

CITY OF CARROLLTON, GEORGIA

**Financial Statements and Supplementary Information
For the Fiscal Year Ended June 30, 2014**

And

Independent Auditor's Report

City of Carrollton, Georgia
June 30, 2014

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
List of Principal Officials	3
FINANCIAL SECTION:	
Independent Auditor's Report	4
Required Supplementary Information: Management's Discussion and Analysis	6
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	14
Statement of Activities	15
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	16
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Balance Sheet – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Notes to Basic Financial Statements	23
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	61
Budgetary Comparison Schedule – Major Neighborhood Stabilization Program Fund	62
Notes to Required Supplementary Information	63
Schedule of Funding Progress	64
Other Information:	
Budgetary Comparison Schedule – Major Capital Projects Fund, 2004 SPLOST	65
Budgetary Comparison Schedule – Major Capital Projects Fund, 2009 SPLOST	66
Budgetary Comparison Schedule – Major Capital Projects Fund, 2015 SPLOST	67

City of Carrollton, Georgia
June 30, 2014

Table of Contents

	<u>Page</u>
Other Information - continued:	
Project Budget and Actual (Project to Date) Schedule – Major Neighborhood Stabilization Program Fund NSP-1	68
Project Budget and Actual (Project to Date) Schedule – Major Neighborhood Stabilization Program Fund NSP-3	69
Combining Balance Sheet – Non-major Governmental Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – Non-major Special Revenue Funds	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis) – General Fund	74
Schedule of Expenditures, Compared to Budget (GAAP Basis) – General Fund by Departments	76
Schedule of Revenues and Expenses – Budget and Actual (Non-GAAP Basis) Water and Sewerage System Enterprise Fund	77
Schedule of Revenues and Expenses – Budget and Actual (Non-GAAP Basis) Sanitation Enterprise Fund	78
Schedule of Expenditures of Federal Awards	79
Notes To Schedule of Expenditures of Federal Awards	80
Schedule of Projects Constructed with 2004 Special Purpose Local Option Sales Tax Proceeds	81
Schedule of Projects Constructed with 2009 Special Purpose Local Option Sales Tax Proceeds	82
Schedule of Projects Constructed with 2015 Special Purpose Local Option Sales Tax Proceeds	83
COMPLIANCE SECTION:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	86
Schedule of Findings and Questioned Costs	88

City of Carrollton, Georgia
List of Principal City Officials
June 30, 2014

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

FINANCIAL SECTION



Garrett
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Carrollton, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Carrollton, Georgia, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 13 and 61 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carrollton, Georgia's basic financial statements. The accompanying other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of City of Carrollton, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Carrollton, Georgia's internal control over financial reporting and compliance.

Garrett, Thomas & Fazio, P.C.

Carrollton, Georgia
December 31, 2014

MANAGEMENT'S 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, 2014. 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 Position 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 Position 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 Position 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 position and changes in them. You can think of the City's net position – 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 position 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 Position 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 two separate legal entities in its report – Main Street Carrollton and Carrollton Redevelopment Authority. Although legally separate, these component units are important because the City is financially accountable for them.

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 Position 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 Position

The City's combined net position increased from \$169,205,797 in 2013 to \$170,775,921 in 2014, an increase of .93%. Our analysis below focuses on the net position (Table 1) of the City's governmental and business-type activities.

The net position for governmental activities increased from \$94,525,201 in 2013 to \$95,251,177 in 2014, an increase of \$725,976 (.77%). Unrestricted net position for governmental activities decreased from \$11,524,738 in 2013 to \$11,375,233 in 2014, a decrease of \$149,505 (1.3%).

Total net position for business-type activities increased from \$74,680,596 in 2013 to \$75,524,744 in 2014, an increase of \$844,148 (1.1%). Unrestricted net position for business-type activities increased from \$6,892,784 for 2013, to \$7,593,233 in 2014, an increase of \$700,449 (10.2%).

City of Carrollton
Table 1 - Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current assets	\$ 28,791,030	\$ 19,584,172	\$ 8,802,071	\$ 8,227,408	\$ 37,593,101	\$ 27,811,580
Restricted assets	00	00	1,506,989	1,505,376	1,506,989	1,505,376
Capital assets, net	82,295,792	81,752,665	72,899,758	72,945,166	155,195,550	154,697,831
Noncurrent assets	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Total assets	<u>111,086,822</u>	<u>101,336,837</u>	<u>83,208,818</u>	<u>82,677,950</u>	<u>194,295,640</u>	<u>184,014,787</u>
Current liabilities	4,477,015	3,865,180	1,904,739	2,079,140	6,381,754	5,944,320
Noncurrent liabilities	<u>11,358,630</u>	<u>2,946,456</u>	<u>5,779,335</u>	<u>5,918,214</u>	<u>17,137,965</u>	<u>8,864,670</u>
Total liabilities	<u>15,835,645</u>	<u>6,811,636</u>	<u>7,684,074</u>	<u>7,997,354</u>	<u>23,519,719</u>	<u>14,808,990</u>
Net position:						
Net investment in capital assets	79,994,610	77,780,099	66,424,522	66,282,436	146,419,132	144,062,535
Restricted:						
Capital projects	1,711,914	3,320,458	387,709	387,321	2,099,623	3,707,779
Debt service	236,620	257,258	1,119,280	1,118,055	1,355,900	1,375,313
Other purposes	1,932,800	1,642,648	00	00	1,932,800	1,642,648
Unrestricted	<u>11,375,233</u>	<u>11,524,738</u>	<u>7,593,233</u>	<u>6,892,784</u>	<u>18,968,466</u>	<u>18,417,522</u>
Total net position	<u>\$ 95,251,177</u>	<u>\$ 94,525,201</u>	<u>\$ 75,524,744</u>	<u>\$ 74,680,596</u>	<u>\$ 170,775,921</u>	<u>\$ 169,205,797</u>

Changes in Net Position

The City's combined change in net position increased from \$1,554,609 in 2013 to \$1,570,124 in 2014. Our analysis below focuses on the changes in net position (Table 2) of the City's governmental and business-type activities.

Governmental Activities

Revenues for the City's governmental activities totaled \$24,537,868 (excluding transfers). This total represents an increase of \$433,818 (1.8%) over the FY2013 total of \$24,104,050. This increase was primarily attributable to increases in tax revenue, fees and fines revenue, Intergovernmental revenue, and charges for services.

Expenses for the City's governmental activities totaled \$25,216,083 (excluding transfers). This total represents an increase of \$340,651 (1.4%) over the FY2013 total of \$24,875,432. This increase was primarily attributable to the following:

- An increase in expenses of the General Fund.
- An increase in expenses of the 2009 SPLOST Fund.

Business-Type Activities

Revenues for the City's business-type activities totaled \$15,246,186 (excluding capital grants and contributions, interest, and miscellaneous). This represents an increase of \$510,201 (3.5%) over the FY2013 total of \$14,735,985. Operating expenses for the City's business activities totaled \$13,438,241 (excluding transfers), an increase of \$366,340 (2.4%) over the FY2013 total of \$13,071,901.

The operating revenues are as follows:

	<u>2014</u>	<u>2013</u>
Charges for services:		
Water and sewer fees & charges	\$ 11,388,481	\$ 10,874,352
Garbage and landfill fees	<u>3,857,705</u>	<u>3,861,633</u>
Total	<u>\$ 15,246,186</u>	<u>\$ 14,735,985</u>

The non-operating revenues (expenses) consist of the following material changes from FY2013 to FY2014:

- Loss on the disposition of real property - \$130,968.

City of Carrollton
Table 2 - Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,788,139	\$ 3,381,571	\$ 15,246,185	\$ 14,735,985	\$ 19,034,324	\$ 18,117,556
Operating grants & contributions	3,660,295	3,517,930	00	00	3,660,295	3,517,930
Capital grants & contributions	3,938,093	4,452,967	214,853	631,132	4,152,946	5,084,099
General revenues:						
Property taxes	3,960,717	3,624,393	00	00	3,960,717	3,624,393
Franchise & public service taxes	3,497,720	3,433,689	00	00	3,497,720	3,433,689
Sales tax	3,759,371	3,978,316	00	00	3,759,371	3,978,316
Other taxes	1,100,858	918,645	00	00	1,100,858	918,645
Interest and investment earnings	31,477	41,629	92,074	20,631	123,551	62,260
Contributions	187,945	106,394	00	00	187,945	106,394
Miscellaneous	<u>613,253</u>	<u>648,516</u>	<u>133,468</u>	<u>10,144</u>	<u>746,721</u>	<u>658,660</u>
Total revenues	<u>24,537,868</u>	<u>24,104,050</u>	<u>15,686,580</u>	<u>15,397,892</u>	<u>40,224,448</u>	<u>39,501,942</u>
Expenses:						
Program expenses:						
General government	2,079,199	1,895,631	00	00	2,079,199	1,895,631
Public safety	11,637,391	11,236,780	00	00	11,637,391	11,236,780
Highways and streets	2,708,122	2,604,613	00	00	2,708,122	2,604,613
Landfill	73,630	71,779	00	00	73,630	71,779
Recreation and culture	6,410,498	6,250,480	00	00	6,410,498	6,250,480
Economic development	2,134,225	2,563,917	00	00	2,134,225	2,563,917
Water and sewer	00	00	10,035,658	9,778,558	10,035,658	9,778,558
Sanitation	00	00	3,402,583	3,293,343	3,402,583	3,293,343
Interest on long-term debt	<u>173,018</u>	<u>252,232</u>	<u>00</u>	<u>00</u>	<u>173,018</u>	<u>252,232</u>
Total expenses	<u>25,216,083</u>	<u>24,875,432</u>	<u>13,438,241</u>	<u>13,071,901</u>	<u>38,654,324</u>	<u>37,947,333</u>
Excess (deficiency) before transfers	(678,215)	(771,382)	2,248,339	2,325,991	1,570,124	1,554,609
Transfers	<u>1,404,191</u>	<u>834,576</u>	<u>(1,404,191)</u>	<u>(834,576)</u>	<u>00</u>	<u>00</u>
Change in net position	725,976	63,194	844,148	1,491,415	1,570,124	1,554,609
Net position, beginning of year	94,525,201	94,449,281	74,680,596	73,189,181	169,205,797	167,638,462
Prior period adjustments	<u>00</u>	<u>12,726</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>12,726</u>
Net position, end of year	<u>\$ 95,251,177</u>	<u>\$ 94,525,201</u>	<u>\$ 75,524,744</u>	<u>\$ 74,680,596</u>	<u>\$ 170,775,921</u>	<u>\$ 169,205,797</u>

The City's Funds

As the City completed FY2014, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$26,129,502. This total represents an increase of \$8,996,911 (53%) from the FY2013 combined fund balance of \$17,132,591. This was due in part to the establishment of the 2015 SPLOST Fund in the amount of \$10,477,752. The City's proprietary funds (as presented in the balance sheet on page 20) reported combined unrestricted net position available for appropriation in the amount of \$7,593,233. This amount represents an increase of \$700,449 (10.2%) from the combined net position available for appropriation for FY2013.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues

General Fund budgetary highlights discussed below are shown in Table 3. Total actual revenue was over total budgeted revenue in the amount of \$810,541. Of this amount, tax revenue realized on property was under budgeted revenue by \$160,231. Title ad-valorem tax revenue exceeded budgeted amounts by \$434,543. Local Option Sales Tax revenue was under budget in the amount of \$440,629. Building permit revenue exceeded the budgeted amount by \$119,431. Utility franchise fee revenue was under budget by \$115,310.

Intergovernmental revenues exceeded the budgeted amount by \$202,827. Of this amount, revenue for the Nutrition Grant Program used to fund the daily lunch program at the Senior Citizen Center exceeded the budgeted amount by \$43,923. Carroll County reimbursements for recreation services and fire protection services exceeded budgeted amounts by \$10,235 and \$134,400, respectively. The Carrollton City Schools reimbursement exceeded the budgeted amount by \$30,951.

Recreation Department program fee revenue was realized at an amount of \$367,950 over budget projections. This positive variance reflects higher than anticipated utilization of the City's Recreation Department programs and services. Unbudgeted contribution revenue was realized in the amount of \$166,835. Unbudgeted insurance reimbursements were realized in the amount of \$31,955. Rent revenue was realized at an amount of \$66,783 over the budgeted amount. The positive variance continues to reflect the increased utilization of the City's newly renovated Bradley Street Train Depot as an event venue.

Table 3 – General Fund Revenues

	-----2014-----			-----2013-----		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Taxes	\$ 9,885,000	\$ 9,769,618	\$ (115,382)	\$ 9,500,000	\$ 9,616,255	\$ 116,255
Licenses and permits	3,620,000	3,642,169	22,169	3,760,000	3,432,155	(327,845)
Intergovernmental	1,040,598	1,243,425	202,827	1,045,180	1,210,526	165,346
Charges for services	895,000	1,262,950	367,950	933,000	1,234,141	301,141
Fines and forfeitures	850,000	862,773	12,773	800,000	836,254	36,254
Interest on invested funds	40,000	29,859	(10,141)	40,000	37,211	(2,789)
Miscellaneous	233,000	396,510	163,510	188,000	350,272	162,272
Contributions	00	166,835	166,835	00	106,394	106,394
Total	<u>\$ 16,563,598</u>	<u>\$ 17,374,139</u>	<u>\$ 810,541</u>	<u>\$ 16,266,180</u>	<u>\$ 16,823,208</u>	<u>\$ 557,028</u>

Expenditures

General Fund expenditure highlights are discussed below in Table 4. The City completed FY2014 with a total of \$18,881,673 in General Fund operating expenditures. The operating budget for these expenditures totaled \$19,030,148 resulting in expenditures being under budget by \$148,475. Expenditures for Public Safety were under budget by \$650,444. Expenditures for General Government operations were over budget by \$26,331. Expenditures for Highways and Streets were over budget by \$48,999. Expenditures for Cultural and Recreation exceeded budget appropriations by \$426,033. This budget overage was due to increased utilization of Cultural and Recreation Programs and services by citizens. As discussed earlier, this variance is partially offset by Cultural and Recreation revenues exceeding budgeted amounts by \$367,950.

