

CITY OF CARROLLTON, GEORGIA

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

And

Independent Auditor's Report

City of Carrollton, Georgia
June 30, 2011

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City of Carrollton, Georgia

June 30, 2011

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City of Carrollton, Georgia
List of Principal City Officials
June 30, 2011

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

FINANCIAL SECTION



Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Ann M. Fazio	CPA	Brandy C. Smith	CPA
Frederick G. Thomas	CPA	Julie M. George	CPA
Deborah W. Cooke	CPA	Amber E. Ash	CPA
Johanna H. Tallent	CPA	Kevin G. Bush	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, 2011, 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, 2011, 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 January 12, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information on pages 6 through 13 and 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Darrett, Stephens, Thomas & Yazio, P.C.

January 16, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

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, 2011. Please read it in conjunction with the City's financial statements, which begin on page 14.

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 14 and 15) 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 16. 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 14. 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. This entity was closed this fiscal year.

Reporting the City's Most Significant Funds

Fund Financial Statements

Our analysis of the City's major funds begins on page 16 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 \$161,860,604 (after prior period adjustment) in 2010 to \$165,038,224 in 2011, an increase of \$3,177,640. 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 increased from \$92,184,730 (after prior period adjustment) in 2010 to \$93,723,643 in 2011, an increase of \$1,538,913. Unrestricted net assets for governmental activities decreased from \$11,731,926 in 2010 to \$11,654,940 in 2011, a decrease of \$76,986.

Total net assets for business-type activities increased from \$69,675,874 in 2010 to \$71,314,601 in 2011. The statement of Net Assets for Business-type Activities shows unrestricted net assets of \$5,189,460 for 2011, as opposed to \$2,984,390 for 2010.

City of Carrollton
Table 1 - Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	(Restated) <u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	(Restated) <u>2010</u>
Current assets	\$ 22,477,361	\$ 21,717,822	\$ 6,652,178	\$ 4,384,299	\$ 29,129,539	\$ 26,102,121
Restricted assets	00	00	1,273,567	1,157,244	1,273,567	1,157,244
Capital assets, net	81,114,803	81,847,402	74,018,526	75,830,376	155,133,329	157,677,778
Noncurrent assets	<u>00</u>	<u>00</u>	<u>72,599</u>	<u>103,905</u>	<u>72,599</u>	<u>103,905</u>
Total assets	<u>103,592,164</u>	<u>103,565,224</u>	<u>82,016,870</u>	<u>81,475,824</u>	<u>185,609,034</u>	<u>185,041,048</u>
Current liabilities	1,923,903	1,981,626	2,761,665	2,632,998	4,685,568	4,614,624
Noncurrent liabilities	<u>7,944,618</u>	<u>9,398,868</u>	<u>7,940,604</u>	<u>9,166,952</u>	<u>15,885,222</u>	<u>18,565,820</u>
Total liabilities	<u>9,868,521</u>	<u>11,380,494</u>	<u>10,702,269</u>	<u>11,799,950</u>	<u>20,570,790</u>	<u>23,180,444</u>
Net assets:						
Invested in capital assets, net of related debt	73,529,223	73,725,412	64,851,574	65,534,241	138,380,797	139,259,653
Restricted:						
Capital projects	6,175,302	5,211,750	181,164	26,890	6,356,466	5,238,640
Debt service	333,293	203,665	1,092,403	1,130,353	1,425,696	1,334,018
Other purposes	2,030,885	1,311,977	00	00	2,030,885	1,311,977
Unrestricted	<u>11,654,940</u>	<u>11,731,926</u>	<u>5,189,460</u>	<u>2,984,390</u>	<u>16,844,400</u>	<u>14,716,316</u>
Total net assets	<u>\$ 93,723,643</u>	<u>\$ 92,184,730</u>	<u>\$ 71,314,601</u>	<u>\$ 69,675,874</u>	<u>\$ 165,038,244</u>	<u>\$ 161,860,604</u>

Changes in Net Assets

The City's combined change in net assets increased from \$330,317 in 2010 to \$3,177,640 in 2011. 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 \$25,921,872 (excluding transfers). This total represents an increase of \$280,720 (1%) over the FY2010 total of \$25,641,152.

Expenses for the City's governmental activities totaled \$25,229,547 (excluding transfers). This total represents a decrease of \$1,661,341 (6%) over the FY2010 total of \$26,890,888. This net increase was primarily attributable to the following:

- A decrease in expenses of the General Fund.
- A decrease in expenses of the 2004 SPLOST Fund.
- A decrease in expenses of the 2009 SPLOST Fund.
- An increase in expenses of the Neighborhood Stabilization Program Fund.

Business-Type Activities

Revenues for the City's business-type activities totaled \$15,010,777 (excluding capital grants and contributions, interest, and miscellaneous). This represents an increase of \$1,682,596 (13%) over the FY2010 total of \$13,328,181. This increase resulted from an increase in tap revenue, as well as a rate increase implemented in January 2011. Operating expenses for the City's business activities totaled \$12,849,889 (excluding transfers), a decrease of \$224,285 (2%) from the fiscal year 2010 total of \$13,074,174.

The operating revenues are as follows:

	<u>2011</u>	<u>2010</u>
Charges for services:		
Water and sewer fees & charges	\$ 11,126,653	9,420,551
Garbage and landfill fees	<u>3,884,124</u>	<u>3,907,630</u>
Total	<u>\$ 15,010,777</u>	<u>\$ 13,328,181</u>

The non-operating revenues (expenses) consist of the following material changes from FY2010 to FY2011:

- Capital contributions decreased from \$440,817 in FY2010 to \$137,000 in FY2011, a decrease of \$303,817 (69%).
- A GEFA capital grant received in the water and sewer fund in 2010 for \$500,000, and none in 2011.

City of Carrollton
Table 2 - Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,442,310	\$ 3,655,815	\$ 15,010,777	\$ 13,328,181	\$ 18,453,087	\$ 16,983,996
Operating grants & contributions	4,579,458	4,574,407	00	139,220	4,579,458	4,713,627
Capital grants & contributions	5,278,143	5,048,673	137,000	940,817	5,415,143	5,989,490
General revenues:						
Property taxes	3,566,387	3,695,338	00	00	3,566,387	3,695,338
Franchise & public service taxes	3,411,381	3,154,893	00	00	3,411,381	3,154,893
Sales tax	3,898,782	3,955,482	00	00	3,898,782	3,955,482
Other taxes	891,237	872,421	00	00	891,237	872,421
Payments from component unit	209,493	00	00	00	209,493	00
Interest and investment earnings	94,121	240,994	15,312	8,652	109,433	249,646
Contributions	68,493	56,607	00	00	68,493	56,607
Miscellaneous	482,067	385,509	172,115	237,357	654,182	622,866
Gain on sale of asset	00	1,013	00	00	00	1,013
Total revenues	<u>25,921,872</u>	<u>25,641,152</u>	<u>15,335,204</u>	<u>14,654,227</u>	<u>41,257,076</u>	<u>40,295,379</u>
Expenses:						
Program expenses:						
General government	1,721,280	1,560,039		00	1,721,280	1,560,039
Public safety	10,866,646	10,981,696	00	00	10,866,646	10,981,696
Highways and streets	3,871,682	4,600,242	00	00	3,871,682	4,600,242
Landfill	69,761	69,183	00	00	69,761	69,183
Recreation and culture	5,905,198	5,902,066	00	00	5,905,198	5,902,066
Economic development	2,387,651	3,299,903	00	00	2,387,651	3,299,903
Water and sewer	00	00	9,417,089	9,924,460	9,417,089	9,924,460
Sanitation	00	00	3,432,800	3,149,714	3,432,800	3,149,714
Interest on long-term debt	<u>407,329</u>	<u>477,759</u>	<u>00</u>	<u>00</u>	<u>407,329</u>	<u>477,759</u>
Total expenses	<u>25,229,547</u>	<u>26,890,888</u>	<u>12,849,889</u>	<u>13,074,174</u>	<u>38,079,436</u>	<u>39,965,062</u>
Transfers	<u>846,588</u>	<u>1,079,604</u>	<u>(846,588)</u>	<u>(1,079,604)</u>	<u>00</u>	<u>00</u>
Change in net assets	1,538,913	(170,132)	1,638,727	500,449	3,177,640	330,317
Net assets, beginning of year	94,209,228	94,891,167	69,675,874	69,175,425	163,885,102	164,066,592
Prior period adjustments	<u>(2,024,498)</u>	<u>(511,807)</u>	<u>00</u>	<u>00</u>	<u>(2,024,498)</u>	<u>(511,807)</u>
Net assets, end of year	<u>\$ 93,723,643</u>	<u>\$ 94,209,228</u>	<u>\$ 71,314,601</u>	<u>\$ 69,675,874</u>	<u>\$ 165,038,244</u>	<u>\$ 163,885,102</u>

The City's Funds

As the City completed FY2011, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$19,435,615. This represents an increase of \$695,816 over the combined fund balance for FY2010 (after prior period adjustment for 2010). The City's proprietary funds (as presented in the balance sheet on page 19 and 20) reported combined unrestricted net assets available for appropriation in the amount of \$5,189,460. This represents an increase of \$2,205,070 over the combined net assets available for appropriation for FY2010, and is due to, as previously discussed, increase in tap revenue and the utilities rate increase implemented in January, 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

General Fund budgetary highlights discussed below are shown in Table 3. Total actual revenue was over total budgeted revenue by \$442,005. Of this amount, tax revenue on property exceeded budget by \$150,148. Tax revenue on automobiles and mobile homes was \$37,805 under budget. Sales tax revenue was \$214,235 under budget, and other taxes under by \$79,480. These negative budget variances can be attributed to the continuing economic recession our country is experiencing.

Revenue from licenses and permits was realized at an amount of \$166,724 over budget projections.

Intergovernmental revenues were realized at an amount of \$77,028 over budget projections. Of this amount, \$13,464 was the Fire Assistance Grant used to hire personnel to staff the new Northside Fire Station, and \$15,394 was the Police Grant used to hire additional patrol officers, \$1,380 for miscellaneous other grants, and \$40,787 for the Nutrition Program Grant. Carroll County recreation reimbursements were realized at an amount of \$37,340 over budget. Carrollton Convention and Visitor's Bureau reimbursements were realized at an amount of \$16,564 over budget. Reimbursements from the Carrollton City Schools for the School Resource Officer and the School Crossing Guards salary and benefits were realized at an amount of \$48,828 under budget.

Recreation Department program fee revenue was realized at an amount of \$324,563 over budget projection. This result reflects higher than anticipated utilization of the City's Recreation Department programs and services.

Fines and Forfeitures were realized at an amount of \$16,573 over budget

Interest on invested funds was realized at an amount of \$14,515 over budget.

Table 3 – General Fund Revenues

	-----2011-----			-----2010-----		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 9,364,430	\$ 9,183,058	\$ (181,372)	\$ 9,295,112	\$ 9,422,385	\$ 127,273
Licenses and permits	3,469,414	3,636,138	166,724	3,515,000	3,249,605	(265,395)
Intergovernmental	1,482,180	1,559,208	77,028	1,350,180	1,736,563	386,383
Charges for services	834,995	1,159,558	324,563	983,000	1,108,626	125,626
Fines and forfeitures	800,000	816,573	16,573	800,000	1,176,496	376,496
Interest on invested funds	75,000	89,515	14,515	125,000	141,854	16,854
Miscellaneous	263,000	218,481	(44,519)	238,000	213,433	(24,567)
Contributions	00	68,493	68,493	00	56,607	56,607
Total	<u>\$ 16,289,019</u>	<u>\$ 16,731,024</u>	<u>\$ 442,005</u>	<u>\$ 16,306,292</u>	<u>\$ 17,105,569</u>	<u>\$ 799,277</u>

Expenditures

General Fund expenditure highlights discussed below are shown in Table 4. The City completed FY2011 with a total of \$17,458,165 in General Fund operating expenditures. The operating budget for these expenditures totaled \$17,352,138 resulting in expenditures exceeding budgeted amounts by a net total of \$106,027. Expenditures for General Government and Public Safety were under budget by \$104,633 and \$106,101 respectively. Expenditures for Cultural and Recreation exceeded budget by \$319,292. This budget overage was due to utility costs being over budget in the amount of \$81,622, and programs and services expenditures being over budget in the amount of \$232,825 and are due to the increased utilization of Recreation Programs and services by citizens. As discussed earlier, this budget variance is offset by Parks and Recreation revenues exceeding budgeted amount by \$324,563.

