

PAULDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2014

Prepared By:
The Paulding County Finance Department

INTRODUCTORY SECTION

PAULDING COUNTY, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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PAULDING COUNTY BOARD OF COMMISSIONERS

240 Constitution Blvd. * Dallas, Georgia 30132

Telephone 770-505-1352 * Fax 770-505-1353

December 11, 2014

Board of Commissioners and Citizens
Paulding County, Georgia

The Comprehensive Annual Financial Report of Paulding County, Georgia, for the fiscal year ended June 30, 2014, is submitted herewith as mandated by local ordinances and the State of Georgia statutes. These ordinances and statutes require that Paulding County issue annually a report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Management of the County is responsible for establishing and maintaining an internal control structure which is designed to ensure that the assets of the county are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Georgia statutes require an annual audit by an independent firm of certified public accountants. The Board of Commissioners selected the accounting firm of Mauldin & Jenkins CPAs, LLC. The auditor's report on the basic financial statements and schedules is included in the financial section of this report.

Management's discussion and analysis (MD &A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Paulding County

Paulding County, incorporated in 1832, was the 87th county created in Georgia and was named after John Paulding, a soldier in the Revolutionary War. Paulding County's rich historical resources include a number of well-preserved Civil War memorials, including the New Hope Church that was the site of the 1864 battle between General Sherman and Confederate General Johnston. The County is located approximately 29 miles northwest of Atlanta. The County has a land area of 314 square miles and a population of approximately 146,950.

Policymaking and legislative authority are vested in the governing authority, consisting of a five-member Board of Commissioners, including a full-time Chairman. The Commission Chairman is elected at large, while the four other members are elected by district. All members serve four-year, staggered terms. The commission is responsible, among other things, for adopting ordinances and budgets, appointing committees, and confirming department heads. The Chairman is the chief executive and is responsible for carrying out policies and ordinances of the commission and for appointing the heads of the County's departments. The County Administrator is responsible for the daily operations of County functions in accordance with policies of the Board of Commissioners. The governing authority of the County is empowered to levy a property tax on both real and personal property located within its boundaries.

This report includes all funds of the County, as well as its component units. Component units are either 1) legally separate entities for which the County is financially accountable; or 2) entities whose relationship with the County is of a nature and significance that exclusion would cause the County's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position from those of the primary government.

The County provides a full range of services which include law enforcement and fire protection; the construction and maintenance of roads, streets, bridges, and infrastructure; water and sewer; solid waste; and recreational and cultural activities. The Paulding County Board of Education and WellStar Paulding Medical Center have not met the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

Budgeting Controls. The County maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the County's Board of Commissioners. Activities of the general fund, special revenue funds, capital projects fund and debt service fund, are included in the annual appropriated budget. Annual budgets for the enterprise funds are adopted for management and control purposes. Project-length financial plans are adopted for certain capital projects. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the department level. The County also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are re-appropriated as part of the following year's budget.

Local Economy

The County's unemployment rate of 7.8% represents a slight decrease from last year and is slightly higher than the rate of 7.4% for the State of Georgia. However, Paulding County is not experiencing as significant an impact on the homeownership rate as the state. Paulding County continues to hold a high home-ownership rate of 82.0% and 10.3% of the families living below the poverty level, compared to State averages of 66.0% and 17.4%, respectively.

The County's rapid residential growth slowed substantially in 2008. However, we are beginning to see signs of recovery. Commercial construction, however, experienced a less intensive slow down compared to housing. A positive outlook for future growth of Paulding is the opening of the County's general aviation airport, the construction of the new WellStar Hospital and completion of the film studio. The County's transition from a bedroom community into a more self-sustaining community will present significant challenges for the County, as the demand for services will change. To meet the needs of these changes the County is exploring new methods of obtaining financial resources and providing higher quality and more efficient services at less cost. The County is in its fourth year of a six-year special purpose local option sales tax (SPLOST) used to fund the construction and improvement of roads, construction of recreational facilities, and public safety capital improvements. Since 1988, the County's voters have supported six consecutive referendums for a special purpose local option sales tax (SPLOST) for the County, as well as, five consecutive similar referendums for the construction of schools.

Long-term financial planning

All amounts, unless otherwise indicated are expressed in thousands of dollars.

General Fund Balance. The fund balance of the general fund remained stable in 2014, as a result of conservative spending policies and budget control measures. The unassigned fund balance of \$30,845 represents 211 working days of expenditures. This level of unassigned fund balance should significantly reduce the likelihood of the County entering the short-term debt market to pay current operating expenditures.

Proprietary Operations. The County's proprietary operations are comprised of three, separate and distinct activities: the Water and Sewer System, the Solid Waste Disposal System and the Department of Family and Children's Services (DFCS) facility. The Water and Sewer System operates with no subsidy from the County's General Fund. Revenue from the Solid Waste Disposal System generates approximately 89 % of its cost to operate. The State of Georgia leases the space for DFCS from the County, the proceeds of which provide revenue sufficient to cover the costs of operations and debt service. Paulding County's Water and Sewer System recently upgraded its aging infrastructure and completed a sewer system treatment facility expansion to encourage commercial growth.

Under the provisions of GASB Statement Number 18, the County reports an accrual of \$3,579 for landfill closure and post closure care costs as of June 30, 2014. The Landfill is incurring an annual accrual for the anticipated post closure care cost and monitoring the closure of the landfill.

Debt Administration. At June 30, 2014, the County had a number of debt issues outstanding. These issues included \$75,855 of general obligation bonds, and \$36,205 of revenue bonds. The County maintains an Aa3 rating from Moody's Investor Service and a AA rating from Standard and Poor's Rating Service on general obligation issues and for the revenue issues, an A2 from Moody's and AA-stable from Standard and Poor's. Under current Georgia statutes, the County's general debt issuances are subject to legal limitation based on 10 percent of total assessed value of real and personal property. As of June 30, 2014, the County's net general obligation bonded debt of \$74,545 was well below the legal limit of \$283,291. General obligation debt per capita equaled \$507 (five hundred and seven dollars).

For the Future. During the next four years, the County will complete a number of ambitious capital projects, along with designations of certain areas of the County as special zoning districts to enhance the quality of residential and commercial growth.

In the fall of 2008, the County opened a general aviation airport. The initial length of the runway was 5500 feet. In 2015 the Airport Authority will restripe the runway to take advantage of the full 6,000 feet of runway that was constructed in 2008. In 2014, the airport completed a taxiway widening project bringing the width of all taxiways to 50 feet. The County also enlisted the services of a consultant with expertise in airport-related economic development master plans. The economic development efforts associated with the airport project will be funded through public-private partnerships, in addition to federal, state and local funds. Due to increasing demand and limited availability of hanger space in the Atlanta Metropolitan Area, the planned Paulding Northwest Atlanta Airport has generated considerable interest in the aviation community. The first phase of hangers is completed and 100% of them are leased with a new 35,000 square foot hanger expected to be completed in early 2015. A fuel farm is now operational. This allows for aircraft to purchase fuel at the airport. The County's master plan for the area includes clustered, self-sustainable, high-tech living-working-recreation development with a green focus. In 2010, a Fixed Base Operator (FBO) was selected, "Paulding Jet Center" and is currently operational. In 2013 the Airport submitted an application to the FAA to allow for commercial flights. The application for commercial flights resulted in the FAA requiring an Environmental Assessment to be completed.

To address the leisure and recreational needs of its family-focused community, the County has constructed four multipurpose parks. The County has purchased 166 acres in the Union area. This will be the County's fifth multipurpose park and is currently in the design phase. A smaller 7 acre passive park located at the Watson Government Complex opened in 2014.

To address the future water supply needs, the County is currently in the final permitting stages of the Richland Creek Reservoir. The County is in the design stage of this project which is expected to be final in 2015. All permitting requirements should be complete and construction should begin in 2015.

Relevant financial policies

Paulding County's financial policies were established with the primary goal to provide a sound basis for future financial planning and conservative management. These policies include (1) a balanced annual operating budget, (2) maintenance of adequate unassigned fund balance.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal controls are designated to provide reasonable, but not absolute, assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. Open encumbrances are reported as assigned fund balances at year-end for governmental funds.

Major Initiatives

For the Year. In preparing the 2014 budget, the County's staff, under specific directives from the governing authority, identified several major programs necessary to meet the citizens' needs for services and to safeguard the environment. These programs reflect the County's commitment to continued improvement in the quality of life for its citizens.

Throughout the year, the County continued its improvement program for transportation, which consisted of system additions, improvements to collector roads, and major intersection improvements.

The County completed the construction phase for a major four lane by-pass in the Hiram area. This project was primarily funded through a federal grant. The by-pass will relieve traffic congestion in the County's primary commercial district. The by-pass opened in 2014. The Seven Hills Parkway Extension was also completed in 2014. This project will relieve congestion in the Cedarcrest area where Paulding County experienced the greatest residential growth over the past 10 years. Each project is providing many travel alternatives.

Paulding County Industrial Building Authority contracted with RoadTown Enterprises to construct and manage a film studio. Construction was completed and operations of the studio began in early 2012. The filming of the studio's first feature length film "42" was completed in 2012. Filming for additional feature length films and television programs are ongoing. The film studio is currently located within the local union's 30 mile zone which makes filming more affordable.

Also during the coming years, and to be carried out concurrently with the airport project, the County will work closely with the Industrial Building Authority in an aggressive pursuit of economic development. Planned projects include the acquisition of land adjacent to the airport for the development of a business park, as well as other business park developments in close proximity to the County's existing sewer plants. A 60 acre industrial park also known as West Memorial Park has been constructed in the City of Dallas off of West Memorial Drive. The most notable business park is the 100 acre Class "A" Paulding Commerce Park. This site is capable of housing facilities up to 500,000 square feet. It is located off of Bill Carruth Parkway, construction began in 2012 and was completed in 2014.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report for the year ended June 30, 2013. This was the eighteenth, consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, without the progressive leadership of the Board of Commissioners, preparation of this report would not have been made possible.