Table 4 – General Fund Operating Expenditures

	-----2014-----			-----2013-----		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government	\$ 1,555,505	\$ 1,581,836	\$ (26,331)	\$ 1,407,483	\$ 1,522,214	\$ (114,731)
Public safety	11,205,842	10,555,398	650,444	10,503,970	9,904,201	599,769
Highways and streets	941,890	990,889	(48,999)	916,548	924,315	(7,767)
Landfill	73,024	73,630	(606)	72,007	71,779	228
Cultural and recreation	<u>5,253,887</u>	<u>5,679,920</u>	<u>(426,033)</u>	<u>5,161,794</u>	<u>5,467,097</u>	<u>(305,303)</u>
Total operating expenditures	<u>\$ 19,030,148</u>	<u>\$ 18,881,673</u>	<u>\$ 148,475</u>	<u>\$ 18,061,802</u>	<u>\$ 17,889,606</u>	<u>\$ 172,196</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2014, the City had \$155,195,550 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, 2014, Net of Depreciation

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 10,855,246	\$ 9,826,687	\$ 8,538,762	\$ 8,538,762	\$ 19,394,008	\$ 18,365,449
Land improvements	6,144,270	5,708,693	00	00	6,144,270	5,708,693
Buildings and improvements	26,371,806	26,933,996	1,908,319	2,026,575	28,280,125	28,960,571
Equipment	3,373,770	3,497,980	1,542,572	849,758	4,916,342	4,347,738
Infrastructure	34,086,242	35,071,622	60,010,794	61,209,897	94,097,036	96,281,519
Construction in progress	<u>1,464,458</u>	<u>713,687</u>	<u>899,311</u>	<u>320,174</u>	<u>2,363,769</u>	<u>1,033,861</u>
Totals	<u>\$ 82,295,792</u>	<u>\$ 81,752,665</u>	<u>\$ 72,899,758</u>	<u>\$ 72,945,166</u>	<u>\$ 155,195,550</u>	<u>\$ 154,697,831</u>

DEBT

The total long-term debt of the City outstanding at June 30, 2014 was \$18,776,418. The City had \$630,819 in revenue bond debt outstanding. Amounts reported as intergovernmental debt of \$12,043,374 relate to advance funding of construction costs for recreation, sidewalks, and downtown development improvements financed by the 2009 and 2015 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	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ 00	\$ 00	\$ 630,819	\$ 803,465	\$ 630,819	\$ 803,465
Capital leases	257,808	55,944	557,618	00	815,426	55,944
Notes payable	00	00	5,286,799	5,859,265	5,286,799	5,859,265
Intergovernmental debt	<u>12,043,374</u>	<u>3,916,622</u>	<u>00</u>	<u>00</u>	<u>12,043,374</u>	<u>3,916,622</u>
Totals	<u>\$ 12,301,182</u>	<u>\$ 3,972,566</u>	<u>\$ 6,475,236</u>	<u>\$ 6,662,730</u>	<u>\$ 18,776,418</u>	<u>\$ 10,635,296</u>

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The City's elected and appointed officials considered many factors when preparing the FY2015 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 FY2015. The fiscal year 2015 General Fund budget totals \$20,177,320, an increase of \$1,147,172 over the FY2014 budget.

The City's property tax digest is projected to remain at or near FY2014 levels. Other revenue categories are 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 FY2015. 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 FY2015 results will continue to show solid financial performance.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

City of Carrollton, Georgia
Statement of Net Position
June 30, 2014

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>	Component <u>Units</u>
Assets				
Current assets:				
Cash and equivalents	\$ 25,347,882	\$ 6,708,442	\$ 32,056,324	\$ 54,543
Investments	153,239	00	153,239	00
Restricted cash and cash equivalents	00	1,506,989	1,506,989	00
Receivables, net	2,330,958	2,050,871	4,381,829	00
Internal balances	439,533	(439,533)	00	00
Inventory	242,826	303,121	545,947	00
Prepaid expenses	276,592	179,170	455,762	00
Total current assets	<u>28,791,030</u>	<u>10,309,060</u>	<u>39,100,090</u>	<u>54,543</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	12,319,704	9,438,073	21,757,777	00
Other capital assets, net of accumulated depreciation	<u>69,976,088</u>	<u>63,461,685</u>	<u>133,437,773</u>	<u>32,110</u>
Total non-current assets	<u>82,295,792</u>	<u>72,899,758</u>	<u>155,195,550</u>	<u>32,110</u>
Total assets	<u>\$ 111,086,822</u>	<u>\$ 83,208,818</u>	<u>\$ 194,295,640</u>	<u>\$ 86,653</u>
Liabilities				
Current liabilities:				
Accounts payable – unrestricted	\$ 989,668	\$ 673,867	\$ 1,663,535	\$ 00
Accounts payable – restricted	00	881	881	00
Customer and other deposits	148,486	355,335	503,821	00
Accrued expenses	560,742	178,755	739,497	00
Current portion of long-term obligations	2,126,582	695,901	2,822,483	00
Unearned revenue	651,537	00	651,537	00
Total current liabilities	<u>4,477,015</u>	<u>1,904,739</u>	<u>6,381,754</u>	<u>00</u>
Non-current liabilities:				
Noncurrent portion of long-term obligations	10,174,600	5,779,335	15,953,935	00
Net OPEB obligation	<u>1,184,030</u>	<u>00</u>	<u>1,184,030</u>	<u>00</u>
Total non-current liabilities	<u>11,358,630</u>	<u>5,779,335</u>	<u>17,137,965</u>	<u>00</u>
Total liabilities	<u>15,835,645</u>	<u>7,684,074</u>	<u>23,519,719</u>	<u>00</u>
Net position				
Net investment in capital assets	79,994,610	66,424,522	146,419,132	32,110
Restricted:				
Capital projects	1,711,914	387,709	2,099,623	00
Debt service	236,620	1,119,280	1,355,900	00
Other purposes	1,932,800	00	1,932,800	54,543
Unrestricted	<u>11,375,233</u>	<u>7,593,233</u>	<u>18,968,466</u>	<u>00</u>
Total net position	<u>95,251,177</u>	<u>75,524,744</u>	<u>170,775,921</u>	<u>86,653</u>
Total liabilities and net position	<u>\$ 111,086,822</u>	<u>\$ 83,208,818</u>	<u>\$ 194,295,640</u>	<u>\$ 86,653</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Statement of Activities
For the Year Ended June 30, 2014

		-----Program Revenues-----			Net (Expenses) Revenue and -----Changes in Net position-----			
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
					Governmental Activities	Business-Type Activities		Total
Primary government:								
Governmental activities:								
General government	\$ 2,079,199	\$ 1,402,479	\$ 00	\$ 299,798	\$ (376,922)	\$ 00	\$ (376,922)	
Public safety	11,637,391	1,122,710	1,359,615	299,798	(8,855,268)	00	(8,855,268)	
Highways and streets	2,708,122	00	45,974	1,389,646	(1,272,502)	00	(1,272,502)	
Public works – other	00	00	00	749,495	749,495	00	749,495	
Landfill	73,630	00	72,966	00	(664)	00	(664)	
Recreation and culture	6,410,498	1,262,950	300,158	824,609	(4,022,781)	00	(4,022,781)	
Economic development	2,134,225	00	1,881,582	374,747	122,104	00	122,104	
Interest on long-term debt	<u>173,018</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>(173,018)</u>	<u>00</u>	<u>(173,018)</u>	
Total governmental activities	<u>25,216,083</u>	<u>3,788,139</u>	<u>3,660,295</u>	<u>3,938,093</u>	<u>(13,829,556)</u>	<u>00</u>	<u>(13,829,556)</u>	
Business-type activities:								
Water	5,394,109	7,030,584	00	132,564	00	1,769,039	1,769,039	
Sewer	4,641,549	4,357,896	00	82,289	00	(201,364)	(201,364)	
Sanitation	<u>3,402,583</u>	<u>3,857,705</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>455,122</u>	<u>455,122</u>	
Total business-type activities	<u>13,438,241</u>	<u>15,246,185</u>	<u>00</u>	<u>214,853</u>	<u>00</u>	<u>2,022,797</u>	<u>2,022,797</u>	
Total primary government	<u>\$ 38,654,324</u>	<u>\$ 19,034,324</u>	<u>\$ 3,660,295</u>	<u>\$ 4,152,946</u>	<u>(13,829,556)</u>	<u>2,022,797</u>	<u>(11,806,759)</u>	
Component units:								
Carrollton Redevelopment Authority	\$ 00	\$ 00	\$ 00					\$ 00
Main Street Carrollton	<u>116,229</u>	<u>82,518</u>	<u>00</u>					<u>(33,711)</u>
Total component units	<u>\$ 116,229</u>	<u>\$ 82,518</u>	<u>\$ 00</u>					<u>(33,711)</u>
General revenues:								
Taxes:								
Property taxes levied for general purposes					3,960,717	00	3,960,717	00
Franchise and public service taxes					3,497,720	00	3,497,720	00
Sales tax					3,759,371	00	3,759,371	00
Other taxes					1,100,858	00	1,100,858	00
Interest and investment earnings					31,477	92,074	123,551	21
Contributions					187,945	00	187,945	14,900
Miscellaneous					613,253	133,468	746,721	00
Transfers					<u>1,404,191</u>	<u>(1,404,191)</u>	<u>00</u>	<u>00</u>
Total general revenues and transfers					<u>14,555,532</u>	<u>(1,178,649)</u>	<u>13,376,883</u>	<u>14,921</u>
Change in net position					725,976	844,148	1,570,124	(18,790)
Net position – beginning – Note 1.A.					<u>94,525,201</u>	<u>74,680,596</u>	<u>169,205,797</u>	<u>105,443</u>
Net position – ending					<u>\$ 95,251,177</u>	<u>\$ 75,524,744</u>	<u>\$ 170,775,921</u>	<u>\$ 86,653</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Purpose Option Sales Tax 2015	Local Sales Tax 2009	Neighborhood Stabilization Program Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and equivalents	\$ 11,529,236	\$ 10,477,752	\$ 1,392,354	\$ 963,614	\$ 984,926	\$ 25,347,882
Investments	153,239	00	00	00	00	153,239
Receivables, net	1,569,584	00	00	00	106,487	1,676,071
Due from other funds	452,297	00	21,884	18,622	482,418	975,221
Prepaid expenses	256,717	00	00	00	19,875	276,592
Receivables from other governments	<u>48,709</u>	<u>00</u>	<u>586,007</u>	<u>20,171</u>	<u>00</u>	<u>654,887</u>
Total assets	<u>\$ 14,009,782</u>	<u>\$ 10,477,752</u>	<u>\$ 2,000,245</u>	<u>\$ 1,002,407</u>	<u>\$ 1,593,706</u>	<u>\$ 29,083,892</u>
Liabilities						
Accounts payable	\$ 745,512	\$ 00	\$ 90,822	\$ 20,541	\$ 98,443	\$ 955,318
Accrued liabilities	560,742	00	00	00	00	560,742
Due to other funds	18,622	00	489,302	00	27,764	535,688
Due to other governments	5,399	00	00	00	28,951	34,350
Unearned revenue	140,119	00	110,000	00	401,418	651,537
Other deposits	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>148,486</u>	<u>148,486</u>
Total liabilities	<u>1,470,394</u>	<u>00</u>	<u>690,124</u>	<u>20,541</u>	<u>705,062</u>	<u>2,886,121</u>
Deferred inflows of resources	<u>68,269</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>68,269</u>
Total liabilities and deferred inflows of resources	<u>1,538,663</u>	<u>00</u>	<u>690,124</u>	<u>20,541</u>	<u>705,062</u>	<u>2,954,390</u>
Fund balances						
Nonspendable:						
Prepaid expenses	256,717	00	00	00	19,875	276,592
Restricted:						
Debt service	00	00	236,620	00	00	236,620
Special revenue	00	00	00	981,866	708,108	1,689,974
Capital projects	00	10,477,752	1,073,501	00	160,661	11,711,914
Unassigned	<u>12,214,402</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>12,214,402</u>
Total fund balances	<u>12,471,119</u>	<u>10,477,752</u>	<u>1,310,121</u>	<u>981,866</u>	<u>888,644</u>	<u>26,129,502</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,009,782</u>	<u>\$ 10,477,752</u>	<u>\$ 2,000,245</u>	<u>\$ 1,002,407</u>	<u>\$ 1,593,706</u>	
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds						82,295,792
Housing inventory used in governmental activities within the Neighborhood Stabilization Program is not reported in the funds						242,826
Some receivables are not available to pay for current-period expenditures and therefore are deferred in the funds						68,269
Notes and lease payables, are not due and payable in the current period and therefore are not reported in the funds						(12,301,182)
Other post-employment benefits payable are not accrued in the funds						<u>(1,184,030)</u>
Net position of governmental activities						<u>\$ 95,251,177</u>