Table 4 – General Fund Operating Expenditures

	-----2011-----			-----2010-----		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 1,455,266	\$ 1,350,633	\$ 104,633	\$ 1,569,960	\$ 1,449,452	\$ 120,508
Public safety	9,981,761	9,875,660	106,101	9,866,015	9,930,298	(64,283)
Highways and streets	974,051	969,929	4,122	917,456	965,537	(48,081)
Landfill	68,170	69,761	(1,591)	68,033	69,183	(1,150)
Cultural and recreation	<u>4,872,890</u>	<u>5,192,182</u>	<u>(319,292)</u>	<u>5,061,365</u>	<u>5,209,363</u>	<u>(147,998)</u>
Total operating expenditures	<u>\$ 17,352,138</u>	<u>\$ 17,458,165</u>	<u>\$ (106,027)</u>	<u>\$ 17,482,829</u>	<u>\$ 17,623,833</u>	<u>\$ (141,004)</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2011, the City had \$155,133,329 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, 2011, Net of Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
		(Restated)				(Restated)
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 9,029,289	\$ 8,477,772	\$ 8,779,730	\$ 8,779,730	\$ 17,809,019	\$ 17,257,502
Land improvements	3,454,376	3,654,271	00	00	3,454,376	3,654,271
Buildings and improvements	26,745,851	27,265,605	2,212,479	2,333,426	28,958,330	29,599,031
Equipment	4,195,930	4,451,514	985,053	1,240,002	5,180,983	5,691,516
Infrastructure	36,033,724	37,175,257	61,692,140	63,159,805	97,725,864	100,335,062
Construction in progress	<u>1,655,633</u>	<u>822,983</u>	<u>349,124</u>	<u>317,413</u>	<u>2,004,757</u>	<u>1,140,396</u>
Totals	<u>\$ 81,114,803</u>	<u>\$ 81,847,402</u>	<u>\$ 74,018,526</u>	<u>\$ 75,830,376</u>	<u>\$ 155,133,329</u>	<u>\$ 157,677,778</u>

DEBT

The total long-term debt of the City outstanding at June 30, 2011 was \$16,752,531. The City had \$1,821,958 in revenue bond debt outstanding. Amounts reported as intergovernmental debt of \$7,585,580 relate to advance funding of construction costs for recreation, sidewalks, and downtown development improvements financed by the 2009 Special Purpose Local Option Sales Tax. Notes payable balances reported in the business-type activities relate to improvements to the City's water and sewer systems. Please refer to our analysis below for a breakdown of the City's outstanding debt and notes to the financial statements for more information.

Table 6 – Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenue bonds	\$ 00	\$ 00	\$ 1,821,958	\$ 2,293,865	\$ 1,821,958	\$ 2,293,865
Notes payable	00	00	7,344,993	8,060,620	7,344,993	8,060,620
Lease payable	00	83,877	00	45,555	00	129,432
Intergovernmental debt	<u>7,585,580</u>	<u>9,054,220</u>	<u>00</u>	<u>00</u>	<u>7,585,580</u>	<u>9,054,220</u>
Totals	<u>\$ 7,585,580</u>	<u>\$ 9,138,097</u>	<u>\$ 9,166,951</u>	<u>\$ 10,400,040</u>	<u>\$ 16,752,531</u>	<u>\$ 19,538,137</u>

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City's elected and appointed officials considered many factors when preparing the FY2012 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 FY2012. The fiscal year 2012 General Fund budget totals \$17,633,349 an increase of \$281,211 over the FY2011 budget.

The property tax digest is expected to decline approximately 5% due to the severe economic recession our country is experiencing. Other revenue categories are also expected to remain at or near current levels.

If these estimates are realized, the City's General Fund balance is expected to remain unchanged for FY2012. 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 FY2012 results will continue to show solid financial performance.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, 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.

BASIC FINANCIAL STATEMENTS

City of Carrollton, Georgia
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Current assets:				
Cash and equivalents	\$ 13,752,003	\$ 4,148,777	\$ 17,900,780	\$ 00
Investments	4,336,047	00	4,336,047	00
Restricted cash and cash equivalents	00	1,273,567	1,273,567	00
Receivables, net	2,684,797	2,435,257	5,120,054	00
Internal balances	399,314	(399,314)	00	00
Inventory	1,092,329	282,104	1,374,433	00
Prepaid expenses	212,871	185,354	398,225	00
Total current assets	<u>22,477,361</u>	<u>7,925,745</u>	<u>30,403,106</u>	<u>00</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	10,684,922	9,128,854	19,813,776	00
Other capital assets, net of accumulated depreciation	70,429,881	64,889,672	135,319,553	00
Deferred costs	00	72,599	72,599	00
Total non-current assets	<u>81,114,803</u>	<u>74,091,125</u>	<u>155,205,928</u>	<u>00</u>
Total assets	<u>\$ 103,592,164</u>	<u>\$ 82,016,870</u>	<u>\$ 185,609,034</u>	<u>\$ 00</u>
Liabilities				
Current liabilities:				
Accounts payable – unrestricted	\$ 809,223	\$ 572,129	\$ 1,381,352	\$ 00
Accounts payable – restricted	00	949	949	00
Customer and other deposits	396,000	643,715	1,039,715	00
Accrued expenses	551,920	180,692	732,612	00
Current portion of long-term obligations	166,760	1,226,347	1,393,107	00
Deferred revenue	00	137,833	137,833	00
Total current liabilities	<u>1,923,903</u>	<u>2,761,665</u>	<u>4,685,568</u>	<u>00</u>
Non-current liabilities:				
Noncurrent portion of long-term obligations	7,418,820	7,940,604	15,359,424	00
Net OPEB obligation	525,798	00	525,798	00
Total non-current liabilities	<u>7,944,618</u>	<u>7,940,604</u>	<u>15,885,222</u>	<u>00</u>
Total liabilities	<u>9,868,521</u>	<u>10,702,269</u>	<u>20,570,790</u>	<u>00</u>
Net assets				
Invested in capital assets, net of related debt	73,529,223	64,851,574	138,380,797	00
Restricted:				
Capital projects	6,175,302	181,164	6,356,466	00
Debt service	333,293	1,092,403	1,425,696	00
Other purposes	2,030,885	00	2,030,885	00
Unrestricted	11,654,940	5,189,460	16,844,400	00
Total net assets	<u>93,723,643</u>	<u>71,314,601</u>	<u>165,038,244</u>	<u>00</u>
Total liabilities and net assets	<u>\$ 103,592,164</u>	<u>\$ 82,016,870</u>	<u>\$ 185,609,034</u>	<u>\$ 00</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Statement of Activities
For the Year Ended June 30, 2011

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		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 1,721,280	\$ 1,292,941	\$ 11,000	\$ 375,725	\$ (41,614)	\$ 00	\$ (41,614)	
Public safety	10,866,646	997,848	1,650,172	466,216	(7,752,410)	00	(7,752,410)	
Highways and streets	3,871,682	00	00	2,933,303	(938,379)	00	(938,379)	
Landfill	69,761	00	68,927	00	(834)	00	(834)	
Recreation and culture	5,905,198	1,151,521	299,127	1,033,243	(3,421,307)	00	(3,421,307)	
Economic development	2,387,651	00	2,550,232	469,656	632,237	00	632,237	
Interest on long-term debt	<u>407,329</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>(407,329)</u>	<u>00</u>	<u>(407,329)</u>	
Total governmental activities	<u>25,229,547</u>	<u>3,442,310</u>	<u>4,579,458</u>	<u>5,278,143</u>	<u>(11,929,636)</u>	<u>00</u>	<u>(11,929,636)</u>	
Business-type activities:								
Water	5,005,695	7,069,359	00	86,995	00	2,150,659	2,150,659	
Sewer	4,411,394	4,057,294	00	50,005	00	(304,095)	(304,095)	
Sanitation	<u>3,432,800</u>	<u>3,884,124</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>451,324</u>	<u>451,324</u>	
Total business-type activities	<u>12,849,889</u>	<u>15,010,777</u>	<u>00</u>	<u>137,000</u>	<u>00</u>	<u>2,297,888</u>	<u>2,297,888</u>	
Total primary government	<u>\$ 38,079,436</u>	<u>\$ 18,453,087</u>	<u>\$ 4,579,458</u>	<u>\$ 5,415,143</u>	<u>(11,929,636)</u>	<u>2,297,888</u>	<u>(9,631,748)</u>	
Component unit:								
Carrollton Redevelopment								
Authority	\$ 209,493	\$ 00	\$ 00					\$ (209,493)
Total component unit	<u>\$ 209,493</u>	<u>\$ 00</u>	<u>\$ 00</u>					<u>\$ (209,493)</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					3,566,387	00	3,566,387	00
Franchise and public service taxes					3,411,381	00	3,411,381	00
Sales and hotel/motel taxes					3,898,782	00	3,898,782	00
Other taxes					891,237	00	891,237	00
Payments from component unit					209,493	00	209,493	00
Interest and investment earnings					94,121	15,312	109,433	2
Contributions					68,493	00	68,493	00
Miscellaneous					482,067	172,115	654,182	00
Transfers					<u>846,588</u>	<u>(846,588)</u>	<u>00</u>	<u>00</u>
Total general revenues and transfers					<u>13,468,549</u>	<u>(659,161)</u>	<u>12,809,388</u>	<u>2</u>
Change in net assets					1,538,913	1,638,727	3,177,640	(209,491)
Net assets – beginning					94,209,228	69,675,874	163,885,102	209,491
Prior period adjustments					<u>(2,024,498)</u>	<u>00</u>	<u>(2,024,498)</u>	<u>00</u>
Net assets – ending					<u>\$ 93,723,643</u>	<u>\$ 71,314,601</u>	<u>\$ 165,038,244</u>	<u>\$ 00</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Special Purpose Local Option Sales Tax 2004	2009	Neighborhood Stabilization Program Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	\$ 6,069,584	\$ 1,487,927	\$ 4,462,125	\$ 1,022,436	\$ 709,931	\$ 13,752,003
Investments	4,336,047	00	00	00	00	4,336,047
Receivables, net	1,680,272	00	265,498	00	20,728	1,966,498
Due from other funds	1,040,483	100,000	00	00	00	1,140,483
Prepaid expenses	212,871	00	00	00	00	212,871
Receivables from other governments	178,972	00	406,596	7,271	125,460	718,299
Total assets	\$ 13,518,229	\$ 1,587,927	\$ 5,134,219	\$ 1,029,707	\$ 856,119	\$ 22,126,201
Liabilities						
Accounts payable	\$ 452,012	\$ 00	\$ 320,351	\$ 00	\$ 3,518	\$ 775,881
Accrued liabilities	495,540	00	00	00	56,380	551,920
Due to other funds	00	00	125,264	592,060	23,845	741,169
Due to other governments	13,939	00	00	00	19,403	33,342
Deferred revenue	172,274	00	00	00	20,000	192,274
Other deposits	396,000	00	00	00	00	396,000
Total liabilities	1,529,765	00	445,615	592,060	123,146	2,690,586
Fund balances						
Nonspendable:						
Prepaid insurance	212,871	00	00	00	00	212,871
Restricted:						
Debt service	00	00	333,293	00	00	333,293
Special revenue	00	00	00	437,647	500,909	938,556
Capital projects	00	1,587,927	4,355,311	00	232,064	6,175,302
Unassigned	11,775,593	00	00	00	00	11,775,593
Total fund balances	11,988,464	1,587,927	4,688,604	437,647	732,973	19,435,615
Total liabilities and fund balances	\$ 13,518,229	\$ 1,587,927	\$ 5,134,219	\$ 1,029,707	\$ 856,119	