Respectfully submitted,



Tabitha Pollard
Finance Director



Michael L. Jones, P.E.
County Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Paulding County
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

PAULDING COUNTY, GEORGIA

PRINCIPAL OFFICIALS

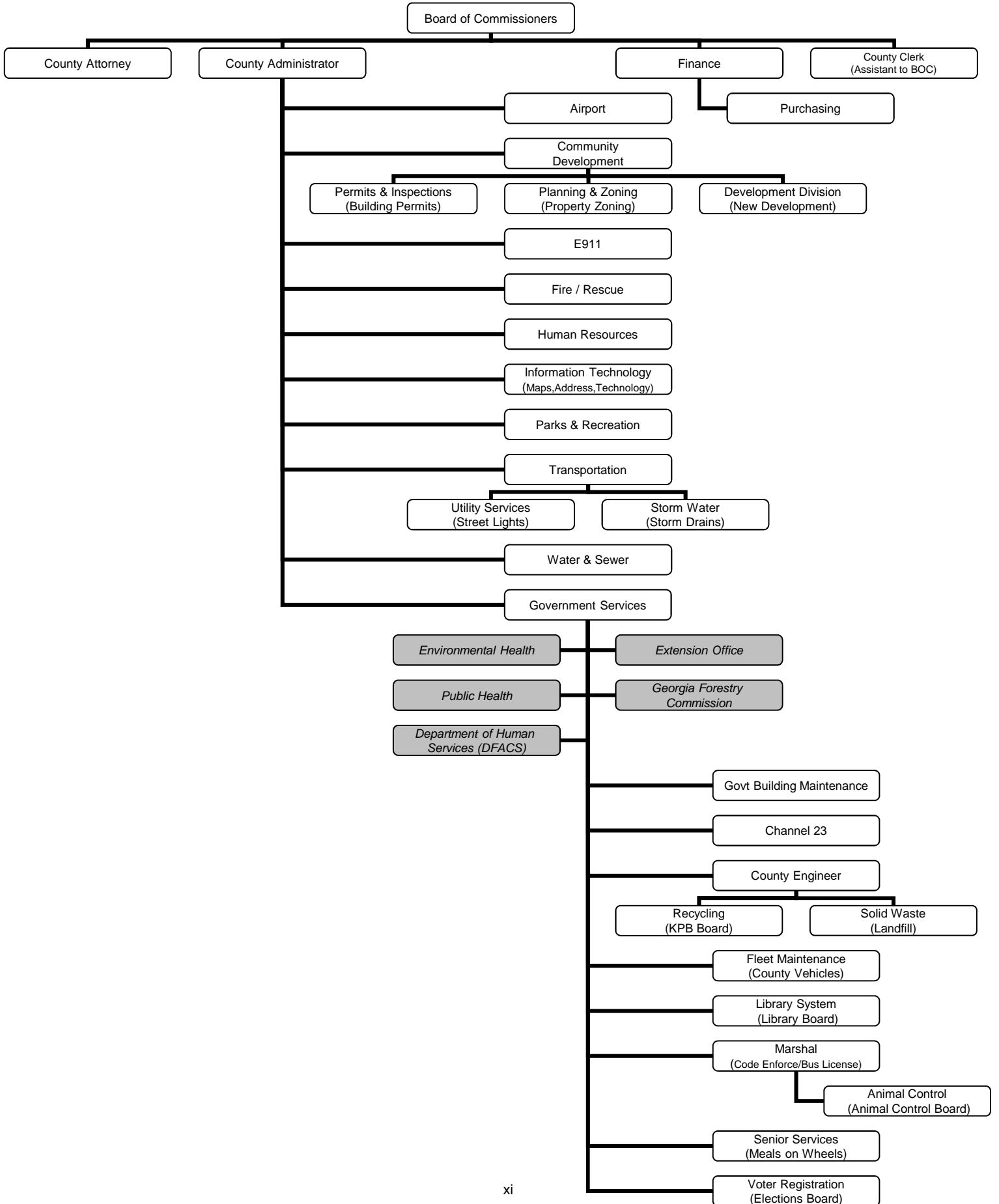
BOARD OF COMMISSIONERS

David Austin	Chairman
David Carmichael	Post 1
Todd Pownall	Post 2
Tommie Graham	Post 3
David Barnett	Post 4

OTHER ELECTED OFFICIALS

Clerk of Superior Court	Treva Shelton
District Attorney	Dick Donovan
Probate Judge	Deborah Anderson
Sheriff	Gary Gulledge
Superior Court Judge	Tonny Beavers
Tax Commissioner	J. Bill Watson, III

Paulding County, Georgia Organization Chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Board of Commissioners
of Paulding County, Georgia
Dallas, 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 **Paulding County, Georgia** (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Paulding County, Georgia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Paulding County Board of Health, the Paulding County Industrial Building Authority, and the Paulding County Airport Authority, which represents 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Paulding County Board of Health, the Paulding County Industrial Building Authority and the Paulding County Airport Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Paulding County Industrial Building Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Paulding County, 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 (on pages 5 through 13), the budgetary comparison information for the General Fund (on pages 63 and 64), and schedule of funding progress (on page 65) 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 Paulding County, Georgia's basic financial statements. The combining and individual fund financial statements and schedules and the schedules of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and schedules of expenditures of special purpose local option sales tax proceeds (collectively “the supplementary information”) are the responsibility of management and were derived from and relate 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2014, on our consideration of Paulding County, Georgia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Atlanta, Georgia
December 11, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Paulding County Government, we offer readers of Paulding County's financial statements this narrative overview and analysis of the financial activities of Paulding County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages *iv* through *viii* of this report.

All amounts, unless otherwise indicated, are expressed in thousands for dollars.

Financial Highlights

- The assets of Paulding County exceeded its liabilities at June 30, 2014, by \$571,324 (net position), an increase of \$30,836 from the prior year. Of this amount, \$56,203 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of June 30, 2014, Paulding County's governmental funds reported combined ending fund balances of \$81,129, an increase of \$3,564 from the prior year. Approximately \$30,845 is available for spending at the government's discretion (unassigned fund balance).
- At the fiscal year end, unassigned fund balance for the General Fund was \$30,845, or 58 percent of general fund expenditures.
- Paulding County's governmental activities bonds payable, net increased by \$478 from the prior year and the total general obligation bonded debt at June 30, 2014 was \$76,692, compared to a legal debt limit of \$283,291.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Paulding County's basic financial statements. Paulding County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide the reader with a broad overview of Paulding County's financial position in a manner similar to private-sector business. These statements include the Statement of Net Position and the Statement of Activities and can be found on pages 14 and 15 of this report.

The Statement of Net Position presents information on all of Paulding County's assets, deferred outflows of resources and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how Paulding County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., for uncollected taxes and

earned but unused employee leave). Because the Statement of Activities separates program, or function revenue (revenue generated by specific functions through charges for services, grants and contributions) from general revenue (revenue provided by taxes and other sources not tied to a specific function), it shows to what extent each function must rely on taxes for funding. All changes in net position are reported using the accrual basis of accounting which is similar to the method used by most private-sector enterprises. The accrual basis of accounting requires that revenues be reported when they are earned and expenses are reported when the goods and services are received, regardless of the timing of the cash flows. Items such as uncollected taxes, unpaid vendor invoices for items received during the fiscal year, and earned, but unused employee leave, are included in the Statement of Activities as revenues and expenses, even though the cash associated with these items was not received nor distributed during the fiscal year.

Paulding County has identified the Paulding County Industrial Building Authority (IBA), Paulding County Airport Authority and the Paulding County Board of Health as component units due to the significance of their operational or financial relationships with the County. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Paulding County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Paulding County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Governmental funds are used to account for most or all of the County's tax-supported activities. Proprietary funds are used to account for the County's business-like activities, where all or a substantial portion of the costs of activities are supported by fees and charges paid directly by users of the services. Fiduciary funds are used to account for resources that are held by the County as a trustee or agent for parties outside of County government. The resources of the fiduciary funds cannot be used to support the County's own programs.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balance of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Paulding County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the SPLOST IV fund and the capital projects fund all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Paulding County adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison statements for these funds have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Paulding County uses enterprise funds to account for its Water and Sewer System, Solid Waste operations and the Department of Family and Children's Services building.

The enterprise fund financial statements provide separate information for the Water and Sewer System which is to be considered a major fund of Paulding County. The other two enterprise funds of the County are aggregated into a single presentation in the basic proprietary fund financial statements. Individual fund data for each of the non-major proprietary funds is provided in the form of combining statements. The proprietary fund combining statements follow the governmental fund combining statements in this report, on pages 81 through 83.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support Paulding County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 23.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24 through 62.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Paulding County's progress in funding its obligation to provide pension benefits and budgetary comparison information. Required supplementary information can be found on pages 63 through 65 of this report.