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, 2014

	General Fund	Special Purpose Option Sales Tax 2015	Local Sales Tax 2009	Neighborhood Stabilization Program Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 9,769,618	\$ 00	\$ 00	\$ 00	\$ 327,476	\$ 10,097,094
Fees and fines	862,773	00	00	00	259,937	1,122,710
Licenses and permits	3,642,169	00	00	00	00	3,642,169
Intergovernmental	1,243,425	485,000	3,447,676	1,866,394	550,476	7,592,971
Charges for services	1,262,950	00	00	00	00	1,262,950
Interest	29,859	5,252	00	954	829	36,894
Contributions	166,835	00	21,110	00	00	187,945
Miscellaneous	369,510	00	200	171,714	44,828	613,252
Total revenues	17,374,139	490,252	3,468,986	2,039,062	1,183,546	24,555,985
Expenditures						
Current operating:						
General government	1,480,607	1,785	8,359	00	00	1,490,751
Public safety	10,255,540	1,786	34,909	00	643,238	10,935,473
Highways and streets	990,889	1,786	00	00	00	992,675
Landfill	73,630	00	00	00	00	73,630
Recreation and culture	5,653,684	3,572	5,353	00	00	5,662,609
Housing and economic development	00	1,786	221,984	1,771,411	196,810	2,191,991
Debt service:						
Principal	11,236	00	1,873,248	00	00	1,884,484
Interest	1,866	00	171,152	00	00	173,018
Capital outlay	414,221	00	3,391,452	00	166,061	3,971,734
Total expenditures	18,881,673	10,715	5,706,457	1,771,411	1,006,109	27,376,365
Excess (deficiency) of revenues over expenditures	(1,507,534)	479,537	(2,237,471)	267,651	177,437	(2,820,380)
Other financing sources (uses)						
Capital leases	213,100	00	00	00	00	213,100
Proceeds from intergovernmental debt	00	10,000,000	00	00	00	10,000,000
Proceeds from the sale of capital assets	00	00	200,000	00	00	200,000
Transfers in (out) – other funds	1,485,741	(1,785)	00	00	(79,765)	1,404,191
Total other financing sources (uses)	1,698,841	9,998,215	200,000	00	(79,765)	11,817,291
Net change in fund balance	191,307	10,477,752	(2,037,471)	267,651	97,672	8,996,911
Fund balances – beginning	12,279,812	00	3,347,592	714,215	790,972	17,132,591
Fund balances – ending	\$ 12,471,119	\$ 10,477,752	\$ 1,310,121	\$ 981,866	\$ 888,644	\$ 26,129,502

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, 2014

Net change in fund balances – total government funds \$ 8,996,911

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

Governmental funds report capital outlays as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets. This is the amount by which
capital outlays of \$3,971,734 exceeded depreciation expense of
\$3,344,692 in the current period. 627,042

Bond proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the Statement of
Net Position. 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 position. This adjustment
includes bond and loan repayments of \$1,884,484 and long term debt
proceeds of \$10,213,000. (8,328,616)

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. (18,118)

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 decreased in the current period (142,234)

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. (325,095)

In the Statement of Activities, the loss associated with the disposal of
capital assets is reported as an expense of the general government, while
in the governmental funds, the proceeds from the sale increase financial
resources. Thus, the change in net position differs from the change in
fund balance by the cost of the assets sold. (83,915)

Change in Net position of Governmental Activities \$ 725,975

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Proprietary Funds
June 30, 2014

<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	\$ 3,210,015	\$ 3,498,427	\$ 6,708,442
Accounts receivable (net of allowances)	1,380,029	526,779	1,906,808
Inventory	303,121	00	303,121
Due from other funds	00	42,632	42,632
Due from other governments	144,063	00	144,063
Prepaid insurance	<u>131,958</u>	<u>47,212</u>	<u>179,170</u>
Total non-restricted current assets	<u>5,169,186</u>	<u>4,115,050</u>	<u>9,284,236</u>
Restricted assets:			
Cash	<u>1,506,989</u>	<u>00</u>	<u>1,506,989</u>
Total restricted current assets	<u>1,506,989</u>	<u>00</u>	<u>1,506,989</u>
Total current assets	<u>6,676,175</u>	<u>4,115,050</u>	<u>10,791,225</u>
Long-term assets:			
Capital assets:			
Property, plant, and equipment	106,006,197	1,954,448	107,960,645
Accumulated depreciation	<u>(33,827,950)</u>	<u>(1,232,937)</u>	<u>(35,060,887)</u>
Capital assets, net	<u>72,178,247</u>	<u>721,511</u>	<u>72,899,758</u>
Total assets	<u>\$ 78,854,422</u>	<u>\$ 4,836,561</u>	<u>\$ 83,690,983</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Balance Sheet
Proprietary Funds
June 30, 2014

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
<u>Liabilities</u>			
Current liabilities payable from non-restricted current assets:			
Accounts payable	\$ 531,267	\$ 142,600	\$ 673,867
Accrued expenses	117,949	60,806	178,755
Due to other funds	295,768	186,397	482,165
Customer and tap deposits	<u>355,335</u>	<u>00</u>	<u>355,335</u>
Total current liabilities payable from non-restricted current assets	<u>1,300,319</u>	<u>389,803</u>	<u>1,690,122</u>
Current liabilities payable from restricted current assets:			
Accounts payable	881	00	881
Bonds payable – current	182,228	00	182,228
Capital leases payable – current	54,534	73,791	128,325
Notes payable – current	<u>385,348</u>	<u>00</u>	<u>385,348</u>
Total current liabilities payable from restricted current assets	<u>622,991</u>	<u>73,791</u>	<u>696,782</u>
Total current liabilities	<u>1,923,310</u>	<u>463,594</u>	<u>2,386,904</u>
Long term liabilities:			
Bonds payable (less current portion)	448,591	00	448,591
Capital leases payable (less current portion)	163,603	265,690	429,293
Notes payable (less current portion)	<u>4,901,451</u>	<u>00</u>	<u>4,901,451</u>
Total long term liabilities	5,513,645	265,690	5,779,335
Total liabilities	<u>7,436,955</u>	<u>729,284</u>	<u>8,166,239</u>
<u>Net Position</u>			
Net investment in capital assets	66,042,492	382,030	66,424,522
Restricted			
Capital projects	387,709	00	387,709
Debt service	1,119,280	00	1,119,280
Unrestricted	<u>3,867,986</u>	<u>3,725,247</u>	<u>7,593,233</u>
Total net position	<u>71,417,467</u>	<u>4,107,277</u>	<u>75,524,744</u>
Total liabilities and net position	<u>\$ 78,854,422</u>	<u>\$ 4,836,561</u>	<u>\$ 83,690,983</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities		
	Water and Sewerage Fund	Sanitation Fund	Totals
Operating revenues:			
Charges for services	\$ 11,388,481	\$ 3,857,705	\$ 15,246,186
Total operating revenue	<u>11,388,481</u>	<u>3,857,705</u>	<u>15,246,186</u>
Operating expenses:			
Personnel services and benefits	4,020,957	1,742,023	5,762,980
Contractual services	422,081	35,544	457,625
Supplies and chemicals	957,489	146,268	1,103,757
Office supplies and expense	82,755	00	82,755
Utilities and telephone	1,096,352	00	1,096,352
Advertising and publicity	495	00	495
Equipment repairs	492,583	1,380	493,963
Vehicle repair and expense	157,383	285,378	442,761
Building and grounds repairs	166,448	00	166,448
Operating leases	2,928	00	2,928
General insurance	250,755	37,618	288,373
Depreciation	1,895,952	133,739	2,029,691
Other	6,721	9,150	15,871
Landfill fees	<u>230,526</u>	<u>1,006,824</u>	<u>1,237,350</u>
Total operating expenses	<u>9,783,425</u>	<u>3,397,924</u>	<u>13,181,349</u>
Operating income	1,605,056	459,781	2,064,837
Non-operating revenues (expenses):			
Rents	89,810	00	89,810
Miscellaneous income (expense)	45,584	(1,927)	43,657
Interest revenue	59,087	32,987	92,074
Interest and other costs on bonded debt and notes payable	<u>(252,233)</u>	<u>(4,659)</u>	<u>(256,892)</u>
Total non-operating revenues (expenses)	<u>(57,752)</u>	<u>26,401</u>	<u>(31,351)</u>
Income before capital contributions and transfers	1,547,304	486,182	2,033,486
Capital contributions	214,853	00	214,853
Transfers in (out)	<u>(946,215)</u>	<u>(457,976)</u>	<u>(1,404,191)</u>
Change in net position	815,942	28,206	844,148
Total net position – beginning of year	<u>70,601,525</u>	<u>4,079,071</u>	<u>74,680,596</u>
Total net position – end of year	<u>\$ 71,417,467</u>	<u>\$ 4,107,277</u>	<u>\$ 75,524,744</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities		
	Water and <u>Sewerage Fund</u>	Sanitation <u>Fund</u>	<u>Totals</u>
Cash flows from operating activities:			
Receipts from customers	\$ 11,192,553	\$ 3,829,232	\$ 15,021,785
Payments to suppliers	(3,977,965)	(1,520,024)	(5,497,989)
Payments to employees	<u>(4,016,045)</u>	<u>(1,740,238)</u>	<u>(5,756,283)</u>
Net cash provided by operating activities	<u>3,198,543</u>	<u>568,970</u>	<u>3,767,513</u>
Cash flows from noncapital financing activities:			
Operating subsidies and transfers to/from other funds	(946,215)	(457,976)	(1,404,191)
Other receipts	<u>135,394</u>	<u>(1,927)</u>	<u>133,467</u>
Net cash used by noncapital financing activities	<u>(810,821)</u>	<u>(459,903)</u>	<u>(1,270,724)</u>
Cash flows from capital and related financing activities:			
Capital contributions	214,853	00	214,853
Purchases and construction of capital assets	(1,615,327)	(368,956)	(1,984,283)
Proceeds from the issuance of long term debt	272,671	368,956	641,627
Principal paid on capital debt	(799,646)	(29,475)	(829,121)
Interest paid on capital debt	<u>(252,233)</u>	<u>(4,659)</u>	<u>(256,892)</u>
Net cash used by capital and related financing activities	<u>(2,179,682)</u>	<u>(34,134)</u>	<u>(2,213,816)</u>
Cash flows from investing activities:			
Interest	<u>59,087</u>	<u>32,987</u>	<u>92,074</u>
Net cash provided by investing activities	<u>59,087</u>	<u>32,987</u>	<u>92,074</u>
Net increase (decrease) in cash and cash equivalents	267,127	107,920	375,047
Cash – beginning of year	<u>4,449,877</u>	<u>3,390,507</u>	<u>7,840,384</u>
Cash – end of year	<u>\$ 4,717,004</u>	<u>\$ 3,498,427</u>	<u>\$ 8,215,431</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,605,056	\$ 459,781	\$ 2,064,837
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,895,952	133,739	2,029,691
Change in assets and liabilities:			
Receivables, net	(174,583)	(28,473)	(203,056)
Prepaid expenses	7,569	5,600	13,169
Inventories	(11,342)	00	(11,342)
Accounts and other payables	(107,676)	(3,462)	(111,138)
Customer deposits	(21,345)	00	(21,345)
Accrued expenses	<u>4,912</u>	<u>1,785</u>	<u>6,697</u>
Net cash provided by operating activities	<u>\$ 3,198,543</u>	<u>\$ 568,970</u>	<u>\$ 3,767,513</u>

See accompanying notes to financial statements.

City of Carrollton, Georgia
Notes to Basic Financial Statements

Index

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

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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 Units:	Carrollton Redevelopment Authority Main Street Carrollton

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, "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 4.E. for further information about these entities.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies - continued

1.A. Financial Reporting Entity – continued

Discretely Presented Component Unit

The discretely presented component units are separate legal entities that meet the component unit criteria described above but does not meet the criteria for blending. Separately issued financial statements are not available. See Note 4.E. for additional information regarding the Carrollton Redevelopment Authority and Main Street Carrollton.

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 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 position 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, 2014

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, 2014

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: 2015 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2015 special one percent local option sales tax levies.
2009 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2009 special one percent local option sales tax levies.
Special Revenue: Neighborhood Stabilization Program Fund	Accounts for grants, program income and expenditures related to NSP 1 and NSP 3 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, 2014

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:	
2004 Special Purpose Local Option Sales Tax Fund	Accounts for projects funded by the 2004 special one percent local option sales tax levies.
Capital Projects Fund for Public Roads	Accounts for projects funded by the Georgia Department of Transportation Local Maintenance & Improvement Grant (LMIG) Funds.

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 Position 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, 2014

Note 1. Summary of Significant Accounting Policies – continued

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

Measurement Focus – 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 position (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 position.

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.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On both the government-fund financial statements and the government-wide financial statements, revenues are deferred for:

- Grants and entitlements received before the eligibility requirements are met (e.g., cash advances)
- Paving reimbursements received prior to commencement of the project
- Prepayments for facility rentals, senior trips and inter-agency cash matches

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies – continued

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

Basis of Accounting – continued

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

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

1.D. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and equivalents” 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 consist of certificates of deposits with maturities greater than three months.

Cash and investments are reported at carrying amounts, which reasonably estimate fair value. 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 position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible, where applicable. 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, 2014

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 position consists of homes purchased through the Neighborhood Stabilization Program and held as available for sale at June 30, 2014, and are recorded at cost.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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 capital 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 position. 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, 2014

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.

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 position."

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies - continued

1.D.Assets, Liabilities and Equity - continued

Equity Classifications - continued

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.

Net Position Flow Assumptions - In order to report net positions as a restricted – net position and an unrestricted – net position in the government-wide and proprietary fund financial statements, the City has established a flow assumption policy. It is the City’s policy to use restricted – net position first before using unrestricted – net position.

Fund Balance Flow Assumptions - It is the City’s policy to consider restricted fund balance to have been used before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, it is the City’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

Net Position - The net position represents the difference between assets and liabilities. The net position component, “net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has not spent) for the acquisition, construction or improvement of those assets. The net position is 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. The balance of the net position is reported as unrestricted.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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, 2013, and were due and payable on or before December 1, 2013. All unpaid taxes became delinquent December 2, 2013. The Carroll County tax commissioner bills and collects the City's property taxes. The 2013 property taxes levied for the City operations only were \$3,021,977. The millage rate is 4.69 mills for 2013 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, 2014

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. At June 30, 2014, \$95,200 of the City's balances of \$33,622,732 was uninsured and uncollateralized.