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	81,114,803
Housing inventory used in governmental activities within the Neighborhood Stabilization Program is not reported in the funds	1,092,329
Some receivables are not available to pay for current-period expenditures and therefore are deferred in the funds	192,274
Notes and lease payables, are not due and payable in the current period and therefore are not reported in the funds	(7,585,580)
Other post-employment benefits payable are not accrued in the funds	(525,798)

Net assets of governmental activities \$ 93,723,643

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, 2011

	General Fund	Special Purpose Option Sales Tax 2004	Local 2009	Neighborhood Stabilization Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,183,058	\$ 00	\$ 00	\$ 00	\$ 237,488	\$ 9,420,546
Fees and fines	816,573	00	00	00	181,275	997,848
Licenses and permits	3,636,138	00	00	00	00	3,636,138
Intergovernmental	1,559,208	209,493	4,258,618	2,533,668	574,573	9,135,560
Charges for services	1,159,558	00	00	00	00	1,159,558
Interest	89,515	1,373	62,218	968	2,265	156,339
Contributions	68,493	00	866,816	00	00	935,309
Miscellaneous	<u>218,481</u>	<u>00</u>	<u>00</u>	<u>251,963</u>	<u>11,623</u>	<u>482,067</u>
Total revenues	<u>16,731,024</u>	<u>210,866</u>	<u>5,187,652</u>	<u>2,786,599</u>	<u>1,007,224</u>	<u>25,923,365</u>
Expenditures						
Current operating:						
General government	1,349,607	00	00	00	00	1,349,607
Public safety	9,573,427	00	00	00	600,074	10,173,501
Highways and streets	969,929	00	1,270,004	00	6,115	2,246,048
Landfill	69,761	00	00	00	00	69,761
Recreation and culture	5,177,085	00	00	00	00	5,177,085
Housing and economic development	00	00	23,355	2,418,156	151,962	2,593,473
Debt service:						
Principal	83,877	00	1,468,640	00	00	1,552,517
Interest	00	00	407,329	00	00	407,329
Capital outlay	<u>234,479</u>	<u>149,641</u>	<u>1,828,744</u>	<u>00</u>	<u>291,952</u>	<u>2,504,816</u>
Total expenditures	<u>17,458,165</u>	<u>149,641</u>	<u>4,998,072</u>	<u>2,418,156</u>	<u>1,050,103</u>	<u>26,074,137</u>
Excess (deficiency) of revenues over expenditures	<u>(727,141)</u>	<u>61,225</u>	<u>189,580</u>	<u>368,443</u>	<u>(42,879)</u>	<u>(150,772)</u>
Other financing sources (uses)						
Transfers in (out) – other funds	<u>902,002</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>(55,414)</u>	<u>846,588</u>
Total other financing sources (uses)	<u>902,002</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>(55,414)</u>	<u>846,588</u>
Net change in fund balance	174,861	61,225	189,580	368,443	(98,293)	695,816
Fund balances – beginning, as restated	<u>11,813,603</u>	<u>1,526,702</u>	<u>4,499,024</u>	<u>69,204</u>	<u>831,266</u>	<u>18,739,799</u>
Fund balances – ending	<u>\$ 11,988,464</u>	<u>\$ 1,587,927</u>	<u>\$ 4,688,604</u>	<u>\$ 437,647</u>	<u>\$ 732,973</u>	<u>\$ 19,435,615</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, 2011

Net change in fund balances – total government funds \$ 695,816

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 depreciation expense of \$3,237,415 exceeded capital outlays of \$2,504,816 in the current period. (732,599)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 1,552,517

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (1,493)

Purchase of homes held for sale within the Neighborhood Stabilization Program are reported as expenditures within the funds, but are recorded as inventory in governmental activities. This is the amount by which inventory increased in the current period 205,822

Other post employment benefits are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (181,150)

Change in Net Assets of Governmental Activities \$ 1,538,913

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Proprietary Funds
June 30, 2011

<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	\$ 1,479,135	\$ 2,669,642	\$ 4,148,777
Accounts receivable (net of allowances)	1,360,973	500,319	1,861,292
Inventory	282,104	00	282,104
Due from other funds	18,335	42,632	60,967
Due from other governments	573,965	00	573,965
Prepaid insurance	<u>126,463</u>	<u>58,891</u>	<u>185,354</u>
Total non-restricted current assets	<u>3,840,975</u>	<u>3,271,484</u>	<u>7,112,459</u>
Restricted assets:			
Cash	<u>1,273,567</u>	<u>00</u>	<u>1,273,567</u>
Total restricted current assets	<u>1,273,567</u>	<u>00</u>	<u>1,273,567</u>
Total current assets	<u>5,114,542</u>	<u>3,271,484</u>	<u>8,386,026</u>
Long-term assets:			
Capital assets:			
Property, plant, and equipment	101,771,481	1,430,918	103,202,399
Accumulated depreciation	<u>(28,218,800)</u>	<u>(965,073)</u>	<u>(29,183,873)</u>
Capital assets, net	<u>73,552,681</u>	<u>465,845</u>	<u>74,018,526</u>
Other non-current assets:			
Unamortized bond and loan costs	<u>72,599</u>	<u>00</u>	<u>72,599</u>
Total other non-current assets	<u>72,599</u>	<u>00</u>	<u>72,599</u>
 Total assets	 <u>\$ 78,739,822</u>	 <u>\$ 3,737,329</u>	 <u>\$ 82,477,151</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Proprietary Funds
June 30, 2011

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
<u>Liabilities</u>			
Current liabilities payable from non-restricted current assets:			
Accounts payable	\$ 446,190	\$ 125,939	\$ 572,129
Accrued expenses	113,531	67,161	180,692
Due to other funds	273,884	186,397	460,281
Customer and tap deposits	643,715	00	643,715
Deferred Revenue	<u>137,833</u>	<u>00</u>	<u>137,833</u>
Total current liabilities payable from non-restricted current assets	<u>1,615,153</u>	<u>379,497</u>	<u>1,994,650</u>
Current liabilities payable from restricted current assets:			
Accounts payable	949	00	949
Bonds payable – current	494,881	00	494,881
Notes payable – current	<u>731,466</u>	<u>00</u>	<u>731,466</u>
Total current liabilities payable from restricted current assets	<u>1,227,296</u>	<u>00</u>	<u>1,227,296</u>
Total current liabilities	<u>2,842,449</u>	<u>379,497</u>	<u>3,221,946</u>
Long term liabilities:			
Notes payable (less current portion)	6,613,527	00	6,613,527
Bonds payable (less current portion)	<u>1,327,077</u>	<u>00</u>	<u>1,327,077</u>
Total long term liabilities	7,940,604	00	7,940,604
Total liabilities	<u>10,783,053</u>	<u>379,497</u>	<u>11,162,550</u>
<u>Fund Net Assets</u>			
Invested in capital assets, net of related debt	64,385,729	465,845	64,851,574
Restricted			
Capital projects	181,164	00	181,164
Debt service	1,092,403	00	1,092,403
Unrestricted	<u>2,297,473</u>	<u>2,891,987</u>	<u>5,189,460</u>
Total fund net assets	<u>67,956,769</u>	<u>3,357,832</u>	<u>71,314,601</u>
Total liabilities and fund net assets	<u>\$ 78,739,822</u>	<u>\$ 3,737,329</u>	<u>\$ 82,477,151</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, 2011

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
Operating revenues:			
Charges for services	\$ 11,126,653	\$ 3,884,124	\$ 15,010,777
Total operating revenue	<u>11,126,653</u>	<u>3,884,124</u>	<u>15,010,777</u>
Operating expenses:			
Personnel services and benefits	3,449,207	1,810,463	5,259,670
Contractual services	230,942	17,610	248,552
Supplies and chemicals	904,337	30,801	935,138
Office supplies and expense	77,214	00	77,214
Utilities and telephone	1,080,871	24	1,080,895
Advertising and publicity	2,946	00	2,946
Equipment repairs	385,407	5,772	391,179
Vehicle repair and expense	160,008	245,569	405,577
Building and grounds repairs	180,194	00	180,194
Operating leases	12,860	00	12,860
General insurance	198,445	145,436	343,881
Depreciation	1,967,242	120,222	2,087,464
Other	5,441	5,720	11,161
Amortization	31,306	00	31,306
Landfill fees	<u>336,860</u>	<u>1,050,803</u>	<u>1,387,663</u>
Total operating expenses	<u>9,023,280</u>	<u>3,432,420</u>	<u>12,455,700</u>
Operating income	<u>2,103,373</u>	<u>451,704</u>	<u>2,555,077</u>
Non-operating revenues (expenses):			
Rents	77,581	00	77,581
Miscellaneous income (expense)	94,534	(380)	94,154
Interest revenue	5,740	9,572	15,312
Interest and other costs on bonded debt and notes payable	<u>(393,809)</u>	<u>00</u>	<u>(393,809)</u>
Total non-operating revenues (expenses)	<u>(215,954)</u>	<u>9,192</u>	<u>(206,762)</u>
Income before capital contributions and transfers	1,887,419	460,896	2,348,315
Capital contributions	137,000	00	137,000
Transfers in (out)	<u>(610,332)</u>	<u>(236,256)</u>	<u>(846,588)</u>
Change in fund net assets	1,414,087	224,640	1,638,727
Total fund net assets – beginning of year	<u>66,542,682</u>	<u>3,133,192</u>	<u>69,675,874</u>
Total fund net assets – end of year	<u>\$ 67,956,769</u>	<u>\$ 3,357,832</u>	<u>\$ 71,314,601</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 10,328,906	\$ 3,903,308	\$ 14,232,214
Receipts from operating grants	1,096	00	1,096
Payments for suppliers	(3,512,773)	(1,521,235)	(5,034,008)
Payments to employees	(3,440,738)	(1,780,450)	(5,221,188)
Net cash provided by operating activities	<u>3,376,491</u>	<u>601,623</u>	<u>3,978,114</u>
Cash flows from noncapital financing activities:			
Operating subsidies and transfers to/from other funds	(610,332)	(236,256)	(846,588)
Other receipts	<u>172,114</u>	<u>(380)</u>	<u>171,734</u>
Net cash used by noncapital financing activities	<u>(438,218)</u>	<u>(236,636)</u>	<u>(674,854)</u>
Cash flows from capital and related financing activities:			
Deferred income	137,833	00	137,833
Capital contributions	137,000	00	137,000
Purchases and construction of capital assets	(275,613)	00	(275,613)
Principal paid on capital debt	(1,187,534)	(45,555)	(1,233,089)
Interest paid on capital debt	<u>(393,809)</u>	<u>2,729</u>	<u>(391,080)</u>
Net cash used by capital and related financing activities	<u>(1,582,123)</u>	<u>(42,826)</u>	<u>(1,624,949)</u>
Cash flows from investing activities:			
Interest	<u>5,740</u>	<u>6,843</u>	<u>12,583</u>
Net cash provided by investing activities	<u>5,740</u>	<u>6,843</u>	<u>12,583</u>
Net increase (decrease) in cash and cash equivalents	1,361,890	329,004	1,690,894
Cash – beginning of year	<u>1,390,812</u>	<u>2,340,638</u>	<u>3,731,450</u>
Cash – end of year	<u>\$ 2,752,702</u>	<u>\$ 2,669,642</u>	<u>\$ 5,422,344</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 2,103,373	\$ 451,704	\$ 2,555,077
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,967,242	120,222	2,087,464
Amortization expense	31,306	00	31,306
Change in assets and liabilities:			
Receivables, net	(710,081)	19,184	(690,897)
Prepaid expenses	11,124	(471)	10,653
Inventories	(13,064)	00	(13,064)
Accounts and other payables	64,692	(19,029)	45,663
Customer deposits	(86,570)	00	(86,570)
Accrued expenses	<u>8,469</u>	<u>30,013</u>	<u>38,482</u>
Net cash provided by operating activities	<u>\$ 3,376,491</u>	<u>\$ 601,623</u>	<u>\$ 3,978,114</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Notes to Basic Financial Statements

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City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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 (Closed FYE June 30, 2011)

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. See Note 4E regarding closure of component unit.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies - continued

1.A. Financial Reporting Entity – continued

Excluded from the reporting entity: Related Organizations

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 collects revenue 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.