Government-wide Financial Analysis

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of the County's financial position. As of June 30, 2014, Paulding County's combined (government and business-type activities) assets exceeded liabilities by \$571,324. A significant portion of the County's net position, 80 percent, is its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less related outstanding debt that was used to acquire those assets. Because Paulding County uses these capital assets to provide services to its residents, these assets are not available for future spending. Although Paulding County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Paulding County's Net Position
for the year ended June 30,

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 92,847	\$ 85,543	\$ 44,317	\$ 39,393	\$ 137,164	\$ 124,936
Capital Assets	424,617	400,114	152,587	156,568	577,204	556,682
Deferred outflows of resources	<u>3,387</u>	<u>18</u>	<u>631</u>	<u>715</u>	<u>4,018</u>	<u>733</u>
Total Assets and deferred outflows of resources	520,851	485,675	197,535	196,676	718,386	682,351
Long-term liabilities outstanding	86,774	80,655	47,662	51,874	134,436	132,529
Other liabilities	<u>7,775</u>	<u>4,570</u>	<u>4,851</u>	<u>4,764</u>	<u>12,626</u>	<u>9,334</u>
Total liabilities	94,549	85,225	52,513	56,638	147,062	141,863
Net position:						
Net investment in capital assets	348,388	323,994	109,486	109,324	457,874	433,318
Restricted	40,910	40,181	16,337	17,573	57,247	57,754
Unrestricted	<u>37,004</u>	<u>36,275</u>	<u>19,199</u>	<u>13,141</u>	<u>56,203</u>	<u>49,416</u>
Total net position	<u>\$ 426,302</u>	<u>\$ 400,450</u>	<u>\$ 145,022</u>	<u>\$ 140,038</u>	<u>\$ 571,324</u>	<u>\$ 540,488</u>

An additional portion of the County's net position for governmental activities, \$40,910; and for business-type activities, \$16,337, represent resources that are subject to external restrictions on how they may be used. The governmental restricted resources represent SPLOST funds for roads, recreation and public safety capital improvements, and certain judicial expenses or activities. The \$6,860 for business-type activities is restricted to water and sewer system improvements and \$9,477 is restricted for debt service. The remaining balances of unrestricted net position, \$37,004 for governmental activities, and \$19,199 for business-type activities may be used to meet the County's ongoing obligations to its citizens and creditors.

At June 30, 2014, Paulding County is able to report positive balances in all categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

Paulding County's property taxes increased \$2,827 a 7% increase from the prior year. Sales and other taxes decreased by \$404 or about 1% from last year. Approximately 24% of the County's total revenue from governmental activities came from sales tax and 39 % from property tax. Charges for goods and services provided about 9 % of governmental revenue. Increase in capital grants and contribution is the result of state and federal participation in Airport and Transportation projects; as well as, developer contributed roads within subdivisions.

The County's largest expense is for Public Safety (Sheriff, Fire, Marshall, E-911, EMA and Animal Control), at \$32,542, or 40% of total governmental expenses.

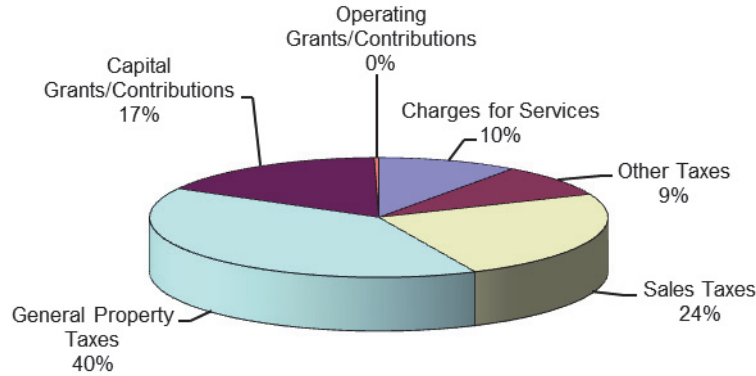
Paulding County's Changes in Net Position

For the year ended June 30

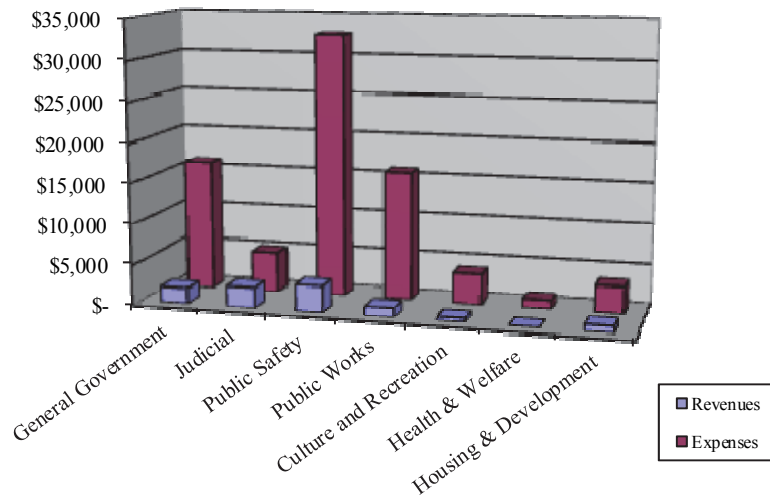
	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 10,630	\$ 10,328	\$ 27,693	\$ 26,480	\$ 38,323	\$ 36,808
Operating grants and contributions	350	619	-	-	350	619
Capital grants and contributions	17,904	13,269	3,095	1,677	20,999	14,946
General Revenues:						
Property taxes	42,783	39,956	-	-	42,783	39,956
Other taxes	35,644	36,049	-	-	35,644	36,049
Other	78	77	40	60	118	137
Total Revenues	<u>107,389</u>	<u>100,298</u>	<u>30,828</u>	<u>28,217</u>	<u>138,217</u>	<u>128,515</u>
Expenses:						
General government	16,162	13,486	-	-	16,162	13,486
Judicial	4,988	4,951	-	-	4,988	4,951
Public safety	32,542	31,408	-	-	32,542	31,408
Public works	15,933	17,230	-	-	15,933	17,230
Culture and recreation	3,887	3,036	-	-	3,887	3,036
Health and welfare	1,102	1,572	-	-	1,102	1,572
Housing and development	3,495	7,010	-	-	3,495	7,010
Interest on long-term debt	3,228	3,253	-	-	3,228	3,253
Water and sewer	-	-	25,070	25,299	25,070	25,299
Other programs	-	-	974	1,069	974	1,069
Total Expenses	<u>81,337</u>	<u>81,946</u>	<u>26,044</u>	<u>26,368</u>	<u>107,381</u>	<u>108,314</u>
Increase in net position before transfers	<u>26,052</u>	<u>18,352</u>	<u>4,784</u>	<u>1,849</u>	<u>30,836</u>	<u>20,201</u>
Transfers	<u>(200)</u>	<u>(200)</u>	<u>200</u>	<u>200</u>	<u>-</u>	<u>-</u>
Change in net position	<u>25,852</u>	<u>18,152</u>	<u>4,984</u>	<u>2,049</u>	<u>30,836</u>	<u>20,201</u>
Net position -beginning, before restatement	400,450	382,997	140,038	138,553	540,488	521,550
Restatement	<u>-</u>	<u>(699)</u>	<u>-</u>	<u>(564)</u>	<u>-</u>	<u>(1,263)</u>
Net position -beginning, after restatement	<u>400,450</u>	<u>382,298</u>	<u>140,038</u>	<u>137,989</u>	<u>540,488</u>	<u>520,287</u>
Net position ending	<u>\$ 426,302</u>	<u>\$ 400,450</u>	<u>\$ 145,022</u>	<u>\$ 140,038</u>	<u>\$ 571,324</u>	<u>\$ 540,488</u>

The \$25,852 increase in net position for governmental activities was attributable to revenues exceeding expenses, as well as a donation of road infrastructure from developers and the federally funded construction of East Hiram Parkway. The \$4,984 increase in net position for business-type activities was the result of revenues exceeding expenses. The Landfill's long term liabilities of \$3,579 allow for closure and post-closure care costs.

Revenues by Source for Governmental Activities



Revenues & Expenses for Governmental Activities (in thousands)



Financial Analysis of the Government's Funds

As noted earlier, Paulding County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Paulding County ended the 2014 fiscal year with positive fund balances in its governmental funds. The combined fund balance for the governmental funds is \$81,129. Of that amount, fund balances in the County's three major funds are \$40,504 in the General Fund, \$1,944 in the Capital Projects Fund and \$24,021 in SPLOST IV. Approximately 38 percent of total governmental fund balances, \$30,845 in the General is unassigned and available for spending in the coming year. The assigned fund balance is not available for new spending rather it is assigned to (1) 2014 outstanding encumbrances \$3,919, future landfill closure cost \$1,425, and \$3,699, was obligated to the 2014 adopted budget, and \$101 assigned to Library. The committed fund balance is in the Sheriff Commissary fund and the Sheriff committed the funds to be used for the inmates. The remainder of fund balance is restricted or non-spendable in nature (\$516) to indicate that it is not available for new spending because it is restricted 1) to pay debt service (\$2,147); 2) fire department expenditures (\$5,365); and 3) for other restricted purposes (\$5,188). The \$27,591 fund balance in SPLOST III and IV will be spent to construct a major County park facility, a fire station and other public safety facilities, as well as road improvements.

The General Fund is the primary operating fund of Paulding County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$30,845, while total fund balance was \$40,504. As a measure of the County's liquidity, it may be useful to compare both the unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 58% of total General Fund expenditures, while total fund balance represents 76 % of that same amount.

The fund balance of the General Fund increased by \$5,003. While operational revenues increased as well as tax revenue, expenditures increased as well due to some additional services being added back to the budget in 2014. Changes in revenue for all governmental funds from the prior year are as follows:

- Total revenue decreased by \$2,769 from the prior year.
- Property tax revenue increased by \$2,827 as a result of a slight increase in residential property values as well as a slight increase in the millage rate along with the imposition of the motor vehicle ad valorem tax, while the local option sales tax decreased by \$473.
- Charges for services increased by \$305, as a result of a slight increase in additional public safety fees and residential development fees as well as a decline in judicial fees.