2.C. Revenue Restrictions

The City has various restrictions placed over certain revenue sources as stipulated by external resource providers, or through enabling legislation. For the year ended June 30, 2014, 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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 2. Stewardship, Compliance and Accountability - continued

2.E. Material Budget Violations

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

General Administration	\$ 59,678
Human Resources Administration	7,664
Legal	69,421
Shop	65,476
Parks and recreation	451,162

Budget violations also occurred in the Neighborhood Stabilization Program Fund (\$792,416), West Metro Regional Drug Enforcement Fund (\$340,055), and Hotel/Motel Tax Fund (\$46,510).

General fund revenue exceeded budgeted revenue by \$810,541, Neighborhood Stabilization Program Fund by \$1,060,067, West Metro Regional Drug Enforcement Fund Revenue by \$378,257, and Hotel/Motel Fund revenue exceeded budgeted revenue by \$109,525.

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

Note 3. Detail Notes on all Funds

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, 2014 the carrying amount of the City's deposits was \$32,056,324 and the bank balances were \$33,622,732. 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	\$ 1,098,547
Collateral held by pledging bank's trust department in the City's name	32,468,985
Uncollateralized	<u>95,200</u>
Total	<u>\$ 33,622,732</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.A. Cash and Investments – continued

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, 2014. 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.

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	<u>\$ 153,239</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 153,239</u>	<u>\$ 153,239</u>

3.B. Accounts and Other Receivables

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental Activities:			
Ad valorem tax	\$ 138,833	\$ (8,389)	\$ 130,444
Sales tax	281,110	00	281,110
Beer and wine tax	63,784	00	63,784
Franchise tax	706,644	00	706,644
Police fines	859,382	(573,798)	285,584
Occupation tax	18,163	00	18,163
Other	113,691	00	113,691
Other governments	<u>731,538</u>	<u>00</u>	<u>731,538</u>
	<u>\$ 2,913,145</u>	<u>\$ (582,187)</u>	<u>\$ 2,330,958</u>
Business-Type Activities:			
Receivable from customers	\$ 2,107,514	\$ (221,375)	\$ 1,886,139
Miscellaneous	20,669	00	20,669
Other governments	<u>144,063</u>	<u>00</u>	<u>144,063</u>
	<u>\$ 2,272,246</u>	<u>\$ (221,375)</u>	<u>\$ 2,050,871</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.C. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	Disposals, Transfers and <u>Adjustments</u>	Balance at <u>June 30, 2014</u>
Governmental activities:				
Non-depreciable:				
Land	\$ 9,826,687	\$ 1,099,921	\$ (71,362)	\$ 10,855,246
Construction in progress	<u>713,687</u>	<u>1,394,082</u>	<u>(643,311)</u>	<u>1,464,458</u>
Total non-depreciable	<u>\$ 10,540,374</u>	<u>\$ 2,494,003</u>	<u>\$ (714,673)</u>	<u>\$ 12,319,704</u>
Depreciable:				
Land improvements	\$ 7,462,535	\$ 73,812	\$ 643,311	\$ 8,179,658
Buildings and improvements	34,051,977	127,515	00	34,179,492
Furnishings, vehicles, machinery and equipment	13,318,424	663,460	(153,904)	13,827,980
Infrastructure	<u>61,386,625</u>	<u>612,944</u>	<u>00</u>	<u>61,999,569</u>
Totals at historical cost	<u>116,219,561</u>	<u>1,477,731</u>	<u>489,407</u>	<u>118,186,699</u>
Less accumulated depreciation:				
Land improvements	1,753,842	281,546	00	2,035,388
Buildings and improvements	7,117,981	689,705	00	7,807,686
Furnishings, vehicles, machinery and equipment	9,820,444	775,117	(141,351)	10,454,210
Infrastructure	<u>26,315,003</u>	<u>1,598,324</u>	<u>00</u>	<u>27,913,327</u>
Total accumulated depreciation	<u>45,007,270</u>	<u>3,344,692</u>	<u>(141,351)</u>	<u>48,210,611</u>
Governmental activities capital assets (depreciable), net	<u>\$ 71,212,291</u>	<u>\$ (1,866,961)</u>	<u>\$ 630,758</u>	<u>\$ 69,976,088</u>
Business-type activities:				
Non-depreciable:				
Land	\$ 8,538,762	\$ 00	\$ 00	\$ 8,538,762
Construction in progress	<u>320,174</u>	<u>579,137</u>	<u>00</u>	<u>899,311</u>
Total non-depreciable	<u>\$ 8,858,936</u>	<u>\$ 579,137</u>	<u>\$ 00</u>	<u>\$ 9,438,073</u>
Depreciable:				
Buildings and improvements	\$ 5,815,390	\$ 00	\$ 00	\$ 5,815,390
Water and sewer distribution system	86,599,752	508,953	00	87,108,705
Vehicles, machinery and equipment	<u>4,902,721</u>	<u>896,193</u>	<u>(200,437)</u>	<u>5,598,477</u>
Totals at historical cost	<u>97,317,863</u>	<u>1,405,146</u>	<u>(200,437)</u>	<u>98,522,572</u>
Less accumulated depreciation:				
Buildings and improvements	3,788,815	118,256	00	3,907,071
Water and sewer distribution system	25,389,855	1,708,056	00	27,097,911
Vehicles, machinery and equipment	<u>4,052,963</u>	<u>203,379</u>	<u>(200,437)</u>	<u>4,055,905</u>
Total accumulated depreciation	<u>33,231,633</u>	<u>2,029,691</u>	<u>(200,437)</u>	<u>35,060,887</u>
Business-type capital assets (depreciable), net	<u>\$ 64,086,230</u>	<u>\$ (624,545)</u>	<u>\$ 00</u>	<u>\$ 63,461,685</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.C. Capital Assets – continued

Depreciation was charged to governmental activities as follows:

General government	\$ 191,991
Public safety	689,365
Highways and streets	1,715,447
Recreation and culture	<u>747,889</u>
	<u>\$ 3,344,692</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, 2014:

<u>Activity Type</u>		<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
Governmental	Intergovernmental Debt - Carroll County – 2009 SPLOST	\$ 3,916,622	\$ 00	\$ 1,873,248	\$ 2,043,374	\$ 2,043,374
Governmental	Intergovernmental Debt - Carroll County – 2015 SPLOST	00	10,000,000	00	10,000,000	00
Governmental	Dell Financial – Capital Lease	41,988	00	8,101	33,887	9,223
Governmental	Dell Financial – Capital Lease	13,956	00	3,135	10,821	2,952
Governmental	Lease Payable – GMA Lease Pool	00	213,100	00	213,100	71,033
Business-Type	Series 1997 Water and Sewer Bonds	803,465	00	172,646	630,819	182,228
Business-Type	Lease Payable – GMA Lease Pool	00	641,627	84,009	557,618	128,325
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 13090801	201,878	00	201,878	00	00
Business-Type	Georgia Environmental Facilities Authority Note payable SRF 93-015WS	417,503	00	136,696	280,807	142,728
Business-Type	Georgia Environmental Facilities Authority Note payable Project 2008-L03 WJ	4,823,217	00	208,892	4,614,325	217,620
Business-Type	Georgia Environmental Facilities Authority Note payable DWSRF 08-001	<u>416,667</u>	<u>00</u>	<u>25,000</u>	<u>391,667</u>	<u>25,000</u>
	Total primary government	<u>\$ 10,635,296</u>	<u>\$ 10,854,727</u>	<u>\$ 2,713,605</u>	<u>\$ 18,776,418</u>	<u>\$ 2,822,483</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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>
2015	<u>\$ 2,043,374</u>	<u>\$ 87,854</u>	<u>\$ 2,131,228</u>

During the year ended June 30, 2014, Carroll County, Georgia issued \$40,000,000 of General Obligation Sales Tax Bonds, Series 2013. The proceeds from the bonds are to be used to fund a portion of the 2015 SPLOST Carroll County projects and City of Carrollton projects.

The City of Carrollton received \$10,485,000 from the bond proceeds, (including \$485,000 in bond premiums). The \$10,000,000 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 25% 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 2.37% to 5.0%, is as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 00	\$ 00	\$ 00
2016	1,583,750	374,900	1,958,650
2017	1,610,000	337,387	1,947,387
2018	1,640,000	289,088	1,929,088
2019	1,677,500	236,287	1,913,787
2020	1,720,000	169,188	1,889,188
2021	<u>1,768,750</u>	<u>83,188</u>	<u>1,851,938</u>
	<u>\$ 10,000,000</u>	<u>\$ 1,490,038</u>	<u>\$ 11,490,038</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.D. Long-Term Debt - continued

Capital Leases

The City entered into a capital lease with Dell Financial Services, LLC in January 2013 for the purchase of servers, back-up power supplies and other equipment for the City's computer system. The total amount financed was \$47,147 at 4.10% due in 60 monthly installments of \$867. The outstanding balance as of June 30, 2014 was \$33,887.

The following is a schedule of future minimum lease payments under this capital lease as of June 30, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2015	\$ 9,223	\$ 1,187	\$ 10,410
FYE 2016	9,608	802	10,410
FYE 2017	10,010	400	10,410
FYE 2018	<u>5,046</u>	<u>44</u>	<u>5,090</u>
	<u>\$ 33,887</u>	<u>\$ 2,433</u>	<u>\$ 36,320</u>

The City entered into a capital lease with Dell Financial Services, LLC in January 2013 for the purchase of VMWare Virtual Software. The total amount financed was \$13,956 at 3.44% due in 55 monthly installments of \$274. The outstanding balance as of June 30, 2014 was \$10,821.

The following is a schedule of future minimum lease payments under this capital lease as of June 30, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2015	\$ 2,952	\$ 334	\$ 3,286
FYE 2016	3,055	231	3,286
FYE 2017	3,162	124	3,286
FYE 2018	<u>1,652</u>	<u>22</u>	<u>1,674</u>
	<u>\$ 10,821</u>	<u>\$ 711</u>	<u>\$ 11,532</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 at June 30, 2014, was \$770,718 with \$213,100 in the General Fund, \$218,137 in the Water Fund, and \$339,481 in the Sanitation Fund.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.D. Long-Term Debt – continued

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

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

The following is a schedule of future minimum lease payments under this capital lease as of June 30, 2014. For purposes of this schedule, an assumed interest rate of 4.75% was used.

General Fund:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2015	\$ 71,033	\$ 8,163	\$ 79,196
FYE 2016	71,033	4,788	75,821
FYE 2017	<u>71,034</u>	<u>1,414</u>	<u>72,448</u>
	<u>\$ 213,100</u>	<u>\$ 14,365</u>	<u>\$ 227,465</u>

Business-Type Funds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2015	\$ 128,326	\$ 22,946	\$ 151,272
FYE 2016	128,325	16,851	145,176
FYE 2017	128,325	10,756	139,081
FYE 2018	128,326	4,660	132,986
FYE 2017	<u>44,316</u>	<u>883</u>	<u>45,199</u>
	<u>\$ 557,618</u>	<u>\$ 56,096</u>	<u>\$ 613,714</u>

Vehicles and equipment held under capital leases at June 30, 2014 were \$274,203 in governmental-type funds and \$641,627 in business-type funds.

Business-Type Activity

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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 1997 Bonds:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>53,371</u>	<u>717</u>	<u>54,088</u>
	<u>\$ 630,819</u>	<u>\$ 61,522</u>	<u>\$ 692,341</u>

Other Fund Requirements:

Sinking Funds

The ordinance authorizing the issuance of the Series 1997 revenue bonds requires that a sinking fund be established for the purpose of making payments of principal and interest. Monthly transfers into the sinking fund from the water revenue account are required to provide sufficient funds to pay all outstanding bonds at their respective maturities and the interest payable thereon. This account reflected a balance of \$15,456 on June 30, 2014.

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 note was paid in full as of June 30, 2014.

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FYE 2015	\$ 142,728	\$ 11,493	\$ 154,221
FYE 2016	<u>138,079</u>	<u>4,518</u>	<u>142,597</u>
	<u>\$ 280,807</u>	<u>\$ 16,011</u>	<u>\$ 296,818</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.D. Long-Term Debt – continued

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.

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 2015	\$ 217,620	\$ 185,141	\$ 402,761
FYE 2016	226,429	176,332	402,761
FYE 2017	236,450	166,311	402,761
FYE 2018	246,050	156,711	402,761
FYE 2019	256,330	146,431	402,761
FYE 2020 to 2024	1,451,365	562,440	2,013,805
FYE 2025 to 2029	1,781,258	232,547	2,013,805
FYE 2030	<u>198,823</u>	<u>2,391</u>	<u>201,214</u>
	<u>\$ 4,614,325</u>	<u>\$ 1,628,304</u>	<u>\$ 6,242,629</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.