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, 2011

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 is 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.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

1.B. Basis of Presentation – continued

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 Non-major Funds

The funds are further classified as major or non-major as follows:

Major Funds:	Brief Description
Governmental Funds:	
General	See above for description.
Capital Projects Fund:	
2009 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2009 special one percent local option sales tax levies.
2004 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2004 special one percent local option sales tax levies.
Special Revenue:	
Neighborhood Stabilization Program Fund	Accounts for grants, program income and expenditures related to grant purposes.
Business-Type Funds:	
Water and Sewer Fund	
Sanitation Fund	Accounts for activities in providing water, wastewater and sanitation services to the public.
Non-major Funds:	
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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

1.B. Basis of Presentation – continued

Major and Non-major Funds – continued

Non-major Funds:	Brief Description
West Metro Regional Drug Enforcement Fund	Accounts for grants, income and expenditures related for grant purposes.
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.

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-type 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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

Measurement Focus – continued

1.C. Measurement Focus and Basis of Accounting - continued

- 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.

Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales tax, property taxes, franchise 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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

Basis of Accounting – continued

1.C. Measurement Focus and Basis of Accounting - continued

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.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

1.D. Assets, Liabilities and Equity – continued

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.

Inventory in governmental activities in the statement of net assets consists of homes purchased through the Neighborhood Stabilization Program and held as available for sale at June 30, 2011, and are recorded at cost.

Prepaid Items

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

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 capital 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

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

1.D. Assets, Liabilities and Equity - continued

Capital Assets – continued

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 for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are 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.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies - continued

1.D.Assets, Liabilities and Equity - continued

Equity Classifications

Government-wide Statements

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Mayor and City Council through the adoption of a resolution or motion. The Mayor and City Council also may modify or rescind the commitment.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. Through resolution or motion, the Mayor and City Council has authorized the City’s Finance Officer to assign fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

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

- Committed
- Assigned
- Unassigned

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

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, 2010, and were due and payable on or before December 1, 2010. All unpaid taxes became delinquent December 2, 2010. The Carroll County tax commissioner bills and collects the City's property taxes. The 2010 property taxes levied for the City operations only were \$3,305,234. The millage rate is 4.69 mills for 2010 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.

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)
	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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 1. Summary of Significant Accounting Policies – continued

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.

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, 2011, 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.

Shop	\$ 45,470
Parks and Recreation	318,079
Mayor and Council	12,322

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 2. Stewardship, Compliance and Accountability - continued

2.E. Material Budget Violations - continued

Budget violations also occurred in the West Metro Regional Drug Enforcement Fund (\$87,139), Regional Hazardous Material Fund (\$2,615), and Hotel/Motel Fund (\$16,662).

General fund revenue exceeded budgeted revenue by \$442,005, West Metro Regional Drug Enforcement Fund Revenue exceeded budgeted revenue by \$112,162 and Regional Hazardous Material Fund revenue exceeded budgeted revenue by \$16,017, and Hotel/Motel Tax Fund revenue exceeded budgeted revenue by \$12,070.

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

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, 2011 the carrying amount of the City's deposits was \$19,174,347 and the bank balances were \$19,564,342. 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 amount equal to 110% of uninsured deposits. The government does not have a deposit policy for custodial credit risk.

Insured	\$ 1,112,003
Collateral held by pledging bank's trust department in the City's name	<u>18,452,339</u>
Total	<u>\$ 19,564,342</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, 2011. 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, 2011

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	\$ 4,336,047	\$ 00	\$ 00	\$ 4,336,047	\$ 4,336,047
	<u>\$ 4,336,047</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 4,336,047</u>	<u>\$ 4,336,047</u>

3.B. Accounts and Other Receivables

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities:			
Advalorem tax	\$ 206,884	\$ (19,272)	\$ 187,612
Sales tax	340,906	00	340,906
Beer and wine tax	66,107	00	66,107
Franchise tax	723,032	00	723,032
Police fines	952,402	(640,978)	311,424
Occupation tax	25,048	00	25,048
Other	312,369	00	312,369
Other governments	<u>718,299</u>	<u>00</u>	<u>718,299</u>
	<u>\$ 3,345,047</u>	<u>\$ (660,250)</u>	<u>\$ 2,684,797</u>
Business-Type Activities:			
Receivable from customers	\$ 2,248,507	\$ (398,962)	\$ 1,849,545
Miscellaneous	23,854	(12,107)	11,747
Other governments	<u>573,965</u>	<u>00</u>	<u>573,965</u>
	<u>\$ 2,846,326</u>	<u>\$ (411,069)</u>	<u>\$ 2,435,257</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.C. Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance at July 1, 2010, <u>Restated</u>	<u>Additions</u>	Disposals, Transfers and <u>Adjustments</u>	Balance at June 30, 2011
Governmental activities:				
Non-depreciable:				
Land	\$ 8,477,772	\$ 551,517	\$ 00	\$ 9,029,289
Construction in progress	822,983	832,650	00	1,655,633
Total non-depreciable	<u>\$ 9,300,755</u>	<u>\$ 1,384,167</u>	<u>\$ 00</u>	<u>\$ 10,684,922</u>
Depreciable:				
Land improvements	\$ 4,726,778	\$ 00	\$ 00	\$ 4,726,778
Buildings and improvements	32,416,611	131,565	00	32,548,176
Furnishings, vehicles, machinery and equipment	11,860,724	630,778	(21,959)	12,469,543
Infrastructure	<u>58,914,856</u>	<u>358,306</u>	<u>00</u>	<u>59,273,162</u>
Totals at historical cost	<u>107,918,969</u>	<u>1,120,649</u>	<u>(21,959)</u>	<u>109,017,659</u>
Less accumulated depreciation:				
Land improvements	1,072,507	199,895	00	1,272,402
Buildings and improvements	5,151,006	651,319	00	5,802,325
Furnishings, vehicles, machinery and equipment	7,409,210	886,362	(21,959)	8,273,613
Infrastructure	<u>21,739,599</u>	<u>1,499,839</u>	<u>00</u>	<u>23,239,438</u>
Total accumulated depreciation	<u>35,372,322</u>	<u>3,237,415</u>	<u>(21,959)</u>	<u>38,587,778</u>
Governmental activities capital assets (depreciable), net	<u>\$ 72,546,647</u>	<u>\$ (2,116,766)</u>	<u>\$ 00</u>	<u>\$ 70,429,881</u>
Business-type activities:				
Non-depreciable:				
Land	\$ 8,779,730	\$ 00	\$ 00	\$ 8,779,730
Construction in progress	317,413	35,050	(3,339)	349,124
Total non-depreciable	<u>\$ 9,097,143</u>	<u>\$ 35,050</u>	<u>\$ (3,339)</u>	<u>\$ 9,128,854</u>
Depreciable:				
Buildings and improvements	\$ 5,766,209	\$ 00	\$ 00	\$ 5,766,209
Water and sewer distribution system	83,577,753	185,566	00	83,763,319
Vehicles, machinery and equipment	<u>4,503,668</u>	<u>58,337</u>	<u>(17,988)</u>	<u>4,544,017</u>
Totals at historical cost	<u>93,847,630</u>	<u>243,903</u>	<u>(17,988)</u>	<u>94,073,545</u>
Less accumulated depreciation:				
Buildings and improvements	3,432,783	120,947	00	3,553,730
Water and sewer distribution system	20,417,948	1,653,231	00	22,071,179
Vehicles, machinery and equipment	<u>3,263,666</u>	<u>313,286</u>	<u>(17,988)</u>	<u>3,558,964</u>
Total accumulated depreciation	<u>27,114,397</u>	<u>2,087,464</u>	<u>(17,988)</u>	<u>29,183,873</u>
Business-type capital assets (depreciable), net	<u>\$ 66,733,233</u>	<u>\$ (1,843,561)</u>	<u>\$ 00</u>	<u>\$ 64,889,672</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.C. Capital Assets – continued

Depreciation was charged to governmental activities as follows:

General government	\$ 190,523
Public safety	693,145
Highways and streets	1,625,634
Recreation and culture	<u>728,113</u>
	<u>\$ 3,237,415</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, 2011:

<u>Activity Type</u>		<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due Within One Year</u>
Governmental	Lease payable – GMA Lease Pool	\$ 83,877	\$ 00	\$ 83,877	\$ 00	\$ 00
Governmental	Intergovernmental Debt - Carroll County	9,054,220	00	1,468,640	7,585,580	166,760
Business-Type	Series 1993 Water and Sewer Bonds	1,025,000	00	325,000	700,000	340,000
Business-Type	Series 1997 Water and Sewer Bonds	1,268,865	00	146,907	1,121,958	154,881
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 13090801	1,372,602	00	382,473	990,129	390,168
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 93-015WS	790,406	00	118,399	672,007	124,162
Business-Type	Lease payable – GMA Lease Pool	45,555	00	45,555	00	00
Business-Type	Georgia Environmental Facilities Authority Note payable Project 2008-L03 WJ	5,400,945	00	184,755	5,216,190	192,136
Business-Type	Georgia Environmental Facilities Closing Cost Loan	5,000	00	5,000	00	00
Business-Type	Georgia Environmental Facilities Authority Note payable DWSRF 08-001	<u>491,667</u>	<u>00</u>	<u>25,000</u>	<u>466,667</u>	<u>25,000</u>
	Total primary government	<u>\$ 19,538,137</u>	<u>\$ 00</u>	<u>\$ 2,785,606</u>	<u>\$ 16,752,531</u>	<u>\$ 1,393,107</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.D. Long-Term Debt - continued

Intergovernmental Debt – Carroll County

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

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

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 166,760	\$ 333,066	\$ 499,826
2013	1,710,800	251,329	1,962,129
2014	1,791,400	171,150	1,962,552
2015	1,873,300	87,854	1,961,154
2016	<u>2,043,320</u>	<u>00</u>	<u>2,043,320</u>
	<u>\$ 7,585,580</u>	<u>\$ 843,401</u>	<u>\$ 8,428,981</u>

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.D. Long-Term Debt - continued

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 2012	\$ 340,000	\$ 35,000	\$ 375,000
FYE 2013	<u>360,000</u>	<u>18,000</u>	<u>378,000</u>
	<u>\$ 700,000</u>	<u>\$ 53,000</u>	<u>\$ 753,000</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 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>53,348</u>	<u>717</u>	<u>54,065</u>
	<u>\$ 1,121,958</u>	<u>\$ 208,613</u>	<u>\$ 1,330,571</u>

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 \$5,026 on June 30, 2011.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.D. Long-Term Debt – continued

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 monies 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, 2011 was \$990,129.

The following is a summary of the debt service requirements for the next three years.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2012	\$ 390,168	\$ 16,269	\$ 406,437
FYE 2013	398,084	8,353	406,437
FYE 2014	<u>201,877</u>	<u>1,185</u>	<u>203,062</u>
	<u>\$ 990,129</u>	<u>\$ 25,807</u>	<u>\$ 1,015,936</u>

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2010

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 - continued

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2012	\$ 124,162	\$ 29,600	\$ 153,762
FYE 2013	130,342	23,420	153,762
FYE 2014	136,077	17,685	153,762
FYE 2015	142,728	11,493	154,221
FYE 2016	<u>138,698</u>	<u>4,518</u>	<u>143,216</u>
	<u>\$ 672,007</u>	<u>\$ 86,716</u>	<u>\$ 758,723</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 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, 2010, was \$5,202,144. The interest rate is 4.1% compounded monthly with principal and interest payable in 239 monthly installments. Interest of \$288,691 was capitalized to the construction projects and added to the loan for a final loan balance which was \$5,216,190 at June 30, 2011.