The fund balance of the Fire Tax Fund increased by \$49. The fire tax is primarily funded with property tax.

SPLOST III, SPLOST IV and Capital Projects funds are all used to account for Capital Projects. The fund balance of the SPLOST III fund decreased by \$5,133. The fund balance of SPLOST IV has increased by \$2,804. The SPLOST III sales tax collections were collected through March 2011 and as a result of the passing of a new referendum SPLOST IV collections began in April 2011. The projects in SPLOST III are nearing completion which reduced the fund balance, and the County was collecting funds in the new SPLOST to allow for projects to begin under the new SPLOST. The Capital Projects fund accounts for projects funded by sources other than SPLOST revenues. The fund balance of the Capital Projects Fund also decreased by \$222.

Proprietary Funds

Paulding County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Two of the County's Enterprise Funds, the Water and Sewer System and Solid Waste Disposal, provide services to the general public and require periodic evaluation and determination of revenues. The County also maintains an Enterprise Fund for a rental facility which is currently leased to the State of Georgia, Department of Family and Children's Services and Child Support Enforcement.

The largest, and only major Enterprise Fund is the Water and Sewer Fund. Total operating revenue from the Water and Sewer System for 2014 was \$26,046 representing an increase of 2 % from 2013. The County, along with other metro counties subsequently implemented a rate increase to offset the 2% increase in expenses. The cost of the County's water purchased slightly increased from 2013. This increase was due to an increase passed on to the County by the County's supplier Cobb County Marietta Water Authority.

General Fund Budgetary Highlights

The legal level of control (the level at which expenditures cannot legally exceed appropriations) is at the department level. The County's primary budgeted fund is the General Fund. The Board of Commissioners is required to adopt the County's budget at their first regular meeting each August. The General Fund Budget was amended during the year for an increase in appropriations of \$1,587. The most notable expenditure amendments are as follows:

- Public Works increased by \$318 due to additional maintenance and asphalt contracts issued. The cost of this expenditure was partly covered by the State of Georgia.
- Public Safety increased by \$108 and Housing & Development increased by \$340 due to additional airport expenses as well as additional infrastructure task force expenses to correct development issues within subdivisions throughout the County.
- General Government increased by \$509 due to additional capital purchase expenses related to cameras throughout the buildings as well as additional reservoir permitting expenses and Judicial increased by \$61.

Property values slightly increased in 2013, the millage rate was slightly reduced for maintenance and operations, fire service remained the same and debt service slightly increase. However the implementation of the motor vehicle title ad valorem tax resulted in a \$2,000 increase to property taxes, other taxes increased by 1% with a sales tax decrease of \$281. Total tax revenue increased by \$1,864. At June 30, 2014, General Fund revenues exceeded estimates by \$ 4,183, and expenditures were \$799 less than budget. The General Funds balance increased by \$5,003.

Budget versus actual amounts: Paulding County General Fund remained within the operating budget during fiscal year 2014. Expenditures were evaluated throughout the year. Actual expenditures were less than budget in all functions.

Capital Assets and Debt Administration

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$457,874(net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, machinery and equipment, and construction in progress.

The total increase in Paulding County's investment in capital assets for the current fiscal year was 5 percent. Additional information on Paulding County's capital assets can be found in note 5.

Long-term debt: At June 30, 2014, Paulding County had a total of \$114,543 in outstanding bonded debt. That amount represents \$76,692 in General Obligation Courthouse, Jail, Administrative Building, Reservoir, conservation and Government Complex Bonds; and \$37,851 in Water and Sewer Revenue Bonds. The County also had one installment purchase agreement with an outstanding balance of \$578, two Georgia Environmental Finance Authority loans totaling \$589 and \$1,740, and an intergovernmental payable of \$9,275.

Paulding County maintains an “Aa3” rating from Moody’s and an “AA” rating from Standard and Poor’s on its General Obligation debt and an “AA” rating from Moody’s and an “AA-stable” rating from Standard and Poor’s on its Revenue debt.

Additional information on the County’s long-term debt can be found in note 7.

Economic Factors and Next year’s Budgets and Rates

- The unemployment rate for Paulding County was down slightly from last year, at 7.8%. This rate compared to the state’s rate of 7.4%.
- For the tax year 2013, the County’s total tax digest increased by \$42,040. Paulding County rolled the millage rate back offset any increase in the digest values. Paulding County’s general purpose Local Option Sales Tax enabled the County to rollback its property tax rate by 4.47 mills for the 2013 tax year.

Requests for Information

This financial report is designed to provide a general overview of Paulding County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial should be addressed to Paulding County Finance Department, 240 Constitution Boulevard, Dallas, Georgia 30132.

PAULDING COUNTY, GEORGIA

STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Board of Health	Industrial Building Authority	Airport Authority
Cash and cash equivalents	\$ 80,059,778	\$ 17,612,712	\$ 97,672,490	\$ 712,893	\$ 327,845	\$ 24,053
Intergovernmental receivables	3,681,263	-	3,681,263	209,767	1,995,746	-
Taxes receivable	3,289,721	-	3,289,721	-	-	-
Internal balances	(301,591)	301,591	-	-	-	-
Other receivables	885,534	3,651,002	4,536,536	10	66,100	-
Due from component units	4,196,498	-	4,196,498	-	-	-
Due from primary government	-	-	-	-	9,275,000	-
Inventory	-	183,959	183,959	8,940	-	-
Prepays	515,676	-	515,676	-	-	-
Restricted cash and cash equivalents	-	17,443,200	17,443,200	-	663,090	-
Restricted investments	-	5,000,000	5,000,000	-	-	-
Net pension asset	413,344	-	413,344	-	-	-
Capital assets, nondepreciable	71,661,732	2,379,092	74,040,824	-	2,614,517	6,833,535
Capital assets, depreciable, net of accumulated depreciation	352,955,025	150,207,544	503,162,569	17,457	6,268,342	1,089,658
Land held resale	-	-	-	-	3,958,505	-
Other assets	-	-	-	-	5,250	-
Prepaid bond insurance	107,543	124,337	231,880	-	-	-
Total assets	517,464,523	196,903,437	714,367,960	949,067	25,174,395	7,947,246
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refunding	3,386,705	631,428	4,018,133	-	135,578	-
Total deferred outflows of resources	3,386,705	631,428	4,018,133	-	135,578	-
LIABILITIES						
Accounts payable	5,514,322	1,150,217	6,664,539	112	402,324	139,124
Accrued liabilities	1,902,666	126,220	2,028,886	-	208,557	1,125
Due to primary government	-	-	-	-	2,557,365	1,639,133
Intergovernmental payables	-	-	-	51,410	-	1,995,746
Construction contracts payable	-	30,000	30,000	-	-	-
Customer deposits payable	-	2,615,598	2,615,598	-	-	-
Unearned revenue	357,639	929,286	1,286,925	-	-	-
Noncurrent liabilities due within one year:						
Due to Industrial Building Authority	415,000	420,000	835,000	-	-	-
Capital lease payable	-	-	-	-	-	-
Compensated absences payable	2,627,279	267,455	2,894,734	-	-	-
Note payable	-	215,684	215,684	-	-	-
Landfill closure and postclosure	-	357,931	357,931	-	-	-
Bonds payable	3,740,000	3,455,000	7,195,000	-	1,335,000	-
Noncurrent liabilities due in more than one year:						
Due to Industrial Building Authority	4,175,000	4,265,000	8,440,000	-	-	-
Capital lease payable	-	-	-	-	-	-
Compensated absences payable	1,125,976	112,614	1,238,590	43,975	-	-
Note payable	1,739,559	951,280	2,690,839	-	-	-
Landfill closure and postclosure	-	3,221,381	3,221,381	-	-	-
Bonds payable	72,951,519	34,395,544	107,347,063	-	17,778,105	-
Total liabilities	94,548,960	52,513,210	147,062,170	95,497	22,281,351	3,775,128
NET POSITION						
Net investment in capital assets	348,388,302	109,485,556	457,873,858	17,457	1,942,739	4,149,412
Restricted for:						
Judicial services	782,911	-	782,911	-	-	-
Public safety services	8,316,570	-	8,316,570	-	-	-
Debt service	2,408,622	9,476,788	11,885,410	-	-	-
Capital projects	29,401,788	6,860,227	36,262,015	-	-	-
Unrestricted	37,004,075	19,199,084	56,203,159	836,113	1,085,883	22,706
Total net position	\$ 426,302,268	\$ 145,021,655	\$ 571,323,923	\$ 853,570	\$ 3,028,622	\$ 4,172,118

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 16,161,698	\$ 2,045,515	\$ -	\$ -
Judicial	4,988,519	2,656,769	37,844	-
Public safety	32,541,547	3,412,588	146,095	388,414
Public works	15,932,680	1,199,716	32,654	16,909,742
Health and welfare	1,101,925	8,145	114,066	-
Culture and recreation	3,887,285	496,227	-	25,602
Housing and development	3,494,755	810,710	19,622	580,722
Interest on long-term debt	3,228,459	-	-	-
Total governmental activities	81,336,868	10,629,670	350,281	17,904,480
Business-type activities:				
Water and sewer	25,070,543	26,599,779	-	3,095,368
DFACS building	129,039	343,569	-	-
Solid waste	845,047	749,898	-	-
Total business-type activities	26,044,629	27,693,246	-	3,095,368
Total primary government	\$ 107,381,497	\$ 38,322,916	\$ 350,281	\$ 20,999,848
Component units:				
Board of Health	\$ 1,406,178	\$ 415,288	\$ 738,142	\$ -
Industrial Building Authority	1,659,143	167,917	471,145	-
Airport Authority	372,306	324,068	-	64,750
Total component units	\$ 3,437,627	\$ 907,273	\$ 1,209,287	\$ 64,750

General revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for fire services
- Intangible recording taxes
- Local option sales taxes
- Special purpose local option sales taxes
- Insurance premium taxes
- Alcoholic beverage taxes
- Cable TV franchise taxes
- Real estate transfer taxes
- Business taxes
- Energy excise taxes
- Unrestricted investment earnings
- Grants not restricted to specific programs
- Gain on sale of capital assets

Transfers

- Total general revenues and transfers
- Change in net position
- Net position, beginning of year, as restated
- Net position, end of year

The accompanying notes are an integral part of these financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Board of Health	Industrial Building Authority	Airport Authority
\$ (14,116,183)	\$ -	\$ (14,116,183)	\$ -	\$ -	\$ -
(2,293,906)	-	(2,293,906)	-	-	-
(28,594,450)	-	(28,594,450)	-	-	-
2,209,432	-	2,209,432	-	-	-
(979,714)	-	(979,714)	-	-	-
(3,365,456)	-	(3,365,456)	-	-	-
(2,083,701)	-	(2,083,701)	-	-	-
(3,228,459)	-	(3,228,459)	-	-	-
<u>(52,452,437)</u>	<u>-</u>	<u>(52,452,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,624,604	4,624,604	-	-	-
-	214,530	214,530	-	-	-
-	(95,149)	(95,149)	-	-	-
<u>-</u>	<u>4,743,985</u>	<u>4,743,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ (52,452,437)	\$ 4,743,985	\$ (47,708,452)	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ (252,748)	\$ -	\$ -
-	-	-	-	(1,020,081)	-
-	-	-	-	-	16,512
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (252,748)</u>	<u>\$ (1,020,081)</u>	<u>\$ 16,512</u>
\$ 27,837,664	\$ -	\$ 27,837,664	\$ -	\$ -	\$ -
6,383,258	-	6,383,258	-	-	-
8,561,817	-	8,561,817	-	-	-
941,803	-	941,803	-	-	-
12,085,054	-	12,085,054	-	-	-
14,129,720	-	14,129,720	-	-	-
5,897,844	-	5,897,844	-	-	-
690,005	-	690,005	-	-	-
1,359,280	-	1,359,280	-	-	-
234,686	-	234,686	-	-	-
300,165	-	300,165	-	-	-
5,925	-	5,925	-	-	-
47,075	39,630	86,705	570	822	-
-	-	-	326,250	-	-
30,530	-	30,530	-	-	-
(200,000)	200,000	-	-	-	-
<u>78,304,826</u>	<u>239,630</u>	<u>78,544,456</u>	<u>326,820</u>	<u>822</u>	<u>-</u>
25,852,389	4,983,615	30,836,004	74,072	(1,019,259)	16,512
400,449,879	140,038,040	540,487,919	779,498	4,047,881	4,155,606
<u>\$ 426,302,268</u>	<u>\$ 145,021,655</u>	<u>\$ 571,323,923</u>	<u>\$ 853,570</u>	<u>\$ 3,028,622</u>	<u>\$ 4,172,118</u>

PAULDING COUNTY, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

ASSETS	Nonmajor Governmental				Total
	General	SPLOST IV	Capital Projects	Funds	
Cash and cash equivalents	\$ 36,370,531	\$ 24,976,550	\$ 3,752,709	\$ 14,959,988	\$ 80,059,778
Receivables	567,720	-	-	317,814	885,534
Taxes receivable	1,447,579	1,179,680	-	662,462	3,289,721
Intergovernmental receivables	1,070,503	-	2,610,760	-	3,681,263
Due from other funds	4,630,444	-	-	438,550	5,068,994
Due from component units	-	-	1,639,133	-	1,639,133
Prepaid items	515,676	-	-	-	515,676
Total assets	\$ 44,602,453	\$ 26,156,230	\$ 8,002,602	\$ 16,378,814	\$ 95,140,099
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 795,942	\$ 1,431,919	\$ 2,737,172	\$ 549,289	\$ 5,514,322
Other accrued liabilities	781,755	-	-	-	781,755
Unearned revenue	357,639	-	-	-	357,639
Due to other funds	796,084	703,203	3,321,055	550,243	5,370,585
Total liabilities	2,731,420	2,135,122	6,058,227	1,099,532	12,024,301
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,366,888	-	-	620,264	1,987,152
Total deferred inflows of resources	1,366,888	-	-	620,264	1,987,152
FUND BALANCES					
Fund balances:					
Nonspendable:					
Prepays	515,676	-	-	-	515,676
Restricted:					
Judicial services	-	-	-	782,911	782,911
Public safety services	-	-	-	7,958,386	7,958,386
Capital projects	-	24,021,108	1,810,606	3,570,074	29,401,788
Debt service	-	-	-	2,146,542	2,146,542
Committed:					
Commissary purchases	-	-	-	201,105	201,105
Assigned:					
Use of reserves in subsequent budget	3,698,537	-	-	-	3,698,537
Reservoir	290,060	-	-	-	290,060
Infrastructure maintenance	3,257,732	-	-	-	3,257,732
Supplies	371,026	-	-	-	371,026
Library	100,705	-	-	-	100,705
Landfill cost of closure	1,425,000	-	-	-	1,425,000
Capital projects	-	-	133,769	-	133,769
Unassigned	30,845,409	-	-	-	30,845,409
Total fund balances	40,504,145	24,021,108	1,944,375	14,659,018	81,128,646
Total liabilities, deferred inflows of resources and fund balances	\$ 44,602,453	\$ 26,156,230	\$ 8,002,602	\$ 16,378,814	\$ 95,140,099

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$	81,128,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Cost of capital assets	\$	557,884,453	
Less accumulated depreciation		<u>(133,267,696)</u>	424,616,757
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Net pension asset	\$	413,344	
Property taxes		<u>1,987,152</u>	2,400,496
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds payable	\$	(75,855,000)	
Premium, net of amortization		(836,519)	
Prepaid bond insurance, net of amortization		107,543	
Unamortized deferred charge on refunding		3,386,705	
Loan payable		(1,739,559)	
Accrued interest		(1,120,911)	
Intergovernmental payable		(4,590,000)	
Compensated absences payable		<u>(3,753,255)</u>	(84,400,996)
Debt payments are currently being paid by the County on behalf of a component unit. These payments will be repaid to the County by the Component Unit in a future period.			<u>2,557,365</u>
Total net position - governmental activities		\$	<u>426,302,268</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	SPLOST IV	Capital Projects	Nonmajor Governmental Funds	Total
Revenues:					
Taxes	\$ 49,142,638	\$ 14,129,720	\$ -	\$ 15,258,634	\$ 78,530,992
Licenses and permits	694,899	-	-	5,550	700,449
Intergovernmental	1,658,763	210,200	6,563,620	45,922	8,478,505
Fines and forfeitures	1,163,598	-	-	502,218	1,665,816
Charges for services	5,201,582	-	-	2,621,146	7,822,728
Interest income	20,906	53,433	2,091	27,797	104,227
Contributions	89,895	178,324	-	2,025	270,244
Miscellaneous	349,094	-	-	-	349,094
Total revenues	<u>58,321,375</u>	<u>14,571,677</u>	<u>6,565,711</u>	<u>18,463,292</u>	<u>97,922,055</u>
Expenditures:					
Current:					
General government	11,954,367	-	-	-	11,954,367
Judicial	4,814,904	-	-	163,898	4,978,802
Public safety	20,043,317	-	-	11,012,637	31,055,954
Public works	9,485,961	-	-	-	9,485,961
Health and welfare	1,057,318	-	-	-	1,057,318
Culture and recreation	3,077,800	257,914	-	-	3,335,714
Housing and development	2,715,439	-	-	-	2,715,439
Intergovernmental expenditures	-	1,813,713	-	-	1,813,713
Capital outlay	-	9,696,388	11,822,200	5,415,697	26,934,285
Debt service:					
Principal	-	-	-	3,470,000	3,470,000
Interest	-	-	-	2,864,914	2,864,914
Cost of issuance	-	-	90,000	460,005	550,005
Total expenditures	<u>53,149,106</u>	<u>11,768,015</u>	<u>11,912,200</u>	<u>23,387,151</u>	<u>100,216,472</u>
Excess (deficiency) of revenues over expenditures	5,172,269	2,803,662	(5,346,489)	(4,923,859)	(2,294,417)
Other financing sources (uses):					
Proceeds from sale of assets	30,530	-	-	-	30,530
Issuance of long term debt	-	-	5,561,069	41,030,000	46,591,069
Payments to escrow agent	-	-	-	(40,562,979)	(40,562,979)
Transfers in	-	-	-	436,954	436,954
Transfers out	(200,000)	-	(436,954)	-	(636,954)
Total other financing sources (uses)	<u>(169,470)</u>	<u>-</u>	<u>5,124,115</u>	<u>903,975</u>	<u>5,858,620</u>
Net change in fund balances	5,002,799	2,803,662	(222,374)	(4,019,884)	3,564,203
Fund balances, beginning of year	<u>35,501,346</u>	<u>21,217,446</u>	<u>2,166,749</u>	<u>18,678,902</u>	<u>77,564,443</u>
Fund balances, end of year	<u>\$ 40,504,145</u>	<u>\$ 24,021,108</u>	<u>\$ 1,944,375</u>	<u>\$ 14,659,018</u>	<u>\$ 81,128,646</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, 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**

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

Net change in fund balances - total governmental funds \$ 3,564,203

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 27,042,547	
Depreciation expense	<u>(12,080,696)</u>	14,961,851

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 9,540,443

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (103,771)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$ 3,470,000	
Issuance of general obligation debt	(41,030,000)	
Issuance of note payable - Georgia Environmental Finance Authority	(971,069)	
Issuance of intergovernmental payables	(4,590,000)	
Payment of refunded general obligation debt to escrow agent	<u>40,562,979</u>	(2,558,090)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in net pension asset	\$ 122,385	
Amortization of prepaid bond insurance	(11,108)	
Amortization of bond premium	138,927	
Amortization of deferred charges on refunding	(251,224)	
Change in compensated absences	(80,950)	
Change in accrued interest	<u>309,865</u>	227,895

Debt payments are currently being made on behalf of a component unit. The funds paid out will be repaid to the County in future periods. These debt payments are expenditures in the governmental fund statements, but a receivable is recorded on the government wide statements.