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

	<u>Principal</u> <u>DWSRF 08-001</u>
FYE 2015	\$ 25,000
FYE 2016	25,000
FYE 2017	25,000
FYE 2018	25,000
FYE 2019	25,000
FYE 2020 to 2024	125,000
FYE 2025 to 2029	<u>141,667</u>
	<u>\$ 391,667</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund:		
Nonmajor governmental	\$ 131,033	\$ 45,618
Water and sewer	942,350	00
Sanitation	<u>457,976</u>	<u>00</u>
	<u>\$ 1,531,359</u>	<u>\$ 45,618</u>
2015 SPLOST		
Water and sewer fund	<u>\$ 00</u>	<u>\$ 1,785</u>
Nonmajor Funds:		
General fund	<u>\$ 51,268</u>	<u>\$ 131,033</u>
Business-type:		
Water and sewer fund		
General fund	\$ 00	\$ 942,350
2015 SPLOST	1,785	00
Nonmajor governmental	00	5,650
Sanitation fund		
General fund	<u>00</u>	<u>457,976</u>
	<u>\$ 1,785</u>	<u>\$ 1,405,976</u>
Totals	<u>\$ 1,584,412</u>	<u>\$ 1,584,412</u>

Interfund balances at June 30, 2014, 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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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

3.E. Interfund Transactions and Balances - continued

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	\$ 14,935	\$ 00
Hotel/Motel Fund	12,829	00
Neighborhood Stabilization Fund	00	18,622
Water Fund	231,252	00
Sanitation Fund	186,397	00
2009 SPLOST Fund	<u>6,884</u>	<u>00</u>
	<u>452,297</u>	<u>18,622</u>
2009 SPLOST Fund:		
2004 SPLOST Fund	00	100,000
General Fund	00	6,884
Capital Projects Fund for Public Roads	00	382,418
Water Fund	<u>21,884</u>	<u>00</u>
	<u>21,884</u>	<u>489,302</u>
Neighborhood Stabilization Fund:		
General Fund	<u>18,622</u>	<u>00</u>
Total Major Funds	<u>492,803</u>	<u>507,924</u>
Non-Major Governmental Funds:		
Hotel/Motel Fund:		
General Fund	<u>00</u>	<u>12,829</u>
West Metro Drug Enforcement Fund:		
General Fund	<u>00</u>	<u>14,935</u>
2004 SPLOST Fund:		
2009 SPLOST Fund	<u>100,000</u>	<u>00</u>
Capital Projects Fund for Public Roads:		
2009 SPLOST Fund	<u>382,418</u>	<u>00</u>
Total Non-Major Governmental Funds	<u>482,418</u>	<u>27,764</u>
Grand Total – Governmental Funds	<u>\$ 975,221</u>	<u>\$ 535,688</u>
Net of receivables over payables		<u>\$ 439,533</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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	21,884
2009 SPLOST	<u>00</u>	<u>42,632</u>
	<u>00</u>	<u>295,768</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>\$ 42,632</u>	<u>\$ 482,165</u>
Net of payables over receivables		<u>\$ (439,533)</u>

3.F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources when applicable. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no deferred outflows to report at June 30, 2014.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources when applicable. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports property taxes of \$68,269 as deferred inflows of resources on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2014

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

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

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

General Fund - Prepaid expenses	\$ 256,717
Hotel/Motel Tax Fund - Prepaid expense	<u>19,875</u>
	<u>\$ 276,592</u>

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>\$ 236,620</u>
---	-------------------

Special revenue funds - used to account for specific revenues that
are restricted to expenditures for:

Economic Development		
Hotel/Motel Tax Fund	\$ 80,538	
Neighborhood Stabilization Program Fund	<u>981,866</u>	\$ 1,062,404
Public Safety		
Drug Seizure Fund	113,912	
Regional Hazardous Material Team Fund	41,729	
West Metro Regional Drug Enforcement fund	<u>471,929</u>	<u>627,570</u>
		<u>\$ 1,689,974</u>

Capital projects:

2015 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2015 SPLOST	\$ 10,477,752
2009 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2009 SPLOST	1,073,501
2004 Special Purpose Local Option Sales Tax Fund – used to account for capital projects financed with 2004 SPLOST	<u>160,661</u>
	<u>\$ 11,711,914</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

\$ 12,214,402

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes

4.A. Retirement Plan and Post Employment 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, 2014, was \$10,855,222, and total wages were \$13,335,439.

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, 2014, the current plan membership includes the following categories of Participants:

Retirees and beneficiaries currently receiving benefits	125
Terminated employees entitled to benefits but not yet receiving them	64
Current active employees:	
Vested	143
Nonvested	<u>132</u>
Total membership in the plan	<u>464</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 market value of assets is based on current values as of three months preceding the valuation date (September 30, 2013) and is assumed to be current through that date.

Participant Data: The primary source of participant data for the current valuation is a census of all participants which was prepared by the City through GMEBS. The data is typically collected four months prior to the valuation date and assumed to be current through that date.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes - continued

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

Plan Asset Matters and Accounting Policies – continued

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

There were no changes in methods or assumptions from the prior valuation.

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 assumptions used in the January 1, 2014 actuarial valuation are as follows:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Closed level dollar for remaining unfunded liability
Remaining Amortization Period	Remaining amortization period varies for the bases, with a net effective amortization period of 10 years.
Asset Valuation Method	Sum of actuarial value at beginning of year and cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary to be within 20% of market value.
Investment Rate of Return	7.75%
Projected salary increases	3.50% plus age and services based merit increases.
Cost of Living adjustment	0.00%
Inflation Rate	3.50%

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes - continued

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

Funding Status and Progress – continued

Required Supplementary Information
Schedule of Pension Plan Funding Progress
As of June 30, 2014
(Unaudited)

Actuarial Valuation Date	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)
5/1/2005	\$ 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%
1/1/2012	15,519,871	20,628,402	5,108,531	75%	11,178,728	45.7%
1/1/2013	16,710,069	21,497,825	4,787,756	78%	10,860,561	44.1%
1/1/2014	18,048,453	22,475,264	4,426,811	80%	10,855,222	40.8%

Contributions totaling \$1,215,838 were made in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2014, for the plan year. These contributions consist of (a) \$542,888 of normal cost, (b) \$628,409 of amortization of the unfunded actuarial accrued liability, and (c) \$44,541 in interest. The employer contribution represents 11.01% of payroll.

The required schedule of funding progress immediately following the notes to the financial statements present multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes - continued

4.A. Retirement Plan and Post Employment 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, 2014
(Unaudited)

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
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
6-30-12	1,327,792	100%	0
6-30-13	1,259,279	100%	0
6-30-14	1,215,838	100%	0

Post Employment Benefits

The City contributes to the Georgia Municipal Employees Benefit System (“System”), an agent multi-employer public employee post retirement health care plan system that acts as a common investment and administrative agent for cities in the state of Georgia. All of the City’s employees may become eligible if they retire on or after age 62 (age 60 if a public safety employee (police or fire)) with 20 years of service and receiving a pension from the Georgia Municipal Employee Benefit System. The City pays 100% of the retiree’s portion of medical insurance premiums until the employee qualifies for Medicare. As of January 1, 2013, there were 35 retirees eligible for post-retirement health care benefits and 279 active participants. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City. The City has the authority to establish and amend benefit provisions.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes - continued

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

Contributions

The annual required contribution amount is determined using actuarial methods and assumptions approved by the Council. Calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the City and plan member to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. The Council establishes and may amend the funding policy for the OPEB Health Care Plan. The City contributed \$13,068 to the OPEB Health Care Plan in fiscal year 2014.

The City's actuarially required contribution, OPEB cost, and increase in net OPEB obligation for the year ended June 30, 2014, were computed as follows:

Actuarially required contribution for FYE June 30, 2014	\$ 353,399
Interest on net OPEB obligation	21,356
Adjustment to annual required contribution	<u>(36,592)</u>
Annual OPEB cost	338,163
Contributions made	<u>(13,068)</u>
Increase in net OPEB obligation	325,095
Net OPEB obligation, June 30, 2013	<u>858,935</u>
Net OPEB obligation, June 30, 2014	<u>\$ 1,184,030</u>

Fiscal Year Ended <u>June 30,</u>	Annual OPEB <u>Cost</u>	Actual OPEB <u>Contribution</u>	Percentage of OPEB Cost <u>Contributed</u>	(NOO) Net OPEB <u>Obligation</u>
2014	\$ 338,163	\$ (13,068)	3.86%	\$ 1,184,030
2013	338,163	(13,124)	3.88	858,935
2012	175,081	(29,942)	17.10	533,896
2011	175,081	(31,863)	18.20	388,757
2010	169,486	(46,958)	27.71	245,539

As of the most recent valuation date, January 1, 2013, the funded status of the OPEB Health Care Plan was as follows:

Actuarial Value of Asset	00
Actuarial Accrued Liability (AAL)	(2,893,368)
Unfunded Actuarial Accrued Liability (UAAL)	(2,893,368)
Funded Ratio	0%
Covered Payroll	\$ 10,455,975
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll	27.67%

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes - continued

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

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, 2013.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The assumptions used in the January 1, 2013 actuarial valuation are as follows:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	25 year level dollar amortization, closed
Remaining Amortization Period	21 years as of July 1, 2012
Asset Valuation Method	Market value
Investment Rate of Return	4.00%
Projected salary increases	5.50%
Medical Cost Trend Rate	8.50% graded to 5.00% over 7 years
Inflation Rate	3.00%

The Georgia Municipal Employee Benefit System issues a publicly available financial report. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Service, 201 Pryor Street, SW., Atlanta, Georgia 30303.

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.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes – continued

4.B. Risk Management - continued

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. The City has set aside the funds to cover the settlements, should any of these cases be settled unfavorably. 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.

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 \$192,600.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes – continued

4.E. Component Units – continued

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 \$126,700 was expended to promote tourism in the area this year.

Discretely Presented Component Units

Carrollton Redevelopment Authority

The Carrollton Redevelopment Authority, a Georgia non-profit organization, was created by the General Assembly of Georgia to provide for revenue bonds and other funding sources for construction in Carrollton, Georgia. The Authority operates under a board of nine directors, which are appointed by the Mayor and City Council of the City of Carrollton, Georgia.

In April 2009, Carrollton Redevelopment Authority authorized the receipt of a loan of \$150,000 from the Georgia Department of Community Affairs under the Georgia Appalachian Region Business Development Revolving Loan Fund Program. The Authority simultaneously re-loaned the proceeds to the Little Hawaiian, for the purpose of renovating its restaurant building located at 206 Rome Street. Loan documents, including its promissory note, were collaterally assigned to the Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore it is not reflected on the Authority's financial statements. The loan repayment period is ten years at 3% interest with monthly payments of \$1,035.87 and a balloon payment of \$58,538.60 on May 1, 2019. The outstanding loan balance at June 30, 2014 was \$106,509.

In August 2010, Carrollton Redevelopment Authority issued \$8,000,000 in Series 2010 Federally Taxable Qualified School Construction Bonds – Direct Pay for the Carrollton Independent School System Project for the construction, renovation, modernization and revitalization of the Carrollton Independent School System facilities. These bonds are payable solely from the Trust Estate (bank) and the Authority has no obligation for these debts; therefore, debts are not reflected on the Authority's financial statements. The balance owed on these bonds was \$8,000,000 at June 30, 2014.

On July 7, 2014, Carrollton Redevelopment Authority authorized the receipt of a loan of \$217,235 from the Georgia Department of Community Affairs. The Authority simultaneously re-loaned the proceeds to Chad P. Properties, LLC, for the purpose of renovating a building located at 310 Adamson Square. Loan documents, including its promissory note, were collaterally assigned to the Georgia Department of Community Affairs. The Authority is not liable for any amount under this loan; therefore it is not reflected on the Authority's financial statements. The loan repayment period is ten years at 2% interest with monthly payments of \$1,406.03 beginning September 1, 2014, and a balloon payment of \$58,538.60 on August 1, 2024.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes – continued

4.E. Component Units – continued

Main Street Carrollton

Main Street Carrollton is a Georgia non-profit organization created to assist in the revitalization and economic development of the Carrollton main street area. This entity provides operational and promotional assistance for two downtown City owned facilities (the AMP and the Historic Train Depot). Main Street Carrollton operates under a board of nine directors, which are appointed by the Mayor and City Council of the City of Carrollton, Georgia.

These component units are not separately audited, thus separate financial statements are not issued. To help understand the significance of each component unit, a condensed financial statement is presented below as of June 30, 2014.

Combining Statement of Net Position

	Carrollton Redevelopment <u>Authority</u>	Main Street <u>Carrollton</u>	<u>Total</u>
Cash	\$ 00	\$ 54,543	\$ 54,543
Capital assets, net of accumulated depreciation	<u>00</u>	<u>32,110</u>	<u>32,110</u>
Total assets	<u>\$ 00</u>	<u>\$ 86,653</u>	<u>\$ 86,653</u>
Net position – unrestricted	<u>\$ 00</u>	<u>\$ 86,653</u>	<u>\$ 86,653</u>

Combining Statement of Activities

	Carrollton Redevelopment <u>Authority</u>	Main Street <u>Carrollton</u>	<u>Total</u>
Expenses:			
General government	<u>\$ 00</u>	<u>\$ 116,229</u>	<u>\$ 116,229</u>
Total expenses	<u>00</u>	<u>116,229</u>	<u>116,229</u>
Program revenue:			
Charge for services	<u>00</u>	<u>82,518</u>	<u>82,518</u>
Total governmental activities	<u>00</u>	<u>(33,711)</u>	<u>(33,711)</u>
General revenues			
Interest	00	21	21
Contributions	<u>00</u>	<u>14,900</u>	<u>14,900</u>
Change in net position	00	(18,790)	(18,790)
Net position – beginning	<u>00</u>	<u>105,443</u>	<u>105,443</u>
Net position – ending	<u>\$ 00</u>	<u>\$ 86,653</u>	<u>\$ 86,653</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes – continued

4.F. Special Purpose Local Option Sales Tax

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 six years.

2015 SPLOST

In 2013, 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 24, 2013, 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 22.07%. The collection on this tax will begin on April 1, 2015, and is to be collected for a period of no more than six 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 \$327,476 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>\$ 131,033</u>
1% (or 20% of tax) earned and remitted to the Carroll County Chamber of Commerce	\$ 65,516
2% (or 40% of tax) \$130,990, plus \$303 spent from reserves, retained by the City and spent in accordance with legal provisions	<u>131,293</u>
Total expenditures from Hotel/Motel Tax Fund	<u>\$ 196,809</u>

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

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.