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 2012	\$ 192,135	\$ 210,626	\$ 402,761
FYE 2013	200,838	201,923	402,761
FYE 2014	208,893	193,868	402,761
FYE 2015	217,620	185,141	402,761
FYE 2016	226,429	176,332	402,761
FYE 2017 to 2021	1,284,049	729,756	2,013,805
FYE 2022 to 2026	1,575,324	438,481	2,013,805
FYE 2027 to 2030	<u>1,310,902</u>	<u>98,595</u>	<u>1,409,497</u>
	<u>\$ 5,216,190</u>	<u>\$ 2,234,722</u>	<u>\$ 7,450,912</u>

Georgia Environmental Facilities Authority notes payable – Water Fund – DWSRF 08-001 and DW 08-001

On November 4, 2009, the City signed an agreement with the Georgia Environmental Facilities Authority to obtain a promissory note for \$500,000, to procure four membrane filtration units. The note will be repaid in 240 monthly installments of \$2,083 with an interest rate of 0.0%, beginning March 2010. Closing cost of \$10,000 was financed through a second note with 0.0% interest to be paid in twelve installment payments of \$833 beginning January 1, 2010 and paid off December 1, 2010.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.D. Long-Term Debt – continued

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

	Principal <u>DWSRF 08-001</u>
FYE 2012	\$ 25,000
FYE 2013	25,000
FYE 2014	25,000
FYE 2015	25,000
FYE 2016	25,000
FYE 2017 to 2021	125,000
FYE 2022 to 2026	125,000
FYE 2027 to 2029	<u>91,667</u>
	<u>\$ 466,667</u>

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 was paid off at June 30, 2011.

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.

The City has no operating leases at this time.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

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	\$ 94,995	\$ 39,581
Water and sewer	610,332	00
Sanitation	<u>236,256</u>	<u>00</u>
	<u>\$ 941,583</u>	<u>\$ 39,581</u>
Nonmajor Funds:		
General fund	<u>\$ 39,581</u>	<u>\$ 94,995</u>
Business-type:		
Water and sewer fund		
General fund	\$ 00	610,332
Sanitation fund		
General fund	<u>00</u>	<u>236,256</u>
	<u>\$ 00</u>	<u>\$ 846,588</u>
Totals	<u>\$ 981,164</u>	<u>\$ 981,164</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.E. Interfund Transactions and Balances - continued

Interfund balances at June 30, 2011, 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:

Major Governmental Funds:	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
West Metro Regional Drug Enforcement Fund	\$ 13,470	\$ 00
Hotel/Motel Fund	10,375	00
Neighborhood Stabilization Fund	592,060	00
Water Fund	231,252	00
Sanitation Fund	186,397	00
2009 SPLOST Fund	<u>6,929</u>	<u>00</u>
	<u>1,040,483</u>	<u>00</u>
2004 SPLOST Fund:		
2009 SPLOST Fund	<u>100,000</u>	<u>00</u>
	<u>100,000</u>	<u>00</u>
2009 SPLOST Fund:		
2004 SPLOST Fund	00	100,000
General Fund	00	6,929
Water Fund	<u>00</u>	<u>18,335</u>
	<u>00</u>	<u>125,264</u>
Neighborhood Stabilization Fund:		
General Fund	<u>00</u>	<u>592,060</u>
Total Major Funds	<u>1,140,483</u>	<u>717,324</u>
Non-Major Governmental Funds:		
Hotel/Motel Fund:		
General Fund	<u>00</u>	<u>10,375</u>
West Metro Drug Enforcement Fund:		
General Fund	<u>00</u>	<u>13,470</u>
Total Non-Major Governmental Funds	<u>00</u>	<u>23,845</u>
Grand Total – Governmental Funds	<u>\$ 1,140,483</u>	<u>\$ 741,169</u>
Net of receivables over payables		<u>\$ 399,314</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

3.E. Interfund Transactions and Balances – continued

Business-Type Funds:	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Water and Sewer Fund:		
General Fund	\$ 00	\$ 231,252
Sanitation Fund	00	42,632
2009 SPLOST	<u>18,335</u>	<u>00</u>
	<u>18,335</u>	<u>273,884</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>\$ 60,967</u>	<u>\$ 460,281</u>
Net of payables over receivables		<u>\$ (399,314)</u>

3.F. Deferred Costs and Revenues

Enterprise Fund

Deferred Cost

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 \$29,000. 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 3.D. These are being amortized over the bond repayment period. The net unamortized balances are \$26,499 and \$17,100 respectively. Loan closing cost of \$10,000 on the Georgia Environmental Facility Authority note DWSRF08-001 has been amortized over the repayment period of the closing cost loan and has a net unamortized balance of \$0.

Deferred Revenue

The City is assisting the University of West Georgia by serving as general contractor for the University in the construction of its athletic infrastructure project. The excess of revenue received over costs expended for the project is \$137,833 at June 30, 2011. The project is not complete at this time.

3.G. Pensions

The City's provisions for cost of retirement and OPEB are recorded on the accrual basis in the governmental wide statements.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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

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.

3.J. Fund Equity

Fund balances – Governmental funds:

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

General Fund:

Prepaid expenses	<u>\$ 212,871</u>
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Restricted – The following fund balances are restricted for:

Debt service:

2009 Special Purpose Local Option Sales Tax fund – resources restricted for intergovernmental debt service	<u>\$ 333,293</u>
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Special revenue funds:

Other governmental funds:

Hotel/Motel tax fund	\$ 22,224
Drug seizure fund	98,303
Regional hazardous material team fund	43,486
West Metro Regional Drug Enforcement fund	336,896
Neighborhood Stabilization Program fund	<u>437,647</u>
Total Special revenue funds	<u>\$ 938,556</u>

Capital projects:

2004 Special Purpose Local Option Sales Tax fund	\$ 1,587,927
2009 Special Purpose Local Option Sales Tax fund	4,355,311
1994 Special Purpose Local Option Sales Tax fund	<u>232,064</u>
Total Capital projects funds	<u>\$ 6,175,302</u>

Unassigned – The City's policy is to maintain an adequate General Fund unassigned fund balance to provide liquidity in the event of an economic downturn or natural disaster

\$ 11,775,593

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 January 1, 2011, was \$10,698,399, and total wages were \$11,799,386.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 4. Other Notes - continued

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

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 January 1, 2011, the current plan membership includes the following categories of Participants:

Retirees and beneficiaries currently receiving benefits	99
Terminated employees entitled to benefits but not yet receiving them	71
Current active employees:	
Vested	133
Nonvested	<u>147</u>
Total membership in the plan	<u>450</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.

Plan Asset Matters and Accounting Policies – continued

The GMEBS Board of Trustees adopted changes in the actuarial assumptions and funding policy for the GMEBS Retirement Fund effective January 1, 2010.

The change in assumptions was a result of an actuarial study to review recent experience and trends of the fund compared against current actuarial assumptions. The goal of the study was to identify those assumptions which needed to be updated based on the experience of the fund.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 4. Other Notes - continued

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

The GMEBS Board also temporarily changed the funding policy to stabilize future employer contribution rates in light of the recent economic downturn, but at the same time, ensured that all plan liabilities are appropriately funded. The temporary change made in the funding policy does not forgive the adverse impact of the declines in the investment markets on future contribution rates, but spreads the impact over a longer period of time, allowing members to make budget adjustments and for the investment markets to stabilize. This change should result in more normal contribution patterns for 2010 for most members of the fund assuming that the actual experience of the member is consistent with the assumptions and the member has not made significant plan changes.

Participant Data: The primary source of participant data for the current valuation is a census of all participants which was prepared as of January 1, 2011, 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 January 1, 2011. Significant actuarial assumptions used in the valuation include (a) rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 11% for the first year of service, 7% for the second year of service, 6.5% for the third year of service, 6.25% for the fourth year of service, and 6% for the fifth year of service, and (c) Inflation rate assumption of 3.5%

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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, 2011
(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)
5/1/2002	10,977,911	10,561,384	(416,527)	104%	7,546,555	(5.5%)
5/1/2003	11,307,091	11,661,677	354,586	97%	8,417,491	4.2%
5/1/2004	11,793,503	13,410,891	1,617,389	88%	8,804,537	18.3%
5/1/2005	12,418,646	14,336,504	1,917,858	87%	9,113,333	21.0%
5/1/2006	13,197,901	14,517,915	1,320,014	91%	8,829,755	14.9%
5/1/2007	13,971,149	15,501,567	1,530,418	90%	9,357,443	16.4%
5/1/2008	14,689,299	16,789,002	2,099,703	87%	9,973,562	21.1%
5/1/2009	10,138,698	17,584,324	7,445,626	58%	10,987,492	67.8%
1/1/2010	13,129,159	18,588,848	5,459,689	71%	11,048,517	49.0%
1/1/2011	14,409,539	19,389,656	4,980,117	74%	10,698,399	46.5%

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 \$1,295,675 were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2011, for the plan year. These contributions consist of (a) \$541,256 of normal cost, (b) \$706,953 of amortization of the unfunded actuarial accrued liability, and (c) \$47,466 in interest. The employer contribution represents 11.9% of payroll.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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, 2011
(Unaudited)

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
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
6-30-09	1,475,145	100%	0
6-30-10	1,358,794	100%	0
6-30-11	1,295,675	100%	0

Post Retirement Benefits

In addition to the pension benefits described previously, the City provides through the Georgia Municipal Association, by passage of local ordinance, post-retirement health care benefits to all employees who are enrolled in the retirement plan. Currently, 25 retirees are eligible for post-retirement health care benefits. The City pays 100% of the retiree's portion of medical insurance premiums until the employee qualifies for Medicare. At the fund level, expenditures for post-retirement health care benefits are currently recognized as incurred. In the government-wide statements, expenses for other post-employment benefits are recorded and a liability accrued. See below for more details. No stand alone financial statements are provided for this entity.

Membership

The following schedule (derived from the most recent actuarial valuation report) reflects membership for the OPEB Health Care Plan as of January 1, 2011.

Active members	295
Retired members	<u>25</u>
Total	<u>320</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 4. Other Notes - continued

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

Contributions

The City did not contribute to the OPEB Health Care Plan in fiscal year 2011. The annual required contribution amount is determined using actuarial methods and assumptions approved by the Council. The Council establishes and may amend the funding policy for the OPEB Health Care Plan.

The City's actuarially required contribution, OPEB cost, and increase in net OPEB obligation for the year ended June 30, 2011, were computed as follows:

Actuarially required contribution for FYE June 30, 2011	<u>\$ 181,150</u>
Annual OPEB cost	181,150
Net OPEB obligation, June 30, 2010	172,324
Actual contributions made	<u>00</u>
Increase in net OPEB obligation	353,474
Net OPEB obligation, June 30, 2009	<u>172,324</u>
Net OPEB obligation, June 30, 2011	<u>\$ 525,798</u>

Fiscal Year Ended <u>June 30,</u>	Annual OPEB <u>Cost</u>	Interest on <u>NOO</u>	Actual OPEB <u>Contribution</u>	ARC <u>Adjustment</u>	Percentage of OPEB Cost <u>Contributed</u>	(NOO) Net OPEB <u>Obligation</u>
2011	\$ 181,150	\$ 9,822	\$ 00	\$ (15,891)	00.00%	\$ 525,798
2010	172,324	4,920	00	(7,758)	00.00	344,648
2009	172,324	00	00	00	00.00	172,324

As of the most recent valuation date, January 1, 2011, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Asset	00
Actuarial Accrued Liability (AAL)	(1,465,181)
Unfunded Actuarial Accrued Liability (UAAL)	(1,465,181)
Funded Ratio	0.00%
Covered Payroll	\$ 10,805,482
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	13.56%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continued revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective and the methods and assumptions use techniques designed to reduce short term volatility in accrued liabilities and the actuarial value of assets, if any. Calculations are based on the plan in effect at January 1, 2011. The assumptions used in the January 1, 2011 actuarial valuation are as follows:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Closed, 25 Years
Remaining Amortization Period	25 Years as of July 1, 2008
Asset Valuation Method	Market Value of Assets
Investment Rate of Return (Includes inflation at 3.00%)	8.00% prefunded or 4.00% pay-as-you-go
Medical and Drug Cost Trend Rate	9.00% graded to 5.00% over 8 years

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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 for which the City carries commercial insurance. The City purchased commercial insurance to cover property and professional liability claims. The City has joined together with other municipalities in the state as part of 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 pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The 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.

Settled claims in the last three years have not exceeded insurance coverage.