219,858

Change in net position - governmental activities \$ 25,852,389

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2014

ASSETS	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
ASSETS			
Current assets:			
Cash	\$ 17,045,707	\$ 567,005	\$ 17,612,712
Receivables	3,588,548	62,454	3,651,002
Due from other funds	-	357,534	357,534
Inventory	183,959	-	183,959
Restricted assets:			
Cash	17,443,200	-	17,443,200
Investments	5,000,000	-	5,000,000
Total current assets	<u>43,261,414</u>	<u>986,993</u>	<u>44,248,407</u>
Noncurrent assets:			
Prepaid bond insurance	124,337	-	124,337
Capital assets:			
Capital assets, not being depreciated	1,766,859	612,233	2,379,092
Capital assets, being depreciated	209,541,042	5,150,467	214,691,509
Less accumulated depreciation	<u>(61,693,059)</u>	<u>(2,790,906)</u>	<u>(64,483,965)</u>
Total capital assets, net of accumulated depreciation	<u>149,614,842</u>	<u>2,971,794</u>	<u>152,586,636</u>
Total assets	<u>193,000,593</u>	<u>3,958,787</u>	<u>196,959,380</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	631,428	-	631,428
Total deferred outflows of resources	<u>631,428</u>	<u>-</u>	<u>631,428</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,125,732	24,485	1,150,217
Accrued expenses	124,140	2,080	126,220
Construction contracts payable	30,000	-	30,000
Customer deposits payable	2,615,598	-	2,615,598
Due to other funds	55,943	-	55,943
Due to Industrial Building Authority	420,000	-	420,000
Unearned revenue	929,286	-	929,286
Compensated absences, current	262,766	4,689	267,455
Notes payable, current	26,626	189,058	215,684
Landfill closure and postclosure, current	-	357,931	357,931
Revenue bonds payable, current	3,455,000	-	3,455,000
Total current liabilities	<u>9,045,091</u>	<u>578,243</u>	<u>9,623,334</u>
Long-term liabilities:			
Due to Industrial Building Authority	4,265,000	-	4,265,000
Compensated absences	112,614	-	112,614
Notes payable	562,127	389,153	951,280
Landfill closure and postclosure	-	3,221,381	3,221,381
Revenue bonds payable	34,395,544	-	34,395,544
Total long-term liabilities	<u>39,335,285</u>	<u>3,610,534</u>	<u>42,945,819</u>
Total liabilities	<u>48,380,376</u>	<u>4,188,777</u>	<u>52,569,153</u>
NET POSITION			
Net investment in capital assets	107,091,973	2,393,583	109,485,556
Restricted:			
Debt Service	9,476,788	-	9,476,788
Capital Projects	6,860,227	-	6,860,227
Unrestricted	21,822,657	<u>(2,623,573)</u>	19,199,084
Total net position	<u>\$ 145,251,645</u>	<u>\$ (229,990)</u>	<u>\$ 145,021,655</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services	\$ 24,501,101	\$ -	\$ 24,501,101
Penalties	691,371	-	691,371
Miscellaneous revenues	853,607	6,082	859,689
Landfill and recycling fees	-	743,816	743,816
Lease income	-	343,569	343,569
Total operating revenues	<u>26,046,079</u>	<u>1,093,467</u>	<u>27,139,546</u>
OPERATING EXPENSES			
Salaries and benefits	3,709,266	177,230	3,886,496
Other operating expenses	4,345,341	623,048	4,968,389
Depreciation expense	5,503,132	141,556	5,644,688
Water purchases	10,119,415	-	10,119,415
Total operating expenses	<u>23,677,154</u>	<u>941,834</u>	<u>24,618,988</u>
Operating income	2,368,925	151,633	2,520,558
NONOPERATING REVENUE (EXPENSES)			
Line maintenance fees	544,743	-	544,743
Interest income	39,630	-	39,630
Rent	8,957	-	8,957
Interest expense	(1,393,389)	(32,252)	(1,425,641)
Total nonoperating revenues (expenses)	<u>(800,059)</u>	<u>(32,252)</u>	<u>(832,311)</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS			
	1,568,866	119,381	1,688,247
Capital contributions	3,095,368	-	3,095,368
Transfers in	-	200,000	200,000
Total capital contributions and transfers	<u>3,095,368</u>	<u>200,000</u>	<u>3,295,368</u>
Change in net position	4,664,234	319,381	4,983,615
NET POSITION, beginning of year	<u>140,587,411</u>	<u>(549,371)</u>	<u>140,038,040</u>
NET POSITION, end of year	<u>\$ 145,251,645</u>	<u>\$ (229,990)</u>	<u>\$ 145,021,655</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Water & Sewer Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 25,951,781	\$ 1,078,148	\$ 27,029,929
Payments to suppliers and service providers	(14,268,161)	(771,480)	(15,039,641)
Payments to employees	(3,689,789)	(182,164)	(3,871,953)
Net cash provided by operating activities	<u>7,993,831</u>	<u>124,504</u>	<u>8,118,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(5,000,000)	-	(5,000,000)
Interest received	39,630	-	39,630
Net cash used in investing activities	<u>(4,960,370)</u>	<u>-</u>	<u>(4,960,370)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,662,675)	-	(1,662,675)
Principal payments on notes	(25,839)	(179,987)	(205,826)
Principal payments on bonds	(3,285,000)	-	(3,285,000)
Principal payments on intergovernmental payables	(405,000)	-	(405,000)
Interest and fiscal charges paid	(1,630,915)	(32,899)	(1,663,814)
Line maintenance fees	544,743	-	544,743
Capital contributions received	3,095,368	-	3,095,368
Net cash used in capital and related financing activities	<u>(3,369,318)</u>	<u>(212,886)</u>	<u>(3,582,204)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rental income	8,957	-	8,957
Transfers in	-	200,000	200,000
Net cash provided by noncapital financing activities	<u>8,957</u>	<u>200,000</u>	<u>208,957</u>
Net increase (decrease) in cash and cash equivalents	(326,900)	111,618	(215,282)
Cash and cash equivalents:			
Beginning of year	<u>34,815,807</u>	<u>455,387</u>	<u>35,271,194</u>
End of year	<u>\$ 34,488,907</u>	<u>\$ 567,005</u>	<u>\$ 35,055,912</u>
Classified as:			
Cash	\$ 17,045,707	\$ 567,005	\$ 17,612,712
Restricted cash	17,443,200	-	17,443,200
Total	<u>\$ 34,488,907</u>	<u>\$ 567,005</u>	<u>\$ 35,055,912</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 2,368,925	\$ 151,633	\$ 2,520,558
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,503,132	141,556	5,644,688
Increase in accounts receivable	(189,163)	(15,319)	(204,482)
Increase in due from other funds	-	(131,827)	(131,827)
Decrease in due from component units	105,995	-	105,995
Decrease in inventories	51,538	-	51,538
Increase (decrease) in accounts payable	23,553	(16,465)	7,088
Increase (decrease) in due to other funds	15,509	(140)	15,369
Increase in customer deposits payable	76,855	-	76,855
Increase in unearned revenue	18,010	-	18,010
Increase (decrease) in compensated absences	19,477	(4,934)	14,543
Net cash provided by operating activities	<u>\$ 7,993,831</u>	<u>\$ 124,504</u>	<u>\$ 8,118,335</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS JUNE 30, 2014

ASSETS	Agency Funds
Cash and cash equivalents	\$ 2,566,227
Taxes receivable	<u>2,403,479</u>
Total assets	<u>\$ 4,969,706</u>
LIABILITIES	
Due to others	\$ 2,566,227
Uncollected taxes	<u>2,403,479</u>
Total liabilities	<u>\$ 4,969,706</u>

The accompanying notes are an integral part of these financial statements.

PAULDING COUNTY, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The County is a political subdivision of the State of Georgia and is governed by an elected County chairman and four elected commissioners. As required by generally accepted accounting principles, these financial statements include the principal financial activities of the County. In accordance with GASB requirements, the County considered potential component units for inclusion in its financial reporting entity. The Paulding County Health Department, Paulding County Industrial Building Authority, and Paulding County Airport Authority are included in the reporting entity because the Paulding County Board of Commissioners directly appoints a majority of component unit board members and a financial benefit/burden exists.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

The Paulding County Health Department (the "Health Department") serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County also makes monthly contributions to the Health Department to assist in operations. The Health Department operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Health Department's financial statements may be obtained by writing to the following address: Georgia Department of Human Resources District 1 Unit 1, 1305 Redmond Road, Building 614, Rome, GA 30165-1391.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Discretely Presented Component Units (Continued)

The Paulding County Industrial Building Authority (the “Industrial Building Authority”) serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County also makes monthly contributions to the Industrial Building Authority to assist in operations. The Industrial Building Authority issued bonds to provide capital for the construction of the Industrial Building Park and a sewer plant to accommodate the park. The Industrial Building Authority operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Industrial Building Authority’s financial statements may be obtained by writing to the following address: Paulding County Chamber of Commerce, 730 Airport Parkway, Dallas, Georgia 30157.