Sanitary Sewer Inflow and Infiltration (I&I) – Phase III

Phase I of this project to reduce Inflow and Infiltration (I&I) was completed in 2004. Phase II of this project continued from 2005 to 2010 with an approximate budget of \$600,000 per year. In 2012 and 2013 several emergency situations required the repair of lines due to significant infiltration and line failures. These projects were on South Street, Highland Avenue, Rome Street, and most notably the failure of the major trunk line along Buffalo Creek through the Southwire campus. In January of 2014, the repair of the trunk line which was located under the Southwire Building Wire Plant was completed. The total cost of the project exceeded \$450,000 including all costs. The replacement and upsizing of the sewer outfall from the bypass to the Southwire waste treatment plant was also accomplished at a cost of approximately \$180,000 of which \$153,000 was paid by Southwire.

The City has budgeted \$1,000,000 for utility repair for the next fiscal year. Included in this budget is the replacement of all of the sewer lines along Perry and Sims Streets and a portion of Stewart Street. The cost of this project is approximately \$350,000.

The University of West Georgia (UWG) has engaged the City of Carrollton Engineering Department to work as its agent to make similar repairs to its sanitary sewer infrastructure which feeds into the City's sanitary sewer system. The UWG is paying for these projects in their entirety plus paying the City a 5% administrative fee.

Carrollton Greenbelt Project

In 2002, the City partnered with a small group of citizens to create a greenspace program for the community. The Mayor and City Council adopted the Carrollton Greenbelt plan to build a 15 – 16 mile, multi-use, hard surface trail system encircling the City, which will serve as a recreation and alternative transportation site connecting schools, neighborhoods and parks with businesses and shopping venues. In 2011, the Friends of the Carrollton Greenbelt Committee was formed to help push the project forward. The project is divided into multiple phases, with the first phase (5.0 miles) completed in fiscal year ended 2013. The Bankhead/Cedar Street segment (3.0 miles) and West Georgia Campus/Lovvorn Road/Maple Street segment (over 1.0 miles) were completed in fiscal year ended 2014. The project is expected to be completed 2016. Total estimated cost of approximately \$15 million, is expected to be funded through grants, 2009 SPLOST revenue, and private donations.

Lakeshore Building Renovation

Renovation of the Lakeshore Building has begun with an estimated cost of \$2,350,000. Construction should be completed in 2015.

City of Carrollton, Georgia
Notes to Basic Financial Statements
June 30, 2014

Note 4. Other Notes – continued

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.

4.J. Subsequent Events

On December 31, 2014, the City plans to close on a qualified bank loan for approximately \$6 million. The purpose of the loan is to refinance existing debt of approximately \$4.5 million (the Series 1997 Water & Sewer Bonds and 2008 GEFA note payable) at a more favorable interest rate and borrow additional funds to finance its Radio Read Meters utility fund project of approximately \$1.5 million. The amortization period is twenty years.

REQUIRED SUPPLEMENTARY INFORMATION

City of Carrollton, Georgia
 Budgetary Comparison Schedule – General Fund
 For the Year Ended June 30, 2014

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 9,885,000	\$ 9,769,618	\$ (115,382)
License and permits	3,620,000	3,642,169	22,169
Intergovernmental	1,040,598	1,243,425	202,827
Charges for services	895,000	1,262,950	367,950
Fines and forfeitures	850,000	862,773	12,773
Interest on invested funds	40,000	29,859	(10,141)
Contributions	00	166,835	166,835
Miscellaneous	<u>233,000</u>	<u>396,510</u>	<u>163,510</u>
Total revenues	<u>16,563,598</u>	<u>17,374,139</u>	<u>810,541</u>
Expenditures:			
General government	1,555,505	1,581,836	(26,331)
Public safety	11,205,842	10,555,398	650,444
Highways and streets	941,890	990,889	(48,999)
Landfill	73,024	73,630	(606)
Recreation and culture	<u>5,253,887</u>	<u>5,679,920</u>	<u>(426,033)</u>
Total expenditures	<u>19,030,148</u>	<u>18,881,673</u>	<u>148,475</u>
Excess (deficiency) of revenues over expenditures	<u>(2,466,550)</u>	<u>(1,507,534)</u>	<u>959,016</u>
Other financing sources:			
Capital leases	223,932	213,100	(10,832)
Transfers in	2,242,618	1,531,359	(711,259)
Transfers out	<u>00</u>	<u>(45,618)</u>	<u>(45,618)</u>
Total other financing sources (uses)	<u>2,466,550</u>	<u>1,698,841</u>	<u>(767,709)</u>
Excess of revenues over expenditures and other financing sources (uses)	00	191,307	191,307
Fund balance at beginning of year	<u>12,279,812</u>	<u>12,279,812</u>	<u>00</u>
Fund balance at end of year	<u>\$ 12,279,812</u>	<u>\$ 12,471,119</u>	<u>\$ 191,307</u>

See accompanying notes to required supplementary information.

City of Carrollton, Georgia
 Budgetary Comparison Schedule – Neighborhood Stabilization Program Fund
 For the Year Ended June 30, 2014

	NSP 1			NSP 3			Total Neighborhood Stabilization Program Fund
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Actual</u>
Revenues:							
Intergovernmental	\$ 681,398	\$ 1,067,549	\$ 386,151	\$ 297,597	\$ 798,845	\$ 501,248	\$ 1,866,394
Interest income	00	835	835	00	119	119	954
Miscellaneous	00	114,264	114,264	00	57,450	57,450	171,714
Total Revenues	<u>681,398</u>	<u>1,182,648</u>	<u>501,250</u>	<u>297,597</u>	<u>856,414</u>	<u>558,817</u>	<u>2,039,062</u>
Expenditures:							
Property acquisition	482,980	540,119	(57,139)	211,902	273,735	(61,833)	813,854
Property repair	72,904	346,823	(273,919)	52,837	269,977	(217,140)	616,800
Down payment assistance	28,703	123,368	(94,665)	15,000	46,500	(31,500)	169,868
Property demolition	55,928	00	55,928	00	00	00	00
Administration	40,883	44,920	(4,037)	17,858	40,327	(22,469)	85,247
Other	00	58,739	(58,739)	00	26,903	(26,903)	85,642
Total expenditures	<u>681,398</u>	<u>1,113,969</u>	<u>(432,571)</u>	<u>297,597</u>	<u>657,442</u>	<u>(359,845)</u>	<u>1,771,411</u>
Excess of revenues over expenditures	00	68,679	68,679	00	198,972	198,972	267,651
Fund balance at beginning of year	<u>663,530</u>	<u>663,530</u>	<u>00</u>	<u>50,685</u>	<u>50,685</u>	<u>00</u>	<u>714,215</u>
Fund balance at end of year	<u>\$ 663,530</u>	<u>\$ 732,209</u>	<u>\$ 68,679</u>	<u>\$ 50,685</u>	<u>\$ 249,657</u>	<u>\$ 198,972</u>	<u>\$ 981,866</u>

See accompanying notes to required supplementary information.

City of Carrollton, Georgia
Notes to Required Supplementary Information
June 30, 2014

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 General Fund department's expenditures exceeded its budgeted appropriations by more than three percent.

General Administration	\$ 59,678
Human Resources Administration	7,664
Legal	69,421
Shop	65,476
Parks and Recreation	451,162

General fund revenue exceeded budgeted revenue by \$810,541.

The Neighborhood Stabilization Program (NSP) Fund accounts for the grant proceeds and expenditures related to two Department of Housing and Urban Development Grants; NSP-1 and NSP-3. Although separate budgets are adopted for each grant project, the combined activity is reported for financial statement purposes.

Neighborhood Stabilization Program Fund expenditures exceeded budgeted appropriations by more than three percent:

NSP 1	\$ 432,571
NSP 3	<u>359,845</u>
	<u>\$ 792,416</u>

Neighborhood Stabilization Program Fund revenues exceeded budgeted revenues by:

NSP 1	\$ 501,250
NSP 3	<u>558,817</u>
	<u>\$ 1,060,067</u>

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

City of Carrollton, Georgia
Schedule of Funding Progress
June 30, 2014

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>Unfunded 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%)
January 1, 2011	14,409,539	19,389,656	(4,980,117)	74.32%	10,698,399	(46.55%)
January 1, 2012	15,519,871	20,628,402	(5,108,531)	75.24%	11,178,728	(45.70%)
January 1, 2013	16,710,069	21,497,825	(4,787,756)	77.73%	10,860,561	(44.08%)
January 1, 2014	18,048,453	22,475,264	(4,426,811)	80.30%	10,855,222	(40.78%)

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%)
January 1, 2013	00	2,893,368	(2,893,368)	00.00%	10,455,975	(27.67%)

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

OTHER 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, 2014

	<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	13,907	13,907
Citizen donation	<u>00</u>	<u>100,000</u>	<u>100,000</u>
Total	<u>21,335,000</u>	<u>20,145,289</u>	<u>(1,189,711)</u>
Expenditures:			
Downtown Development Improvements	6,400,000	10,775,101	(4,375,101)
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>
	<u>21,335,000</u>	<u>9,994,763</u>	<u>1,340,237</u>
Excess of revenues over expenditures	<u>00</u>	<u>150,526</u>	<u>150,526</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>\$ 160,661</u>	<u>\$ 160,661</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, 2014

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Intergovernmental revenue	\$ 21,026,585	\$ 20,485,359	\$ (541,226)
Other revenue	00	4,064,249	4,064,249
Interest	<u>00</u>	<u>187,084</u>	<u>187,084</u>
Total	<u>21,026,585</u>	<u>24,736,692</u>	<u>3,710,107</u>
Expenditures:			
Sidewalk and Street Improvements	5,485,197	9,171,623	(3,686,426)
Water Impoundment Development and Improvements	4,570,997	00	4,570,997
Recreation/Cultural Arts Improvements	2,742,599	1,113,623	1,628,976
Economic Development	2,285,498	3,354,865	(1,069,367)
Greenspace Acquisition and Improvement	2,285,498	6,153,820	(3,868,322)
Public Safety Facilities and Equipment	1,828,398	2,637,634	(809,236)
Historic Train Depot Restoration	1,371,299	1,166,373	204,926
Telecommunications Facilities and Equipment	<u>457,099</u>	<u>124,810</u>	<u>332,289</u>
	<u>21,026,585</u>	<u>23,722,748</u>	<u>(2,696,163)</u>
Excess of expenditures over revenues	<u>00</u>	<u>1,013,944</u>	<u>1,013,944</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	(8,576,047)	(8,576,047)
Debt service interest payments	<u>00</u>	<u>(1,640,634)</u>	<u>(1,640,634)</u>
Total other sources and uses	<u>00</u>	<u>296,177</u>	<u>296,177</u>
Excess of revenues and other sources			
Over expenditures and other uses	<u>\$ 00</u>	<u>\$ 1,310,121</u>	<u>\$ 1,310,121</u>

City of Carrollton
Capital Projects Fund
2015 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, 2014

	<u>Project Budget</u>	<u>Project to Date Total</u>	<u>Variance</u>
Revenues:			
Carroll County SPLOST	\$ 21,187,200	\$ 00	\$ (21,187,200)
Grant Revenue	00	00	00
Interest	00	5,252	5,252
Intergovernmental revenue	<u>00</u>	<u>485,000</u>	<u>485,000</u>
 Total	 <u>21,187,200</u>	 <u>490,252</u>	 <u>(20,696,948)</u>
Expenditures:			
Street Resurfacing/Repair/Improvements	00	1,786	(1,786)
Public Safety	00	1,786	(1,786)
Recreation/Cultural Arts Improvements	00	1,786	(1,786)
Economic Development	00	1,786	(1,786)
Greenspace Projects	00	1,786	(1,786)
Public Utilities (Telecommunications)	<u>00</u>	<u>1,785</u>	<u>(1,785)</u>
 Total project cost	 21,187,200	 10,715	 21,176,485
Excess of revenues over expenditures	<u>00</u>	<u>479,537</u>	<u>479,537</u>
Other sources and uses:			
Proceeds from intergovernmental debt	00	10,000,000	10,000,000
Transfers to other funds	<u>00</u>	<u>(1,785)</u>	<u>(1,785)</u>
 Total other sources and uses	 <u>00</u>	 <u>9,998,215</u>	 <u>9,998,215</u>
Excess of revenue and other sources over expenditures and other uses	<u>\$ 00</u>	<u>\$ 10,477,752</u>	<u>\$ 10,477,752</u>

Water Fund projects funded from 2015 SPLOST are excluded.

City of Carrollton, Georgia
 Budgetary Comparison Schedule – Major Neighborhood Stabilization Program Fund NSP-1
Project Budget and Actual, Project to Date
 For the Year Ended June 30, 2014

<u>NSP 1</u>	<u>Activity Number</u>	<u>Project Budget</u>	<u>Prior Project to Date Total</u>	<u>Current Year</u>	<u>Project to Date Total</u>	<u>Variance</u>
<u>Revenue</u>						
Grant income	N/A	\$ 3,406,991	\$ 2,973,517	\$ 303,241	\$ 3,276,758	\$ (130,233)
Program income	N/A	00	3,874,945	877,218	4,752,163	4,752,163
Other	N/A	00	63,790	1,354	65,144	65,144
Interest income	N/A	00	7,164	834	7,998	7,998
		<u>3,406,991</u>	<u>6,919,416</u>	<u>1,182,647</u>	<u>8,102,063</u>	<u>4,695,072</u>
<u>Expenses</u>						
Acquisition	5050-001-B-H	740,749	1,577,252	286,022	1,863,274	(1,122,525)
Acquisition	5050-001-B-I	1,715,156	2,318,609	254,097	2,572,706	(857,550)
House Rehabilitation	5050-14A-B-H	139,712	470,754	162,203	632,957	(493,245)
House Rehabilitation	5050-14A-B-I	242,811	477,188	184,620	661,808	(418,997)
Down payment and closing cost	5050-013-A-H	28,337	147,255	23,605	170,860	(142,523)
Down payment and closing cost	5050-013-A-I	63,185	292,655	99,763	392,417	(329,232)
Clearance	5050-004-D-I	272,622	322,385	00	322,385	(49,763)
Administration	5050-21A-X	204,419	267,749	44,920	312,669	(108,250)
Other		00	20,049	8,898	28,948	(28,948)
Selling costs paid by seller		00	361,991	49,841	411,832	(411,832)
Total expenses		<u>3,406,991</u>	<u>6,255,887</u>	<u>1,113,969</u>	<u>7,369,856</u>	<u>(3,962,865)</u>
Excess of revenue over expenditure – NSP 1		<u>\$ 00</u>	<u>\$ 663,529</u>	<u>\$ 68,678</u>	<u>\$ 732,207</u>	<u>\$ 732,207</u>

See accompanying notes to required supplementary information.