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

The City of Carrollton is a member of the Three Rivers Regional Commission (TRRC). The TRRC was created under the laws of the State of Georgia and cities and counties in the area served by the TRRC are required to be members. The membership dues are paid annually by the City of Carrollton. The City has no equity interest in the TRRC nor does the City materially contribute to the existence of the TRRC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the TRRC ceases operation, the membership can be assessed for any debt or obligation of the TRRC. Separate financial statements may be obtained from: Three Rivers Regional Commission, P.O. Box 818, Griffin, Georgia 30224.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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 \$203,000.

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 \$145,000 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 enabled the City and County to finance 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. These bonds were paid in full in fiscal year ended June 30, 2009. The remaining cash in the fund, the City's unspent bond funds, was transferred into the 2004 SPLOST Fund in the fiscal year ended June 30, 2011, and the component unit closed.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

Note 4. Other Notes – continued

4.F. Special Purpose Local Option Sales Tax

1994 SPLOST

In 1993, the voters of Carroll County approved a one percent special purpose 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 purpose 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, through March 31, 2009.

2009 SPLOST

In 2008, the voters of Carroll County approved a one percent special purpose local option sales tax (SPLOST) to finance various capital projects in the County. On July 14, 2008, 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 20.38%. The collection on this tax began April 1, 2009, 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 \$237,488 in tax receipts and is allocated as follows:

2% (or 40% of tax) earned and transferred to Carrollton Convention & Visitors Bureau (a component unit of the City) – operating transfers to other funds	<u>\$ 94,995</u>
1% (or 20% of tax) earned and remitted to the Carroll County Chamber of Commerce	\$ 47,498
2% (or 40% of tax) \$94,995, plus \$9,469 from fund balance, retained by the City and spent in accordance with legal provisions	<u>104,464</u>
Total expenditures from Hotel/Motel Tax Fund	<u>\$ 151,962</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2011

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 began 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.

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.

Amphitheater Project

The City commenced work on the Carrollton Amphitheater project in July 2011. The total estimated cost of this project is \$1,100,000. The construction contract cost is \$924,000, and the remainder is design, demolition, and site preparation costs. This project is scheduled for completion in Spring 2012. This project is being funded through 2004 Special Purpose Local Option Sales Tax under the Downtown Development category.

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, 2011

Note 4. Other Notes – continued

4.K. Prior Period Adjustments

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

	Governmental Activities
Net Assets – June 30, 2010, as previously stated	<u>\$ 94,209,228</u>
Intergovernmental receivable at June 30, 2010 was understated on General Fund	41,082
Intergovernmental receivable at June 30, 2010 was understated on NSP Fund	69,204
Prior period infrastructure capitalized in error	(1,962,460)
OPEB Obligation for June 30, 2010 was understated	<u>(172,324)</u>
Total prior period adjustments	<u>2,024,498</u>
Net Assets – June 30, 2010, as restated	<u>\$ 92,184,730</u>

	General Fund	Neighborhood Stabilization Program Fund
Fund balances		
June 30, 2010 as previously stated	\$ 11,772,521	\$ 00
General Fund - Intergovernmental receivable at June 30, 2010 was understated	41,082	00
NSP Fund - Intergovernmental receivable at June 30, 2010 was understated	<u>00</u>	<u>69,204</u>
Fund balances		
June 30, 2010, as restated	<u>\$ 11,813,603</u>	<u>\$ 69,204</u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Carrollton, Georgia
 Budgetary Comparison Schedule – General Fund
 For the Year Ended June 30, 2011

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 9,364,430	\$ 9,183,058	\$ (181,372)
License and permits	3,469,414	3,636,138	166,724
Intergovernmental	1,482,180	1,559,208	77,028
Charges for services	834,995	1,159,558	324,563
Fines and forfeitures	800,000	816,573	16,573
Interest on invested funds	75,000	89,515	14,515
Contributions	00	68,493	68,493
Miscellaneous	<u>263,000</u>	<u>218,481</u>	<u>(44,519)</u>
Total revenues	<u>16,289,019</u>	<u>16,731,024</u>	<u>442,005</u>
Expenditures:			
General government	1,455,266	1,350,633	104,633
Public safety	9,981,761	9,875,660	106,101
Highways and streets	974,051	969,929	4,122
Landfill	68,170	69,761	(1,591)
Recreation and culture	<u>4,872,890</u>	<u>5,192,182</u>	<u>(319,292)</u>
Total expenditures	<u>17,352,138</u>	<u>17,458,165</u>	<u>(106,027)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,119)</u>	<u>(727,141)</u>	<u>335,978</u>
Other financing sources:			
Transfers in	1,063,119	941,583	(121,536)
Transfers out	<u>00</u>	<u>(39,581)</u>	<u>(39,581)</u>
Total other financing sources (uses)	<u>1,063,119</u>	<u>902,002</u>	<u>(161,117)</u>
Excess of revenues over expenditures and other financing sources (uses)	00	174,861	174,861
Fund balance at beginning of year, as restated	<u>11,813,603</u>	<u>11,813,603</u>	<u>00</u>
Fund balance at end of year	<u>\$ 11,813,603</u>	<u>\$ 11,988,464</u>	<u>\$ 174,861</u>

City of Carrollton, Georgia
Notes to Required Supplementary Information
June 30, 2011

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.

Shop	\$ 45,470
Parks and Recreation	318,079
Mayor & Council	12,322

General fund revenue exceeded budgeted revenue by \$442,005.

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

City of Carrollton, Georgia
 Budgetary Comparison Schedule – Major Neighborhood Stabilization Program Fund
Project Budget and Actual, Project to Date
 For the Year Ended June 30, 2011

	Activity Number	Project Budget	* Prior Project to Date Total	Current Year	Project to Date Total	Variance
<u>Revenue</u>						
Grant income	N/A	\$ 3,406,991	\$ 1,281,970	\$ 1,691,547	\$ 2,973,517	\$ (433,474)
Program income	N/A	00	1,009,433	1,031,002	2,040,435	2,040,435
Other	N/A	00	00	63,082	63,082	63,082
Interest income	N/A	00	204	968	1,172	1,172
		<u>3,406,991</u>	<u>2,291,607</u>	<u>2,786,599</u>	<u>5,078,206</u>	<u>1,671,215</u>
<u>Expenses</u>						
Acquisition	5050-001-B-H	785,749	216,511	684,489	901,000	(115,251)
Acquisition	5050-001-B-I	1,519,156	1,414,965	721,665	2,136,630	(617,474)
House Rehabilitation	5050-14A-B-H	83,432	63,691	195,119	258,810	(175,378)
House Rehabilitation	5050-14A-B-I	199,011	290,298	156,186	446,484	(247,473)
Downpayment and closing cost	5050-013-A-H	30,637	19,320	32,080	51,400	(20,763)
Downpayment and closing cost	5050-013-A-I	71,485	63,680	76,672	140,352	(68,867)
Clearance	5050-004-D-I	513,102	00	322,330	322,330	190,772
Administration	5050-21A-X	204,419	65,281	116,459	181,740	22,679
Other		00	00	9,000	9,000	(9,000)
Selling costs paid by seller		00	88,657	104,156	192,813	(192,813)
Total expenses		<u>3,406,991</u>	<u>2,222,403</u>	<u>2,418,156</u>	<u>4,640,559</u>	<u>(1,233,568)</u>
Excess of revenue over expenditure		\$ 00	\$ 69,204	\$ 368,443	\$ 437,647	\$ 437,647

* Prior project to date was restated. See Note 4.J.

See accompanying notes to required supplementary information.

City of Carrollton, Georgia
Schedule of Funding Progress
June 30, 2011

Retirement Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued (Liability) Excess</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Accrued (Liability) Excess as a Percentage of Covered Payroll</u>
May 1, 2007	\$ 13,971,149	\$ 15,501,567	\$ (1,530,418)	90.13%	\$ 9,357,443	(16.36%)
May 1, 2008	14,689,299	16,789,002	(2,099,703)	87.49%	9,973,562	(21.05%)
May 1, 2009	10,138,698	17,584,324	(7,445,626)	57.66%	10,987,492	(67.76%)
January 1, 2010	13,129,159	18,588,848	(5,459,689)	70.63%	11,048,517	(49.42%)

Actuarial assumption used in the calculation of above amounts are disclosed in the notes to the financial statements.

OPEB Health Care Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued (Liability) Excess</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Actuarial Accrued (Liability) Excess as a Percentage of Covered Payroll</u>
May 1, 2008	\$ 00	\$ 1,448,245	\$ (1,448,245)	00.00%	\$ 11,187,895	(12.95%)
January 1, 2011	00	1,465,181	(1,465,181)	00.00%	10,805,482	(13.56%)

Actuarial assumption used in the calculation of above amounts are disclosed in the notes to the financial statements.

OTHER 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, 2011

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Carroll County SPLOST tax	\$ 21,335,000	\$ 19,896,885	\$ (1,438,115)
Grant revenue	00	134,497	134,497
Interest	00	10,923	10,923
Citizen donation	<u>00</u>	<u>100,000</u>	<u>100,000</u>
Total	<u>21,335,000</u>	<u>20,142,305</u>	<u>(1,192,695)</u>
Expenditures:			
Downtown Development Improvements	6,400,000	9,344,851	(2,944,851)
New Northeast Fire Substation	1,025,000	1,946,082	(921,082)
Recreation/Cultural Arts Improvements	4,275,000	3,345,023	929,977
Greenspace Acquisition	535,000	360,341	174,659
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	1,657,595	1,542,405
Sidewalk & Street Improvements	2,150,000	1,015,645	1,134,355
Public Utilities Improvements	<u>800,000</u>	<u>483,427</u>	<u>316,573</u>
	21,335,000	18,564,513	2,770,487
Excess of revenues over expenditures	<u>00</u>	<u>1,577,792</u>	<u>1,577,792</u>
Other sources and uses:			
Transfers to other funds	00	(11,269,938)	(11,269,938)
Transfers from other funds	<u>00</u>	<u>11,280,073</u>	<u>11,280,073</u>
Total other sources and uses	<u>00</u>	<u>10,135</u>	<u>10,135</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 00</u>	<u>\$ 1,587,927</u>	<u>\$ 1,587,927</u>

Water Fund projects funded from 2004 SPLOST are excluded.

City of Carrollton
Capital Projects Fund
2009 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, 2011

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Intergovernmental revenue	\$ 21,026,585	\$ 9,387,913	\$ (11,638,672)
Other revenue	00	2,984,414	2,984,414
Interest	<u>00</u>	<u>157,537</u>	<u>157,537</u>
Total	<u>21,026,585</u>	<u>12,529,864</u>	<u>(8,496,721)</u>
Expenditures:			
Sidewalk and Street Improvements	5,485,197	6,795,466	(1,310,269)
Water Impoundment Development and Improvements	4,570,997	00	4,570,997
Recreation/Cultural Arts Improvements	2,742,599	235,846	2,506,753
Economic Development	2,285,498	1,798,461	487,037
Greenspace Acquisition and Improvement	2,285,498	3,457,427	(1,171,929)
Public Safety Facilities and Equipment	1,828,398	2,098,628	(270,230)
Historic Train Depot Restoration	1,371,299	00	1,371,299
Telecommunications Facilities and Equipment	<u>457,099</u>	<u>49,362</u>	<u>407,737</u>
	<u>21,026,585</u>	<u>14,435,190</u>	<u>6,591,395</u>
Excess of expenditures over revenues	<u>00</u>	<u>(1,905,326)</u>	<u>(1,905,326)</u>
Other sources and uses:			
Proceeds from intergovernmental debt	00	10,619,420	10,619,420
Transfers to other funds	00	(106,562)	(106,562)
Debt service principal payments	00	(3,200,600)	(3,200,600)
Debt service interest payments	00	(920,305)	(905,305)
Total other sources and uses	<u>00</u>	<u>6,391,953</u>	<u>6,391,953</u>
Excess of revenues and other sources Over expenditures and other uses	<u>\$ 00</u>	<u>\$ 4,486,627</u>	<u>\$ 4,486,627</u>

City of Carrollton, Georgia
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2011