The Paulding County Airport Authority (the “Airport Authority”) serves the citizens of Paulding County and is governed by a board of appointed officials. The Paulding County Board of Commissioners appoints the officials to this board. Paulding County acts as the fiscal agent for the Airport Authority and provides personnel to oversee the construction and development of the airport. The Airport Authority operates on a July 1 through June 30 fiscal year.

A copy of the Paulding County Airport Authority’s financial statements may be obtained by writing to the following address: Paulding County Airport Authority, 730 Airport Parkway, Dallas, GA 30157.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and the fiduciary fund financial statements. Agency funds, however, have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Intergovernmental revenues susceptible to accrual are considered available if they are collected within 9 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, alcoholic beverage taxes, licenses, sales taxes, franchise taxes, charges for services, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County and are recognized as revenue at that time.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The County reports the following major governmental funds:

The **General Fund** is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **SPLOST IV Capital Projects Fund** accounts for resources which are used exclusively for roads, public safety, and recreation, economic development. The SPLOST IV fund replaces SPLOST III as the term for SPLOST III expired in April 2011 and SPLOST IV began in 2011.

The **Capital Projects Fund** accounts for the acquisition of capital assets for construction of major capital projects not being financed by proprietary funds or SPLOST.

The County reports the following major proprietary fund:

The **Water and Sewer Enterprise Fund** is the only major enterprise fund. This fund accounts for the operations of the water distribution and the sewer collection systems as well as related construction projects.

Additionally, the County reports the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted or committed to expenditure for specific purposes (not including major capital projects).

The **Debt Service Fund** accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The **agency funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in an agency capacity. The County accounts for assets held with Constitutional Officers for property taxes and fines and fees paid within the judicial system.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise fund are charges to customers for sales and services provided. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Deposits and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in the fair value during the year are recognized as a component of interest income.

State statutes authorize the County to invest in obligations of the U.S. Government or its agencies and corporations, obligations fully insured or guaranteed by the U.S. Government or its agencies, prime bankers acceptances, the State of Georgia Local Government Investment Pool, obligations of other political subdivisions of the State of Georgia, and repurchase agreements. Investments are recorded at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when acquired (purchase method) and are not inventoried at year end due to immateriality. Enterprise funds' inventories are valued at cost, which approximates market, and are expensed when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, 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 County as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. However, all additions to land and buildings are capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation. No depreciation is taken on the donated assets in the same year of contribution. The County has elected to capitalize all general infrastructure assets regardless of the acquisition date and has used the estimated historical cost to value these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets of the primary government are depreciated or amortized using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings and improvements	30
Furniture and Fixtures	5-10
Equipment	5-10
Water distribution system	40
Sewer system	40
Infrastructure	40

H. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. 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 County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County only has one item that qualifies for reporting in this category. This item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements as these amounts will be paid to employees upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and any related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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 they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action of the County Board of Commissioners by passage of a resolution and the commitment can only be removed by a resolution of the Board.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The Board of Commissioners has delegated, through resolution, the Finance Director or the County Administrator the authority to assign amounts to be used for specific purposes.

Unassigned – Fund balances are reported as unassigned as the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications. The County'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. Through resolution, the Board of Commissioners has adopted a financial standard to maintain a General Fund minimum unassigned fund balance of 25 percent of budgeted expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County’s policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

For the year ending June 30, 2014, the County has reported \$3,918,818 of encumbrances as assignments of fund balance in the General Fund.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. 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 County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS

A. Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for the general, debt service, and special revenue funds on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Project-length budgets are adopted for capital projects funds. Annual budgets for the enterprise funds are adopted for management control purposes.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds.

The County follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Chairman submits to the Board of Commissioners a proposed operating budget for each department for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least ten days in advance by publication in the official organ of the County.
3. The budget is then reviewed and adopted or amended by the Board of Commissioners at the first meeting in August of the year to which it applies.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget at the department level greater than \$50,000 must be amended by formal action of the Board of Commissioners in a regular meeting. No increase can be made to increase budgeted expenditures without provision also being made for financing such an increase.
5. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The legal level of budgetary control is at the department level.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. LEGAL COMPLIANCE – BUDGETS (Continued)

B. Deficit Fund Equity

The Solid Waste Fund has deficit fund equity of \$2,377,389 at June 30, 2014. The deficit occurred due to the recognition of the landfill closure and post-closure care liability as described in Note 7. Annually, a contribution is made from the General Fund to reduce this deficit.

C. Excess Expenditures Over Appropriations

For the year ended June 30, 2014 expenditures exceeded the budget in the General Fund departments as follows:

General Fund:	
Public safety	
General appropriations	\$ 1,203
Health and Welfare	
General health grant	192
General appropriations	8,023

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS

A. Primary Government

Credit risk. State statutes authorize the County to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of the State Treasurer of the State of Georgia. As of June 30, 2014, the County considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation. Additionally, the money market funds are reported as cash equivalents at June 30, 2014.

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and County policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. At June 30, 2014, the County's deposits were exposed to custodial credit risk as uninsured and uncollateralized by \$279,194.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2014, the County had the following investments that are included in the custodial credit risk discussion above related to deposits:

<u>Short-term Investments</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Fidelity Institutional Treasury MM	31 days weighted average	Aaa-mf	\$ 1,339,628
U.S. Treasury - Direct Treasury Debt	July 31, 2014	Aaa-mf	2,998,000
Georgia Fund 1	62 days weighted average	AAAf	45,035,698

<u>Investment</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Certificate of Deposit	February 1, 2015	N/A	5,000,000

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits the investments with maturities greater than one year to 25%. As a means of limiting its exposure to credit risk of investments the County limits its investments to those types noted previously and by diversifying its investment portfolio. As a means of limiting its exposure to custodial risk securities are held by an independent third party in the name of the County.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES

A. Primary Government

Receivables at June 30, 2014, for the County's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	SPLOST IV Fund	Capital Projects Fund	Nonmajor Governmental Funds
Receivables:				
Taxes	\$ 1,653,666	\$ 1,179,680	\$ -	\$ 796,717
Other governments	1,070,503	-	2,610,760	-
Accounts	567,720	-	-	317,814
Gross receivables	3,291,889	1,179,680	2,610,760	1,114,531
Less allowance for uncollectibles	(206,087)	-	-	(134,255)
Net receivables	<u>\$ 3,085,802</u>	<u>\$ 1,179,680</u>	<u>\$ 2,610,760</u>	<u>\$ 980,276</u>
	Water & Sewer Fund	Nonmajor Enterprise Funds		
Receivables:				
Taxes	\$ -	\$ -		
Other governments	-	-		
Accounts	4,913,144	62,454		
Gross receivables	4,913,144	62,454		
Less allowance for uncollectibles	(1,324,596)	-		
Net receivables	<u>\$ 3,588,548</u>	<u>\$ 62,454</u>		

Property taxes for the 2014 fiscal year were levied on August 28, 2013, with property values assessed as of January 1, 2013. Bills are payable by the later of November 15, 2013 or sixty days from the date the property tax bills are mailed at which time the applicable property is subject to penalties and interest as assessed. Property taxes attached as an enforceable lien on property as of December 15, 2013.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 51,090,599	\$ -	\$ -	\$ -	\$ 51,090,599
Construction in progress	37,521,818	23,370,776	-	(40,321,461)	20,571,133
Total capital assets, not being depreciated	<u>88,612,417</u>	<u>23,370,776</u>	<u>-</u>	<u>(40,321,461)</u>	<u>71,661,732</u>
Capital assets, being depreciated:					
Buildings and improvements	147,009,074	718,568	-	4,598,600	152,326,242
Equipment	37,424,841	2,953,203	(338,084)	-	40,039,960
Infrastructure	248,593,215	9,540,443	-	35,722,861	293,856,519
Total capital assets, being depreciated	<u>433,027,130</u>	<u>13,212,214</u>	<u>(338,084)</u>	<u>40,321,461</u>	<u>486,222,721</u>
Less accumulated depreciation for:					
Buildings and improvements	29,525,303	3,874,931	-	-	33,400,234
Equipment	30,589,043	2,004,177	(338,084)	-	32,255,136
Infrastructure	61,410,738	6,201,588	-	-	67,612,326
Total accumulated depreciation	<u>121,525,084</u>	<u>12,080,696</u>	<u>(338,084)</u>	<u>-</u>	<u>133,267,696</u>
Total capital assets, being depreciated, net	<u>311,502,046</u>	<u>1,131,518</u>	<u>-</u>	<u>40,321,461</u>	<u>352,955,025</u>
Governmental activities capital assets, net	<u>\$ 400,114,463</u>	<u>\$ 24,502,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,616,757</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,033,030	\$ 130,768	\$ -	\$ -	\$ 2,163,798
Construction in progress	166,187	307,480	-	(258,373)	215,294
Total capital assets, not being depreciated	<u>2,199,217</u>	<u>438,248</u>	<u>-</u>	<u>(258,373)</u>	<u>2,379,092</u>
Capital assets, being depreciated:					
Buildings and improvements	5,439,031	8,600	-	9,000	5,456,631
Equipment	5,041,437	362,004	-	-	5,403,441
Infrastructure	200,228,241	853,823	-	249,373	201,331,437
Intangible assets	2,500,000	-	-	-	2,500,000
Total capital assets, being depreciated	<u>213,208,709</u>	<u>1,224,427</u>	<u>-</u>	<u>258,373</u>	<u>214,691,509</u>
Less accumulated depreciation for:					
Buildings and improvements	1,887,187	190,970	-	-	2,078,157
Equipment	4,413,059	172,488	-	-	4,585,547
Infrastructure	52,539,031	5,131,230	-	-	57,670,261
Intangible assets	-	150,000	-	-	150,000
Total accumulated depreciation	<u>58,839,277</u>	<u>5,644,688</u>	<u>-</u>	<u>-</u>	<u>64,483,965</u>
Total capital assets, being depreciated, net	<u>154,369,432</u>	<u>(4,420,261)</u>	<u>-</u>	<u>258,373</u>	<u>150,207,544</u>
Business-type activities capital assets, net	<u>\$ 156,568,649</u>	<u>\$ (3,982,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,586,636</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:

