Adjustments</u>			
	Original Estimated <u>Cost</u>	Prior <u>Years</u>	Current <u>Year</u>	<u>Total</u>
Transportation improvements and depot	\$ 6,400,000	\$ 9,468,681	\$ 245,332	\$ 9,714,013
Recreation improvements	<u>725,000</u>	<u>733,705</u>	<u>00</u>	<u>733,705</u>
	<u>\$ 7,125,000</u>	<u>\$ 10,202,386</u>	<u>\$ 245,332</u>	<u>\$ 10,447,718</u>



City of Carrollton, Georgia  
Schedule of Projects Constructed with 2004 Special Purpose  
Local Option Sales Tax Proceeds  
For the Year Ended June 30, 2008

	Original Estimated <u>Cost</u>	<u>Expenditures</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Downtown Development Improvements	\$ 6,400,000	\$ 2,621,214	\$ 3,666,921	\$ 6,288,135
New Northeast Fire Substation	1,025,000	358,956	1,469,209	1,828,165
Recreation/Cultural Arts Improvements	4,275,000	2,695,664	9,142	2,704,806
Greenspace Acquisition	535,000	188,048	78,024	266,072
Lake Carroll Improvement/Reservoir	2,150,000	124,591	1,342,144	1,466,735
West Carrollton Revitalization	800,000	359,276	00	359,276
Economic Development	3,200,000	215,366	315,082	530,448
Sidewalk & Street Improvements	2,150,000	676,890	180,038	856,928
Public Utilities Improvements	<u>800,000</u>	<u>472,143</u>	<u>00</u>	<u>472,143</u>
	<u>\$ 21,335,000</u>	<u>\$ 7,712,148</u>	<u>\$ 7,060,560</u>	<u>\$ 14,772,708</u>

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



Garrett  
Stephens  
Thomas &  
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	James W. Garrett	CPA
Frederick G. Thomas	CPA	Brandy C. Smith	CPA
Deborah W. Cooke	CPA	Julie M. George	CPA
Johanna H. Tallent	CPA	Heather B. Foster	CPA

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

Honorable Mayor and City Council  
City of Carrollton, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Carrollton, Georgia, as of and for the year ended June 30, 2008, which collectively comprise the City of Carrollton, Georgia's basic financial statements, and have issued our report thereon dated April 22, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Carrollton, Georgia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carrollton, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Carrollton, Georgia's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Carrollton, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Carrollton, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the City of Carrollton, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe one significant deficiency described is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carrollton, 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Carrollton, Georgia, in a separate letter dated April 22, 2009.

The City of Carrollton's response to the finding in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the City of Carrollton, Georgia's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the organization and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Barrett, Stephens, Thomas & Fazio, PC.*

April 22, 2009

Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133



Garrett  
Stephens  
Thomas &  
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council  
City of Carrollton, Georgia

Compliance

We have audited the compliance of the City of Carrollton, Georgia, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The City of Carrollton, Georgia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Carrollton's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Carrollton, Georgia, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

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

Honorable Mayor and City Council  
City of Carrollton, Georgia

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

*Barrett, Stephens, Thomas & Fazio, P.C.*

April 22, 2009

City of Carrollton, Georgia  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Carrollton, Georgia.
2. Two significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. One is considered to be a material weakness.
3. Instances of noncompliance material to the financial statements of the City of Carrollton, Georgia were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance Performed in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Carrollton, Georgia expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the City of Carrollton, Georgia are reported in Part C of this schedule.
7. The program tested as the major program was the Homeland Security, Public Assistance Grant - CFDA# 97.036.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Carrollton, Georgia was determined not to be a low-risk auditee.

B. Findings - Financial Statements Audit

SIGNIFICANT DEFICIENCY:

2008 - 1. Segregation of Duties

- a. Criteria – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.
- b. Condition – There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain departments and component units.
- c. Effect – The possibility that errors or irregularities will occur and not be detected on a timely basis in the normal course of business.
- d. Cause – The limited number of personnel to perform all of the required duties
- e. Recommendation – We suggest that segregation of duties be implemented to the extent practical and accounting records be reviewed by responsible officials on a regular basis.
- f. Management's response – We concur with the recommendation. City management will work to continually improve and implement as many procedures as possible to improve internal controls in this area.



City of Carrollton, Georgia  
Schedule of Findings and Questioned Costs - continued  
For the Year Ended June 30, 2008

B. Findings - Financial Statements Audit - continued

MATERIAL WEAKNESS:

2008 - 2. Activity Not Recorded (Cultural and Recreation Department)

- a. Criteria – Completeness of transactions is required for financial statements to be properly stated.
- b. Condition – Activity in certain Cultural and Recreation Department accounts was not recorded causing a material adjustment to the financial statements.
- c. Effect – Expenses of the Cultural and Recreation Department were significantly understated.
- d. Cause – The Cultural and Recreation Department was merged with the City's general fund departments beginning FY 2008, but the recreation cash account was not recorded on the general fund.
- e. Recommendation – We suggest that all activity be recorded and reconciled on a regular basis.
- f. Management's response – We concur with the recommendation. City management will extend regular monthly accounting procedures to include all Cultural and Recreation Department accounts.

C. Findings and Questioned Costs - Major Federal Awards Program Audit

None reported.

City of Carrollton, Georgia  
Summary Schedule of Prior Audit Findings – Federal Awards  
For the Year Ended June 30, 2008

No matters are reportable.