Assets

	Hotel/Motel Tax Fund	Drug Seizure Fund	Regional Hazardous Material Team Fund	West Metro Regional Drug Enforcement Fund	1994 Special Purpose Local Option Sales Tax Fund	Total
Cash in bank	\$ 16,617	\$ 109,815	\$ 37,561	\$ 313,874	\$ 232,064	\$ 709,931
Receivable	20,728	150	5,925	119,385	00	146,188
Total assets	<u>\$ 37,345</u>	<u>\$ 109,965</u>	<u>\$ 43,486</u>	<u>\$ 433,259</u>	<u>\$ 232,064</u>	<u>\$ 856,119</u>

Liabilities and Fund Balance

Liabilities						
Accounts and accrued payable	\$ 00	\$ 00	\$ 00	\$ 3,518	\$ 00	\$ 3,518
Deferred revenue	00	00	00	20,000	00	20,000
Due to other governments	4,746	00	00	14,657	00	19,403
Due to other funds	10,375	00	00	13,470	00	23,845
Seized funds awaiting disposition	00	11,662	00	44,718	00	56,380
Total liabilities	<u>15,121</u>	<u>11,662</u>	<u>00</u>	<u>96,363</u>	<u>00</u>	<u>123,146</u>
Fund balance – restricted	22,224	98,303	43,486	336,896	232,064	732,973
Total liabilities and fund balance	<u>\$ 37,345</u>	<u>\$ 109,965</u>	<u>\$ 43,486</u>	<u>\$ 433,259</u>	<u>\$ 232,064</u>	<u>\$ 856,119</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, 2011

	Special Revenue Funds				Capital Projects Fund		
					1994	Special Purpose Local Option Sales Tax Fund	Total
Revenues:							
Forfeitures	\$ 00	\$ 14,416	\$ 00	\$ 166,859	\$ 00	\$ 00	\$ 181,275
Taxes	237,488	00	00	00	00	00	237,488
Interest	82	159	93	1,169	762	762	2,265
Intergovernmental	00	00	15,000	559,573	00	00	574,573
Other	00	00	4,424	7,199	00	00	11,623
Total revenues	<u>237,570</u>	<u>14,575</u>	<u>19,517</u>	<u>734,800</u>	<u>762</u>	<u>762</u>	<u>1,007,224</u>
Expenditures	<u>151,962</u>	<u>7,605</u>	<u>6,265</u>	<u>709,777</u>	<u>174,494</u>	<u>174,494</u>	<u>1,050,103</u>
Excess (deficiency) of revenues over expenditures	85,608	6,970	13,252	25,023	(173,732)	(173,732)	(42,879)
Other financing sources (uses):							
Operating transfer in (out) – other funds	(94,995)	00	00	39,581	00	00	(55,414)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(9,387)	6,970	13,252	64,604	(173,732)	(173,732)	(98,293)
Fund balance at beginning of year	<u>31,611</u>	<u>91,333</u>	<u>30,234</u>	<u>272,292</u>	<u>405,796</u>	<u>405,796</u>	<u>831,266</u>
Fund balance at end of year	<u>\$ 22,224</u>	<u>\$ 98,303</u>	<u>\$ 43,486</u>	<u>\$ 336,896</u>	<u>\$ 232,064</u>	<u>\$ 232,064</u>	<u>\$ 732,973</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, 2011

	HOTEL/MOTEL TAX		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 225,000	\$ 237,488	\$ 12,488
Interest	<u>500</u>	<u>82</u>	<u>(418)</u>
Total revenues	<u>225,500</u>	<u>237,570</u>	<u>12,070</u>
Expenditures:			
Appropriations to other agencies/Facade Grants	<u>135,300</u>	<u>151,962</u>	<u>(16,662)</u>
Total expenditures	<u>135,300</u>	<u>151,962</u>	<u>(16,662)</u>
Excess (deficiency) of revenues over expenditures	90,200	85,608	(4,592)
Transfers out	(90,200)	(94,995)	(4,795)
Fund balances at beginning of year	<u>31,611</u>	<u>31,611</u>	<u>00</u>
Fund balances at end of year	<u>\$ (31,611)</u>	<u>\$ 22,224</u>	<u>\$ (9,387)</u>

	DRUG SEIZURE FUND		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Seized funds - forfeitures	\$ 20,000	\$ 14,416	\$ (5,584)
Interest	<u>500</u>	<u>159</u>	<u>(341)</u>
Total revenues	<u>20,500</u>	<u>14,575</u>	<u>(5,925)</u>
Expenditures:			
Public Safety	3,500	1,625	1,875
Capital outlay	<u>17,000</u>	<u>5,980</u>	<u>11,020</u>
Total expenditures	<u>20,500</u>	<u>7,605</u>	<u>12,895</u>
Excess (deficiency) of revenues over expenditures	00	6,970	6,970
Fund balances at beginning of year	<u>91,333</u>	<u>91,333</u>	<u>00</u>
Fund balances at end of year	<u>\$ 91,333</u>	<u>\$ 98,303</u>	<u>\$ 6,970</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, 2011

REGIONAL HAZARDOUS MATERIAL TEAM FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant revenue	\$ 00	\$ 15,000	\$ 15,000
Service revenue and dues	3,000	4,424	1,424
Interest	500	93	(407)
Total revenues	<u>3,500</u>	<u>19,517</u>	<u>16,017</u>
Expenditures:			
Maintenance and training	3,500	6,265	(2,765)
Total expenditures	<u>3,500</u>	<u>6,265</u>	<u>(2,765)</u>
Excess (deficiency) of revenues over expenditures	00	13,252	13,252
Fund balances at beginning of year	<u>30,234</u>	<u>30,234</u>	<u>00</u>
Fund balances at end of year	<u>\$ 30,234</u>	<u>\$ 43,486</u>	<u>\$ 13,252</u>

WEST METRO REGIONAL DRUG ENFORCEMENT FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant	\$ 466,978	\$ 435,602	\$ (31,376)
Agency contributions and match	155,660	123,971	(31,689)
Forfeitures	00	166,859	166,859
Interest	00	1,169	1,169
Miscellaneous	00	7,199	7,199
Total revenues	<u>622,638</u>	<u>734,800</u>	<u>112,162</u>
Expenditures:			
Wages and benefits	388,349	364,280	24,069
Other operating expenditures	116,827	234,019	(117,192)
Capital expenditures	117,462	111,478	5,984
Total expenditures	<u>622,638</u>	<u>709,777</u>	<u>(87,139)</u>
Excess (deficiency) of revenues over expenditures	00	25,023	25,023
Transfers from general fund	<u>00</u>	<u>39,581</u>	<u>39,581</u>
Excess (deficiency) of revenues and other sources over expenditures	00	64,604	64,604
Fund balances at beginning of year	<u>272,292</u>	<u>272,292</u>	<u>00</u>
Fund balances at end of year	<u>\$ 272,292</u>	<u>\$ 336,896</u>	<u>\$ 64,604</u>

COMPLIANCE SECTION

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, 2011

	<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
Georgia Department of Community Affairs	00	5,350	5,350
Other governmental	00	383,023	383,023
Interest	00	182,674	182,674
Other	<u>00</u>	<u>48,221</u>	<u>48,221</u>
Total revenues	<u>7,125,000</u>	<u>11,648,978</u>	<u>4,523,978</u>
Expenditures:			
Paving, road improvements and Depot	6,400,000	10,806,761	4,406,761
Recreation and culture	<u>725,000</u>	<u>872,932</u>	<u>147,932</u>
Total expenditures	<u>7,125,000</u>	<u>11,679,693</u>	<u>4,554,693</u>
Excess of revenues over expenditures	<u>00</u>	<u>(30,715)</u>	<u>(30,715)</u>
Other sources (uses):			
Transfers to other funds	00	(32,267)	(32,267)
Transfers from other funds	<u>00</u>	<u>280,663</u>	<u>280,663</u>
Total other sources (uses)	<u>00</u>	<u>248,396</u>	<u>248,396</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 00</u>	<u>\$ 217,681</u>	<u>\$ 217,681</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, 2011

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Real, intangible and personal property	\$ 3,225,000	\$ 3,375,148	\$ 150,148
Auto and mobile homes	225,000	187,195	(37,805)
Sales - local option	4,113,017	3,898,782	(214,235)
Insurance premium tax	1,126,413	1,068,184	(58,229)
Beer and wine tax	675,000	653,749	(21,251)
Licenses and permits:			
Occupation tax	1,000,000	965,043	(34,957)
Building, electric and plumbing permits	75,000	120,309	45,309
Franchise fees	2,204,414	2,343,197	138,783
Alcoholic beverage license	190,000	207,589	17,589
Intergovernmental:			
State and federal -			
Fire Assistance Grants	240,500	253,964	13,464
Police Grants	230,880	246,274	15,394
Other Grants	9,620	11,000	1,380
Nutrition Program Grant	96,000	136,787	40,787
Carroll County -			
Recreation program	125,000	162,340	37,340
Fire department	582,180	582,180	00
Landfill personnel reimbursement	68,000	68,927	927
Tourism	00	16,564	16,564
Carrollton School Board	130,000	81,172	(48,828)
Charges for services:			
Recreation Department program fees	834,995	1,159,558	324,563
Fines and forfeitures	800,000	816,573	16,573
Interest on invested funds	75,000	89,515	14,515
Contributions	00	68,493	68,493
Miscellaneous:			
Insurance reimbursements	00	44,911	44,911
Rents	75,000	100,181	25,181
Other	188,000	73,389	(114,611)
Total revenues	<u>16,289,019</u>	<u>16,731,024</u>	<u>442,005</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, 2011

	Original and Final Budget	Actual	Variance
Expenditures:			
General government	\$ 1,455,266	\$ 1,350,633	\$ 104,633
Public safety	9,981,761	9,875,660	106,101
Highways and streets	974,051	969,929	4,122
Landfill	68,170	69,761	(1,591)
Cultural and recreation	<u>4,872,890</u>	<u>5,192,182</u>	<u>(319,292)</u>
Total expenditures	<u>17,352,138</u>	<u>17,458,165</u>	<u>(106,027)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,063,119)</u>	<u>(727,141)</u>	<u>335,978</u>
Other financing sources (uses):			
Operating transfers in	1,063,119	941,583	(121,536)
Operating transfers out	<u>00</u>	<u>(39,581)</u>	<u>(39,581)</u>
Total other financing sources (uses)	<u>1,063,119</u>	<u>902,002</u>	<u>(161,117)</u>
Excess of revenues and other sources over expenditures and other uses	00	174,861	174,861
Fund balance at beginning of year, as restated	<u>11,813,603</u>	<u>11,813,603</u>	<u>00</u>
Fund balance at end of year	<u>\$ 11,813,603</u>	<u>\$ 11,988,464</u>	<u>\$ 174,861</u>

City of Carrollton, Georgia
General Fund
Schedule of Expenditures, Compared to Budget (GAAP Basis) – by Departments
For the Year Ended June 30, 2011

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government:			
Mayor and council	\$ 88,760	\$ 101,082	\$ (12,322)
City manager's office	137,182	121,066	16,116
General administration	582,072	596,542	(14,470)
Building inspections	139,709	128,972	10,737
Planning administration	102,556	56,056	46,500
Main Street	85,673	83,997	1,676
Human resources administration	123,126	118,023	5,103
Legal	101,000	58,945	42,055
Finance and purchasing	<u>95,188</u>	<u>85,950</u>	<u>9,238</u>
Total general government	<u>1,455,266</u>	<u>1,350,633</u>	<u>104,633</u>
Public Safety:			
Police department	5,543,303	5,632,636	(89,333)
Fire department	<u>4,438,458</u>	<u>4,243,024</u>	<u>195,434</u>
Total public safety	<u>9,981,761</u>	<u>9,875,660</u>	<u>106,101</u>
Highway and Streets:			
Street department	237,663	201,205	36,458
Engineering department	525,558	517,027	8,531
General maintenance	85,803	81,532	4,271
Garage	125,027	124,695	332
Shop	<u>00</u>	<u>45,470</u>	<u>(45,470)</u>
Total highways and streets	<u>974,051</u>	<u>969,929</u>	<u>4,122</u>
Landfill	<u>68,170</u>	<u>69,761</u>	<u>(1,591)</u>
Cultural and recreation:			
Parks and recreation	4,497,901	4,815,980	(318,079)
Visitors Bureau	144,090	145,298	(1,208)
West Georgia Regional Library	<u>230,899</u>	<u>230,904</u>	<u>(5)</u>
Total cultural and recreation	<u>4,872,890</u>	<u>5,192,182</u>	<u>(319,292)</u>
Total expenditures	<u>\$ 17,352,138</u>	<u>\$ 17,458,165</u>	<u>\$ (106,027)</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, 2011