City of Carrollton, Georgia
 Budgetary Comparison Schedule – Major Neighborhood Stabilization Program Fund NSP-3
Project Budget and Actual, Project to Date
 For the Year Ended June 30, 2014

<u>NSP 3</u>	<u>Activity Number</u>	<u>Project Budget</u>	<u>Prior Project to Date Total</u>	<u>Current Year</u>	<u>Project to Date Total</u>	<u>Variance</u>
<u>Revenue</u>						
Grant income	N/A	\$ 1,142,774	\$ 683,700	\$ 325,611	\$ 1,009,311	\$ (133,463)
Program income	N/A	00	683,184	528,347	1,211,531	1,211,531
Other	N/A	00	1,935	2,337	4,272	4,272
Interest income	N/A	00	451	119	570	570
		<u>1,142,774</u>	<u>1,369,270</u>	<u>856,414</u>	<u>2,225,684</u>	<u>1,082,910</u>
 <u>Expenses</u>						
Acquisition	6012-001-B-H	225,000	338,723	209,493	548,216	(323,216)
Acquisition	6012-001-B-I	572,000	428,960	64,242	493,202	78,798
House Rehabilitation	6012-14A-B-H	135,599	337,072	177,307	514,379	(378,780)
House Rehabilitation	6012-14A-B-I	118,752	50,994	92,670	143,664	(24,912)
Down payment and closing cost	6012-013-A-H	15,000	8,900	46,500	55,400	(40,400)
Down payment and closing cost	6012-013-A-I	5,000	53,400	00	53,400	(48,400)
Administration	6012-21A-X	71,423	53,041	40,327	93,368	(21,945)
Other		00	4,500	7,790	12,290	(12,290)
Selling costs paid by seller		00	42,994	19,113	62,107	(62,107)
Total expenses		<u>1,142,774</u>	<u>1,318,584</u>	<u>657,442</u>	<u>1,976,026</u>	<u>(833,252)</u>
Excess of revenue over expenditure NSP 3		<u>\$ 00</u>	<u>\$ 50,686</u>	<u>\$ 198,972</u>	<u>\$ 249,658</u>	<u>\$ 249,658</u>

See accompanying notes to required supplementary information.

City of Carrollton, Georgia
Non-major Governmental Funds
Combining Balance Sheet
June 30, 2014

Assets

	<u>Hotel/Motel Tax Fund</u>	<u>Drug Seizure Fund</u>	<u>Regional Hazardous Material Team Fund</u>	<u>West Metro Regional Drug Enforcement Fund</u>	<u>2004 SPLOST</u>	<u>Capital Projects Fund for Public Roads</u>	<u>Total</u>
Cash in bank	\$ 74,213	\$ 127,588	\$ 41,729	\$ 600,906	\$ 140,490	\$ 00	\$ 984,926
Receivable	25,126	4,710	00	76,651	00	00	106,487
Due from other funds	00	00	00	00	100,000	382,418	482,418
Prepaid expenses	<u>19,875</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>19,875</u>
Total assets	<u>\$ 119,214</u>	<u>\$ 132,298</u>	<u>\$ 41,729</u>	<u>\$ 677,557</u>	<u>\$ 240,490</u>	<u>\$ 382,418</u>	<u>\$ 1,593,706</u>

Liabilities, Deferred Inflows of Resources and Fund Balance

Liabilities

Accounts and accrued payable	\$ 5,972	\$ 2,084	\$ 00	\$ 10,558	\$ 79,829	\$ 00	\$ 98,443
Due to other governments	00	00	00	28,951	00	00	28,951
Due to other funds	12,829	00	00	14,935	00	00	27,764
Unearned revenue	00	00	00	19,000	00	382,418	401,418
Seized funds awaiting disposition	<u>00</u>	<u>16,302</u>	<u>00</u>	<u>132,184</u>	<u>00</u>	<u>00</u>	<u>148,486</u>
Total liabilities	<u>18,801</u>	<u>18,386</u>	<u>00</u>	<u>205,628</u>	<u>79,829</u>	<u>382,418</u>	<u>705,062</u>
Deferred inflows of resources	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Total liabilities and deferred inflows of resources	<u>18,801</u>	<u>18,386</u>	<u>00</u>	<u>205,628</u>	<u>79,829</u>	<u>382,418</u>	<u>705,062</u>
Fund balance – restricted	<u>100,413</u>	<u>113,912</u>	<u>41,729</u>	<u>471,929</u>	<u>160,661</u>	<u>00</u>	<u>888,644</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 119,214</u>	<u>\$ 132,298</u>	<u>\$ 41,729</u>	<u>\$ 677,557</u>	<u>\$ 240,490</u>	<u>\$ 382,418</u>	<u>\$ 1,593,706</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, 2014

	<u>Special Revenue Funds</u>				<u>Capital Projects Funds</u>		
	<u>Hotel/Motel Tax Fund</u>	<u>Drug Seizure Fund</u>	<u>Regional Hazardous Material Team Fund</u>	<u>West Metro Regional Drug Enforcement Fund</u>	<u>2004 SPLOST</u>	<u>Capital Projects Fund for Public Roads</u>	<u>Total</u>
Revenues:							
Forfeitures	\$ 00	\$ 65,211	\$ 00	\$ 194,726	\$ 00	\$ 00	\$ 259,937
Taxes	327,476	00	00	00	00	00	327,476
Interest	49	53	38	524	165	00	829
Intergovernmental	00	00	5,000	533,334	00	12,142	550,476
Other	<u>32,500</u>	<u>6,242</u>	<u>3,000</u>	<u>3,086</u>	<u>00</u>	<u>00</u>	<u>44,828</u>
Total revenues	<u>360,025</u>	<u>71,506</u>	<u>8,038</u>	<u>731,670</u>	<u>165</u>	<u>12,142</u>	<u>1,183,546</u>
Expenditures	<u>196,810</u>	<u>23,462</u>	<u>1,955</u>	<u>693,468</u>	<u>69,628</u>	<u>20,786</u>	<u>1,006,109</u>
Excess (deficiency) of revenues over expenditures	163,215	48,044	6,083	38,202	(69,463)	(8,644)	177,437
Other financing sources (uses):							
Transfer in (out) – other funds	<u>(131,033)</u>	<u>00</u>	<u>00</u>	<u>42,624</u>	<u>00</u>	<u>8,644</u>	<u>(79,765)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	32,182	48,044	6,083	80,826	(69,463)	00	97,672
Fund balance at beginning of year	<u>68,231</u>	<u>65,868</u>	<u>35,646</u>	<u>391,103</u>	<u>230,124</u>	<u>00</u>	<u>790,972</u>
Fund balance at end of year	<u>\$ 100,413</u>	<u>\$ 113,912</u>	<u>\$ 41,729</u>	<u>\$ 471,929</u>	<u>\$ 160,661</u>	<u>\$ 00</u>	<u>\$ 888,644</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, 2014

	HOTEL/MOTEL TAX		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes	\$ 250,000	\$ 327,476	\$ 77,476
Interest	500	49	(451)
Other income	<u>00</u>	<u>32,500</u>	<u>32,500</u>
Total revenues	<u>250,500</u>	<u>360,025</u>	<u>109,525</u>
Expenditures:			
Economic development	00	93,794	(93,794)
Appropriations to other agencies	<u>150,300</u>	<u>103,016</u>	<u>47,284</u>
Total expenditures	<u>150,300</u>	<u>196,810</u>	<u>(46,510)</u>
Excess (deficiency) of revenues over expenditures	100,200	163,215	63,015
Transfers out	(100,200)	(131,033)	(30,833)
Fund balances at beginning of year	<u>68,231</u>	<u>68,231</u>	<u>00</u>
Fund balances at end of year	<u>\$ 68,231</u>	<u>\$ 100,413</u>	<u>\$ 32,182</u>

	DRUG SEIZURE FUND		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Seized funds - forfeitures	\$ 20,000	\$ 65,211	\$ 45,211
Interest	500	53	(447)
Other	<u>00</u>	<u>6,242</u>	<u>6,242</u>
Total revenues	<u>20,500</u>	<u>71,506</u>	<u>51,006</u>
Expenditures:			
Public Safety	20,500	17,287	3,213
Capital outlay	<u>00</u>	<u>6,175</u>	<u>(6,175)</u>
Total expenditures	<u>20,500</u>	<u>23,462</u>	<u>(2,962)</u>
Excess (deficiency) of revenues over expenditures	00	48,044	48,044
Fund balances at beginning of year	<u>65,868</u>	<u>65,868</u>	<u>00</u>
Fund balances at end of year	<u>\$ 65,868</u>	<u>\$ 113,912</u>	<u>\$ 48,044</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, 2014

REGIONAL HAZARDOUS MATERIAL TEAM FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant revenue	\$ 00	\$ 5,000	\$ 5,000
Service revenue and dues	3,000	3,000	00
Interest	<u>500</u>	<u>38</u>	<u>(462)</u>
Total revenues	<u>3,500</u>	<u>8,038</u>	<u>4,538</u>
Expenditures:			
Maintenance and training	<u>3,500</u>	<u>1,955</u>	<u>1,545</u>
Total expenditures	<u>3,500</u>	<u>1,955</u>	<u>1,545</u>
Excess (deficiency) of revenues over expenditures	<u>00</u>	<u>6,083</u>	<u>6,083</u>
Fund balances at beginning of year	<u>35,646</u>	<u>35,646</u>	<u>00</u>
Fund balances at end of year	<u>\$ 35,646</u>	<u>\$ 41,729</u>	<u>\$ 6,083</u>

WEST METRO REGIONAL DRUG ENFORCEMENT FUND

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Grant	\$ 353,413	\$ 325,140	\$ (28,273)
Agency contributions and match	00	208,194	208,194
Forfeitures	00	194,726	194,726
Interest	00	524	524
Miscellaneous	<u>00</u>	<u>3,086</u>	<u>3,086</u>
Total revenues	<u>353,413</u>	<u>731,670</u>	<u>378,257</u>
Expenditures:			
Wages and benefits	353,413	439,976	(86,563)
Other operating expenditures	00	192,020	(192,020)
Capital expenditures	<u>00</u>	<u>61,472</u>	<u>(61,472)</u>
Total expenditures	<u>353,413</u>	<u>693,468</u>	<u>(340,055)</u>
Excess (deficiency) of revenues over expenditures	00	38,202	38,202
Transfers from general fund	<u>00</u>	<u>42,624</u>	<u>42,624</u>
Excess (deficiency) of revenues and other sources over expenditures	00	80,826	80,826
Fund balances at beginning of year	<u>391,103</u>	<u>391,103</u>	<u>00</u>
Fund balances at end of year	<u>\$ 391,103</u>	<u>\$ 471,929</u>	<u>\$ 80,826</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, 2014

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Taxes:			
Real, intangible and personal property	\$ 3,350,000	\$ 3,189,769	\$ (160,231)
Auto and mobile homes	200,000	204,523	4,523
Title ad valorem tax	150,000	584,543	434,543
Sales - local option	4,200,000	3,759,371	(440,629)
Insurance premium tax	1,275,000	1,258,030	(16,970)
Beer and wine tax	650,000	685,644	35,644
Energy excise tax	60,000	87,738	27,738
Licenses and permits:			
Occupation tax	975,000	987,113	12,113
Building, electric and plumbing permits	90,000	209,431	119,431
Franchise fees	2,355,000	2,239,690	(115,310)
Alcoholic beverage license	200,000	205,935	5,935
Intergovernmental:			
State and federal -			
Police Grants	75,000	8,332	(66,668)
Other Grants	00	33,832	33,832
Nutrition Program Grant	96,000	139,923	43,923
Carroll County -			
Recreation program	150,000	160,235	10,235
Fire department	582,180	716,580	134,400
Landfill personnel reimbursement	72,000	72,966	966
Tourism	00	15,188	15,188
Carrollton School Board	65,418	96,369	30,951
Charges for services:			
Recreation Department program fees	895,000	1,262,950	367,950
Fines and forfeitures	850,000	862,773	12,773
Interest on invested funds	40,000	29,859	(10,141)
Contributions	00	166,835	166,835
Miscellaneous:			
Insurance reimbursements	00	31,955	31,955
Rents	120,000	186,783	66,783
Other	<u>113,000</u>	<u>177,772</u>	<u>64,772</u>
Total revenues	<u>16,563,598</u>	<u>17,374,139</u>	<u>810,541</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, 2014

	Original and Final Budget	Actual	Variance
Expenditures:			
General government	\$ 1,555,505	\$ 1,581,836	\$ (26,331)
Public safety	11,205,842	10,555,398	650,444
Highways and streets	941,890	990,889	(48,999)
Landfill	73,024	73,630	(606)
Cultural and recreation	<u>5,253,887</u>	<u>5,679,920</u>	<u>(426,033)</u>
Total expenditures	<u>19,030,148</u>	<u>18,881,673</u>	<u>148,475</u>
Excess (deficiency) of revenues over expenditures	<u>(2,466,550)</u>	<u>(1,507,534)</u>	<u>959,016</u>
Other financing sources (uses):			
Capital leases	223,932	213,100	(10,832)
Operating transfers in	2,242,618	1,531,359	(711,259)
Operating transfers out	<u>00</u>	<u>(45,618)</u>	<u>(45,618)</u>
Total other financing sources (uses)	<u>2,466,550</u>	<u>1,698,841</u>	<u>(767,709)</u>
Excess of revenues and other sources over expenditures and other uses	00	191,307	191,307
Fund balance at beginning of year	<u>12,279,811</u>	<u>12,279,811</u>	<u>00</u>
Fund balance at end of year	<u>\$ 12,279,811</u>	<u>\$ 12,471,118</u>	<u>\$ 191,307</u>