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Operating revenues:			
Water sales and penalties	\$ 6,118,504	\$ 6,609,171	\$ 490,667
Sewer fees and surcharges	3,422,503	3,792,777	370,274
Water and sewer tap fees	<u>250,000</u>	<u>724,705</u>	<u>474,705</u>
Total operating revenues	<u>9,791,007</u>	<u>11,126,653</u>	<u>1,335,646</u>
Expenses:			
General operations	628,517	577,299	51,218
Filter plant	1,937,975	1,810,392	127,583
Systems upkeep	1,463,350	1,258,559	204,791
Sewerage treatment plant	2,500,033	2,592,719	(92,686)
Water support services	482,641	463,461	19,180
Facilities maintenance	<u>463,872</u>	<u>322,302</u>	<u>141,570</u>
Total operating expenses	<u>7,476,388</u>	<u>7,024,732</u>	<u>451,656</u>
Excess of operating revenues over operating expenses	<u>2,314,619</u>	<u>4,101,921</u>	<u>1,787,302</u>
Non-operating revenues, (expenses) and other financing sources and (uses):			
Interest income	2,000	5,740	3,740
Miscellaneous	100,000	94,534	(5,466)
Capital contributions	00	137,000	137,000
Water projects - construction and engineering	(300,000)	(217,277)	82,723
Payments - State Revolving - principal and interest	(406,437)	(406,437)	00
Payments - GEFA loan - principal and interest	(153,762)	(153,762)	00
Payments - GEFA membrane loans - principal and interest	(432,743)	(432,792)	(49)
Payment - 1993 Revenue Bond - interest	(50,600)	(50,600)	00
Payment - 1993 Revenue Bond - principal	(325,000)	(325,000)	00
Payment - 1997 Revenue Bond - interest	(65,844)	(65,844)	00
Payment - 1997 Revenue Bond - principal	(146,906)	(146,906)	00
Rents	75,000	77,581	2,581
Transfer to General Fund	<u>(610,327)</u>	<u>(610,332)</u>	<u>(5)</u>
	<u>(2,314,619)</u>	<u>(2,094,095)</u>	<u>220,524</u>
Excess of revenues and other sources over expenses and other financing uses	<u>\$ 00</u>	<u>\$ 2,007,826</u>	<u>\$ 2,007,826</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, 2011

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
Operating revenues:			
Garbage and landfill fees	\$ 3,988,046	\$ 3,884,124	\$ (103,922)
Total operating revenues	<u>3,988,046</u>	<u>3,884,124</u>	<u>(103,922)</u>
Operating expenses	<u>3,492,254</u>	<u>3,312,198</u>	<u>180,056</u>
Excess of operating revenues over operating expenses	<u>495,792</u>	<u>571,926</u>	<u>76,134</u>
Non-operating revenues, (expenses) and other financing sources and (uses):			
Payments – GMA loan – principal	(48,000)	(45,555)	2,445
Interest income	5,000	9,572	4,572
Miscellaneous income	00	(380)	(380)
Interfund transfers	<u>(452,792)</u>	<u>(236,256)</u>	<u>216,536</u>
	<u>(495,792)</u>	<u>(272,619)</u>	<u>223,173</u>
Excess of operating revenues and other sources over operating expenses and other uses	<u>\$ 00</u>	<u>\$ 299,307</u>	<u>\$ 299,307</u>

City of Carrollton, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantors' Number	Federal Expenditures
<u>Department of Homeland Security:</u>			
Direct Award:			
SAFER Grant	97.083	045-13492-00 (FEMA-3218-EM-GA)	\$ 253,964
Passed through State Agency:			
Georgia Emergency Management Agency:		045-13492-03	
State Domestic Preparedness (Equipment Grant)	97.044	(2009-SS-T9-0047)	15,000
Hazard Mitigation Grant – Valley			
Circle Homes	97.039	HMGP-1858-0008	370,169
Total Department of Homeland Security			<u>639,133</u>
<u>Department of Health & 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	136,787
Total Department of Health & Human Services			<u>136,787</u>
<u>Department of Justice:</u>			
Direct Award:			
Bullet Proof Vest Grant	16.607	None	3,535
ARRA-Cops Hiring Recovery Program	16.710	2009 RKWX0265	170,783
Watchguard Video Camera Systems	16.738	2010DJ-BX1280	41,405
Passed through State Agency:			
State Criminal Justice Coordinating Council:			
West Metro Regional Drug Enforcement Office	16.738	2010-DJ-BX-0362	241,855
WMRDO-Edward Byrne Justice Assistance Grant	16.738	2009-DJ-BX-0077	193,747
Total CFDA 16.738			<u>477,007</u>
Total Department of Justice			<u>651,325</u>
<u>Department of Housing & Urban Development:</u>			
Passed through State Agency:			
Georgia Department of Community Affairs			
HERA-Neighborhood Stabilization Program	14.228	08-ns-5050	2,305,000
Total Department of Housing & Urban Development			<u>2,305,000</u>
<u>Department of Transportation:</u>			
Passed through State Agency:			
Georgia Department of Transportation:			
Off-system Safety – Signage and Striping	20.205	None	87,114
Total Department of Transportation			<u>87,114</u>
Total expenditures of federal awards			<u>\$ 3,819,359</u>

The schedule of expenditures of federal awards includes the federal grant activity of the City of Carrollton and is presented on the modified 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 did qualify as a low-risk auditee for the fiscal year ended June 30, 2011.

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, 2011

	<u>Expenditures and Adjustments</u>			
	<u>Original Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
Transportation improvements and depot	\$ 6,400,000	\$ 9,862,168	\$ 174,494	\$ 10,036,662
Recreation improvements	<u>725,000</u>	<u>733,705</u>	<u>00</u>	<u>733,705</u>
	<u>\$ 7,125,000</u>	<u>\$ 10,595,873</u>	<u>\$ 174,494</u>	<u>\$ 10,770,367</u>

City of Carrollton, Georgia
Schedule of Projects Constructed with 2004 Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended June 30, 2011

	Original Estimated Cost	SPLOST Expenditures		Expenditures From Other Sources		Total
		Prior Years	Current Cost	Prior Years	Current Year	
Downtown Development Improvements	\$ 6,400,000	\$ 7,955,696	\$ 138,704	\$ 1,250,215	\$ 00	\$ 9,344,615
New Northeast Fire Substation	1,025,000	1,945,735	00	00	00	1,945,735
Recreation/Cultural Arts Improvements	4,275,000	3,349,228	00	00	00	3,349,228
Greenspace Acquisition	535,000	359,994	00	00	00	359,994
Lake Carroll Improvement/Reservoir	2,150,000	1,466,735	00	00	00	1,466,735
West Carrollton Revitalization	800,000	359,276	00	00	00	359,276
Economic Development	3,200,000	1,656,361	00	00	00	1,656,361
Sidewalk & Street Improvements	2,150,000	1,015,297	00	00	00	1,015,297
Public Utilities Improvements	800,000	472,143	10,937	00	00	483,080
*Debt Service – Redevelopment Authority	00	2,327,600	00	00	00	2,327,600
	<u>\$ 21,335,000</u>	<u>\$ 20,908,065</u>	<u>\$ 149,641</u>	<u>\$ 1,250,215</u>	<u>\$ 00</u>	<u>\$ 22,307,921</u>

* Debt was borrowed in 2005 to fund SPLOST projects in advance, before sufficient SPLOST tax revenue was available. The debt was borrowed through the Carrollton Redevelopment Authority, a component unit of the City, and transferred to the SPLOST fund. Likewise, payments on the debt were made by the SPLOST fund annually with the final payment made in 2009. All SPLOST project expenditures have been reflected.

City of Carrollton, Georgia
Schedule of Projects Constructed with 2009 Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended June 30, 2011

	Original Estimated Cost	SPLOST Expenditures		Expenditures From Other Sources		Total
		Prior Years	Current Cost	Prior Years	Current Year	
Sidewalk and Street Improvements	\$ 5,485,197	\$ 2,403,059	\$ 905,669	\$ 2,221,454	\$ 1,265,284	\$ 6,795,466
Water Impoundment Development and Improvements	4,570,997	106,562	00	00	00	106,562
Recreation/Cultural Arts Improvements	2,742,599	28,838	207,008	00	00	235,846
Economic Development	2,285,498	1,775,106	23,355	00	00	1,798,461
Greenspace Acquisition and Improvements	2,285,498	1,805,650	00	1,100,000	551,777	3,457,427
Public Safety - Equipment	1,828,398	1,745,663	144,010	183,955	25,000	2,098,628
Historic Train Depot Restoration	1,371,299	00	00	00	00	00
Telecommunications Facilities and Equipment	457,099	49,362	00	00	00	49,362
*Debt Service – Carroll County Georgia	00	2,042,959	1,875,969	00	00	3,918,928
	<u>\$ 21,026,585</u>	<u>\$ 9,957,199</u>	<u>\$ 3,156,011</u>	<u>\$ 3,505,409</u>	<u>\$ 1,842,061</u>	<u>\$ 18,460,680</u>

* Debt was borrowed in 2008 to fund SPLOST projects in advance, before sufficient SPLOST tax revenue was available. The debt was borrowed from Carroll County and transferred to the City SPLOST fund. Likewise, payments on the debt are made by the SPLOST fund annually.

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	Brandy C. Smith	CPA
Frederick G. Thomas	CPA	Julie M. George	CPA
Deborah W. Cooke	CPA	Amber E. Ash	CPA
Johanna H. Tallent	CPA	Kevin G. Bush	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, 2011, which collectively comprise the City of Carrollton, Georgia's basic financial statements, and have issued our report thereon dated January 16, 2012. 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or other matters that are required to be reported under *Government Auditing Standards*.

The City of Carrollton's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. 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 pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Barrett, Stephens, Thomas & Yazio, PC.

January 16, 2012

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



Garrett
Stephens
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Carrollton, Georgia

Compliance

We have audited City of Carrollton, Georgia's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended June 30, 2011. The City of Carrollton, Georgia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 of 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Carrollton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Honorable Mayor and City Council
City of Carrollton, Georgia

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

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

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

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

January 16, 2012

City of Carrollton, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Carrollton, Georgia.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. This deficiency is not considered to be a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Carrollton, Georgia were disclosed during the audit.
4. No control deficiencies related to the audit of major federal award programs are reported in the Report on Compliance with Requirements that could have a direct and material effect on to each Major Program and on 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 on all major Federal Programs
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs were the Homeland Security, Hazard Mitigation Grant – (CFDA# 97.039); Department of Justice, Justice Assistance Grants (CFDA# 16.738); and HUD Neighborhood Stabilization Program (CFDA# 14.228).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Carrollton, Georgia was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY:

2011 – 1 Segregation of Duties – Repeat Finding

- 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

City of Carrollton, Georgia
Schedule of Findings and Questioned Costs - continued
For the Year Ended June 30, 2011

2011 – 1 Segregation of Duties – Repeat Finding – continued

- 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.

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, 2011

2010 – 3 U. S. Department of Homeland Security – CFDA#97.036 – Special Tests and Provisions

- Condition – The City of Carrollton has not submitted a final accounting to FEMA of eligible costs in connection with their large FEMA projects over \$63,200 in accordance with the Special Tests and Provisions of the grant agreement.
- Recommendation – An effort should be made to submit the appropriate final accounting to FEMA on the City's large projects and to obtain final reimbursement or repayment on these projects.
- Current status – The City concurs with this finding. The City will consider submitting a final accounting to FEMA upon completion.