City of Carrollton, Georgia
General Fund
Schedule of Expenditures, Compared to Budget (GAAP Basis) – by Departments
For the Year Ended June 30, 2014

	Original and Final <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Government:			
Mayor and council	\$ 98,260	\$ 93,774	\$ 4,486
City manager's office	102,812	93,464	9,348
General administration	758,130	817,808	(59,678)
Building inspections	114,226	74,238	39,988
Planning administration	129,542	81,826	47,716
Main Street	125,317	116,571	8,746
Human resources administration	93,148	100,812	(7,664)
Legal	65,000	134,421	(69,421)
Finance and purchasing	<u>69,070</u>	<u>68,922</u>	<u>148</u>
Total general government	<u>1,555,505</u>	<u>1,581,836</u>	<u>(26,331)</u>
Public Safety:			
Police department	6,337,594	6,029,248	308,346
Fire department	<u>4,868,248</u>	<u>4,526,150</u>	<u>342,098</u>
Total public safety	<u>11,205,842</u>	<u>10,555,398</u>	<u>650,444</u>
Highway and Streets:			
Street department	222,223	206,784	15,439
Engineering department	500,996	499,440	1,556
General maintenance	89,711	85,361	4,350
Garage	128,960	133,828	(4,868)
Shop	<u>00</u>	<u>65,476</u>	<u>(65,476)</u>
Total highways and streets	<u>941,890</u>	<u>990,889</u>	<u>(48,999)</u>
Landfill	<u>73,024</u>	<u>73,630</u>	<u>(606)</u>
Cultural and recreation:			
Parks and recreation	4,821,012	5,272,174	(451,162)
Visitors Bureau	151,773	126,646	25,127
West Georgia Regional Library	<u>281,102</u>	<u>281,100</u>	<u>2</u>
Total cultural and recreation	<u>5,253,887</u>	<u>5,679,920</u>	<u>(426,033)</u>
Total expenditures	<u>\$ 19,030,148</u>	<u>\$ 18,881,673</u>	<u>\$ 148,475</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, 2014

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
Revenues:			
Operating revenues:			
Water sales and penalties	\$ 6,624,968	\$ 6,674,661	\$ 49,693
Sewer fees and surcharges	3,744,968	4,136,959	391,991
Water and sewer tap fees	<u>250,000</u>	<u>576,860</u>	<u>326,860</u>
Total operating revenues	<u>10,619,936</u>	<u>11,388,480</u>	<u>768,544</u>
Expenses:			
General operations	1,136,915	1,110,638	26,277
Filter plant	2,166,802	2,030,246	136,556
Systems upkeep	1,781,028	1,772,936	8,092
Sewerage treatment plant	2,659,434	2,570,964	88,470
Water support services	525,616	527,307	(1,691)
Facilities maintenance	<u>453,527</u>	<u>402,618</u>	<u>50,909</u>
Total operating expenses	<u>8,723,322</u>	<u>8,414,709</u>	<u>308,613</u>
Excess of operating revenues over operating expenses	<u>1,896,614</u>	<u>2,973,771</u>	<u>1,077,157</u>
Non-operating revenues, (expenses) and other financing sources and (uses):			
Interest income	10,000	59,087	49,087
Miscellaneous	15,000	45,584	30,584
Capital contributions	00	214,853	214,853
Proceeds – GMA lease pool	382,000	272,671	(109,329)
Water projects - construction and engineering	00	(1,088,090)	(1,088,090)
Payments - State Revolving - principal and interest	(203,063)	(203,060)	3
Payments - GEFA loan - principal and interest	(153,762)	(153,757)	5
Payments – GEFA membrane loans – principal and interest	(427,939)	(427,766)	173
Payment - 1997 Revenue Bond - interest	(40,105)	(40,117)	(12)
Payment - 1997 Revenue Bond - principal	(172,646)	(172,646)	00
Payment – GMA lease pool	(80,036)	(54,534)	25,502
Rents	86,000	89,810	3,810
Operating transfers	<u>(1,312,063)</u>	<u>(946,215)</u>	<u>365,848</u>
	<u>(1,896,614)</u>	<u>(2,404,180)</u>	<u>(507,566)</u>
Excess of revenues and other sources over expenses and other financing uses	<u>\$ 00</u>	<u>\$ 569,591</u>	<u>\$ 569,591</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, 2014

	Original and Final <u>Budget</u>	<u>Actual</u>	Variance With <u>Final Budget</u>
Operating revenues:			
Garbage and landfill fees	\$ 3,900,000	\$ 3,857,705	\$ (42,295)
Total operating revenues	<u>3,900,000</u>	<u>3,857,705</u>	<u>(42,295)</u>
Operating expenses	<u>3,562,303</u>	<u>3,633,141</u>	<u>(70,838)</u>
Excess of operating revenues over operating expenses	<u>337,697</u>	<u>224,564</u>	<u>(113,133)</u>
Non-operating revenues, (expenses) and other financing sources and (uses):			
Proceeds – GMA lease pool	440,000	368,956	(71,044)
Payments – GMA loan – principal and interest	(92,188)	(34,134)	(58,054)
Interest income	8,000	32,987	24,987
Miscellaneous income	00	(1,927)	(1,927)
Interfund transfers	<u>(693,509)</u>	<u>(457,976)</u>	<u>235,533</u>
	<u>(337,697)</u>	<u>(92,094)</u>	<u>245,603</u>
Excess of operating revenues and other sources over operating expenses and other uses	<u>\$ 00</u>	<u>\$ 132,470</u>	<u>\$ 132,470</u>

City of Carrollton, Georgia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grantors' Number</u>	<u>Federal Expenditures</u>
<u>Department of Homeland Security:</u>			
Passed through State Agency:			
Georgia Emergency Management Agency:			
Ice Storm Grant	97.036	FEMA-4165-DR-GA	\$ 33,832
Total Department of Homeland Security			<u>33,832</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	<u>139,922</u>
Total Department of Health & Human Services			<u>139,922</u>
<u>Department of Justice:</u>			
Direct Award:			
Bullet Proof Vest Program	16.607	None	2,875
Passed through State Agency:			
State Criminal Justice Coordinating Council:			
Edward Byrne Justice Assistance Grant	16.804	2012-DJ-BX-0276	148,433
	16.804	2011-DJ-BX-2429	<u>176,707</u>
Total Department of Justice			<u>328,015</u>
<u>Department of Housing & Urban Development:</u>			
Passed through State Agency:			
Georgia Department of Community Affairs			
HERA-Neighborhood Stabilization Program - 1	14.228	08-ns-5050	1,055,230
Passed through Carroll County, Georgia:			
Neighborhood Stabilization Program - 3	14.218	11-NS-6012	<u>630,539</u>
Total Department of Housing & Urban Development			<u>1,685,769</u>
<u>Department of Transportation:</u>			
Passed through State Agency:			
Georgia Department of Natural Resources:			
Lake Carroll Trail - Greenbelt	20.219	NRT-11(7)	<u>75,000</u>
Total Department of Transportation			<u>75,000</u>
Total expenditures of federal awards			<u>\$ 2,262,538</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 not qualify as a low-risk auditee for the fiscal year ended June 30, 2014.

Amount Provided to Subrecipients

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

City of Carrollton, Georgia
Schedule of Projects Constructed with 2004 Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended June 30, 2014

	Original Estimated Cost	SPLOST Expenditures		Expenditures From Other Sources		Total
		Prior Years	Current Cost	Prior Years	Current Year	
Downtown Development Improvements	\$ 6,400,000	\$ 9,455,022	\$ 69,628	\$ 1,250,215	\$ 00	\$ 10,774,865
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	483,080	00	00	00	483,080
*Debt Service – Redevelopment Authority	00	2,327,600	00	00	00	2,327,600
	<u>\$ 21,335,000</u>	<u>\$ 22,418,328</u>	<u>\$ 69,628</u>	<u>\$ 1,250,215</u>	<u>\$ 00</u>	<u>\$ 23,738,171</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, 2014

	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	\$ 4,520,524	\$ 735,521	\$ 3,903,260	\$ 24,460	\$ 9,183,765
Water Impoundment Development and Improvements	4,570,997	106,562	00	00	00	106,562
Recreation/Cultural Arts Improvements	2,742,599	491,896	620,227	1,500	00	1,113,623
Economic Development	2,285,498	2,554,449	450,216	150,000	200,200	3,354,865
Greenspace Acquisition and Improvements	2,285,498	2,316,357	425,058	3,112,885	299,520	6,153,820
Public Safety - Equipment	1,828,398	2,248,842	179,837	208,955	00	2,637,634
Historic Train Depot Restoration	1,371,299	436,010	729,950	413	00	1,166,373
Telecommunications Facilities and Equipment	457,099	115,600	9,210	00	00	124,810
*Debt Service – Carroll County Georgia	00	8,172,281	2,044,400	00	00	10,216,681
	<u>\$ 21,026,585</u>	<u>\$ 20,962,521</u>	<u>\$ 5,194,419</u>	<u>\$ 7,377,013</u>	<u>\$ 524,180</u>	<u>\$ 34,058,133</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.

City of Carrollton, Georgia
Schedule of Projects Constructed with 2015 Special Purpose
Local Option Sales Tax Proceeds
For the Year Ended June 30, 2014

	Original Estimated <u>Cost</u>	<u>SPLOST Expenditures</u>		<u>Expenditures From Other Sources</u>		<u>Total</u>
		<u>Prior Years</u>	<u>Current Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	
Sidewalk & Street						
Improvement Projects		\$ 00	\$ 00	\$ 00	\$ 1,786	\$ 1,786
Public Safety Projects		00	00	00	1,786	1,786
Water Impoundment						
Improvements		00	00	00	1,785	1,785
Recreation/Cultural Arts						
Improvements		00	00	00	1,786	1,786
Economic Development		00	00	00	1,786	1,786
Greenspace Projects		00	00	00	1,786	1,786
Public Utilities						
(Telecommunications)						
Improvements		00	00	00	1,785	1,785
*Debt Service –						
Carroll County Georgia		00	00	00	00	00
Total Project Cost	<u>\$ 21,187,200</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 12,500</u>	<u>\$ 12,500</u>

The 2015 SPLOST referendum was passed with a total project cost estimated at \$21,187,200. Estimated cost for individual projects was not specified in the referendum, therefore are not provided for above.

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



Garrett
Thomas &
Fazio, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Johanna H. Tallent	CPA		

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

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

Honorable Mayor and City Council
City of Carrollton, Georgia

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Carrollton, Georgia's basic financial statements, and have issued our report thereon dated December 31, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Carrollton, Georgia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carrollton, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carrollton, Georgia's internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs item 2014-1 and 2014-2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Carrollton, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

City of Carrollton, Georgia's Response to Findings

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

Purpose of this Report

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

Barrett, Thomas & Yazio P.C.

Carrollton, Georgia
December 31, 2014

Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required By OMB Circular A-133



Garrett
Thomas &
Fazio, P.C.

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Independent Auditor's Report On Compliance For Each Major Program
And On Internal Control Over Compliance Required by OMB Circular A-133

Honorable Mayor and City Council
City of Carrollton, Georgia

Report on Compliance for Each Major Federal Program

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 programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Carrollton, Georgia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Carrollton, Georgia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Carrollton, Georgia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Honorable Mayor and City Council
City of Carrollton, Georgia

Report on Internal Control Over Compliance

Management of the City of Carrollton, Georgia, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City of Carrollton, Georgia's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major program 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.

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. *A significant deficiency in internal control over compliance*, is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

Danett, Thomas & Yazio, P.C

Carrollton, Georgia
December 31, 2014

City of Carrollton, Georgia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Carrollton, Georgia.
2. Two significant deficiencies disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. These deficiencies are not considered to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the City of Carrollton, Georgia are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No instances of noncompliance in internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by 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 unmodified 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 Department of Justice, Edward Byrne Justice Assistance Grants (CFDA# 16.804); HUD, Neighborhood Stabilization Program 1 (CFDA# 14.228); and HUD, Neighborhood Stabilization Program 3 (CFDA# 14.218).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Carrollton, Georgia did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY:

2014 – 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.
- 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.

City of Carrollton, Georgia
Schedule of Findings and Questioned Costs - continued
For the Year Ended June 30, 2014

2014-1 Segregation of Duties – Repeat Finding – continued

- 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.

2014-2 Deposit Collateral

- a. Criteria – State law requires all public funds be adequately collateralized.
- b. Condition – Uncollateralized account totaling \$95,200 was noted.
- c. Context – Total City deposits were \$33,622,732.
- d. Effect – The uncollateralized amount would not be covered if the financial institutions became insolvent.
- e. Cause – Increase in cash accounts, a new SPLOST account and matured C.D.s, without sufficient increase in deposit collateral.
- f. Recommendation – We recommend that sufficient bank collateral be added.
- g. Management's response – The City concurs and has corrected it subsequent to year end.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

No matters were reported.

STATUS OF PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY:

2013-1 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. Status – Repeat finding for 2014

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

2013-2 U.S. Department of Housing & Urban Development (CFDA# 14.218 & 14.228)

- a. Criteria – The City of Carrollton must insure that control systems are in place to adequately account for all checks paid out of NSP program income funds.
- b. Status – Previously Reported Corrective Action Implemented – Finding Closed.