General government	\$ 2,618,112
Judicial	30,379
Public safety	1,320,934
Public works	6,471,914
Health and welfare	44,607
Culture and recreation	580,173
Housing and development	1,014,577
Total depreciation expense - governmental activities	<u>\$ 12,080,696</u>

Business-type activities:

Water and Sewer Fund	\$ 5,503,132
Solid Waste Fund	63,694
DFACS Building Fund	77,862
Total depreciation expense - business-type activities	<u>\$ 5,644,688</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases and Reclassifications</u>	<u>Ending Balance</u>
Industrial Building Authority:					
Capital assets, not being depreciated:					
Land	\$ 2,555,420	\$ -	\$ -	\$ (2,091,348)	\$ 464,072
Construction in progress	<u>411,126</u>	<u>63,832</u>	<u>1,916,958</u>	<u>(241,471)</u>	<u>2,150,445</u>
Total capital assets, not being depreciated	<u>2,966,546</u>	<u>63,832</u>	<u>1,916,958</u>	<u>(2,332,819)</u>	<u>2,614,517</u>
Capital assets, being depreciated:					
Buildings	859,721	-	-	-	859,721
Infrastructure	6,570,325	1,146,839	-	(2,042,331)	5,674,833
Equipment and vehicles	<u>103,886</u>	<u>-</u>	<u>31,567</u>	<u>-</u>	<u>135,453</u>
Total capital assets, being depreciated	<u>7,533,932</u>	<u>1,146,839</u>	<u>31,567</u>	<u>(2,042,331)</u>	<u>6,670,007</u>
Less accumulated depreciation for:					
Buildings	37,044	-	21,493	-	58,537
Infrastructure	134,327	26,902	141,870	(10,733)	292,366
Equipment and vehicles	<u>35,289</u>	<u>-</u>	<u>15,473</u>	<u>-</u>	<u>50,762</u>
Total accumulated depreciation	<u>206,660</u>	<u>26,902</u>	<u>178,836</u>	<u>(10,733)</u>	<u>401,665</u>
Total capital assets, being depreciated, net	<u>7,327,272</u>	<u>1,119,937</u>	<u>(147,269)</u>	<u>(2,031,598)</u>	<u>6,268,342</u>
Industrial Building Authority capital assets, net	<u>\$ 10,293,818</u>	<u>\$ 1,183,769</u>	<u>\$ 1,769,689</u>	<u>\$ (4,364,417)</u>	<u>\$ 8,882,859</u>

During the year ended June 30, 2014, certain land amounts have been reclassified as Industrial Park land for sale.

Further detail on the prior period adjustment is included in Note 13.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

C. Discretely Presented Component Unit – Airport Authority

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Authority:				
Capital assets, not being depreciated:				
Land	\$ 3,863,253	\$ -	\$ -	\$ 3,863,253
Construction in progress	-	2,970,282	-	2,970,282
Total capital assets, not being depreciated	<u>3,863,253</u>	<u>2,970,282</u>	<u>-</u>	<u>6,833,535</u>
Capital assets, being depreciated:				
Infrastructure	1,129,152	-	-	1,129,152
Equipment and vehicles	1,351	-	-	1,351
Total capital assets, being depreciated	<u>1,130,503</u>	<u>-</u>	<u>-</u>	<u>1,130,503</u>
Less accumulated depreciation for:				
Infrastructure	11,738	28,229	-	39,967
Equipment and vehicles	608	270	-	878
Total accumulated depreciation	<u>12,346</u>	<u>28,499</u>	<u>-</u>	<u>40,845</u>
Total capital assets, being depreciated, net	<u>1,118,157</u>	<u>(28,499)</u>	<u>-</u>	<u>1,089,658</u>
Airport Authority capital assets, net	<u>\$ 4,981,410</u>	<u>\$ 2,941,783</u>	<u>\$ -</u>	<u>\$ 7,923,193</u>

Beginning balances have been adjusted by \$1,183,768 due to a prior period restatement recorded by the Airport Authority. Further detail on this change is presented in Note 13.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General fund	SPLOST IV fund	\$ 703,203
General fund	Capital projects fund	3,321,055
General fund	Water sewer fund	55,943
General fund	Nonmajor governmental funds	550,243
		\$ 4,630,444
Nonmajor governmental funds	General fund	\$ 438,550
Nonmajor enterprise funds	General fund	\$ 357,534

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made. Interfund balances are expected to be repaid within one year.

Due to/from component units:

Receivable entity	Payable entity	Amount
Governmental activities	Airport Authority	\$ 1,639,133
Governmental activities	Industrial Building Authority	2,557,365
		\$ 4,196,498

The balance between the governmental activities and the Paulding County Airport Authority resulted from the County paying construction invoices for the cost of acquiring, constructing, extending and improving the landing field at the Paulding Northwest Atlanta Airport in advance of the Paulding County Airport Authority issuing the Paulding Northwest Atlanta Airport Project, Series 2013 Revenue Bonds. This balance is expected to be repaid within one year.

The balance between the governmental activities and the Paulding County Industrial Building Authority resulted from the County paying the principal and interest on the Paulding County Industrial Building Authority, Series 2012A Revenue Bonds. The bonds were originally issued to purchase land for an industrial park. The County is expected to be reimbursed by the Industrial Building Authority in the future.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the year ended June 30, 2014, were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Nonmajor governmental funds	Capital projects fund	<u>\$ 436,954</u>
Nonmajor enterprise funds	General fund	<u>\$ 200,000</u>

Transfers are used to (1) move funds from the General Fund to the Solid Waste Fund to adequately meet the expenditures of the Solid Waste Fund, and (2) to move funds available from remaining project funds in the Capital Projects Fund into the Debt Service Fund to pay bond debt service requirement.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 73,870,000	\$ 41,030,000	\$ (39,045,000)	\$ 75,855,000	\$ 3,740,000
Plus: Premiums	2,343,737	-	(1,507,218)	836,519	-
Total bonds payable	<u>76,213,737</u>	<u>41,030,000</u>	<u>(40,552,218)</u>	<u>76,691,519</u>	<u>3,740,000</u>
GEFA notes payable	768,490	971,069	-	1,739,559	-
Intergovernmental payable	-	4,590,000	-	4,590,000	415,000
Compensated absences	<u>3,672,305</u>	<u>2,495,920</u>	<u>(2,414,970)</u>	<u>3,753,255</u>	<u>2,627,279</u>
Governmental activities long-term liabilities	<u>\$ 80,654,532</u>	<u>\$ 49,086,989</u>	<u>\$ (42,967,188)</u>	<u>\$ 86,774,333</u>	<u>\$ 6,782,279</u>
Business-type Activities:					
Bonds payable	\$ 39,490,000	\$ -	\$ (3,285,000)	\$ 36,205,000	\$ 3,455,000
Plus: Premiums	<u>1,976,200</u>	<u>-</u>	<u>(330,656)</u>	<u>1,645,544</u>	<u>-</u>
Total bonds payable	41,466,200	-	(3,615,656)	37,850,544	3,455,000
Notes payable	1,372,790	-	(205,826)	1,166,964	215,684
Intergovernmental payable	5,090,000	-	(405,000)	4,685,000	420,000
Landfill closure/ postclosure costs	3,579,312	-	-	3,579,312	357,931
Compensated absences	<u>365,526</u>	<u>214,742</u>	<u>(200,199)</u>	<u>380,069</u>	<u>267,455</u>
Business-type activities long-term liabilities	<u>\$ 51,873,828</u>	<u>\$ 214,742</u>	<u>\$ (4,426,681)</u>	<u>\$ 47,661,889</u>	<u>\$ 4,716,070</u>

For governmental activities, compensated absences are being liquidated primarily by the General Fund. For business-type activities, compensated absences are liquidated by the Water and Sewer and Solid Waste funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds. During fiscal year 2007, the County issued \$14,885,000 of Series 2007A general obligation bonds. The 2007A Bonds were issued for the purpose of providing funds to finance the costs of acquiring land to conserve open space. They bear interest at 4.0% and are payable on February 1 and August 1 of each year. The 2007A bonds mature on August 1, 2022.

During fiscal year 2007, the County issued \$65,000,000 of Series 2007B general obligation bonds. The 2007B bonds were issued to finance costs of constructing the courthouse and administration building. The bonds, which bear interest at rates from 4.0% to 5.0% are payable on February 1 and August 1 of each year. The 2007B bonds mature on February 1, 2032.

During fiscal year 2010, the County issued \$5,000,000 of Series 2009 general obligation bonds. The 2009 bonds were issued to refund the Series 1999 Bonds maturing August 1, 2009 through 2015. The bonds, which bear interest at rates from 2.25% to 3.0%, mature August 1, 2015.

During fiscal year 2014, the County issued \$41,030,000 of Series 2013 general obligation bonds. The 2013 bonds were issued to refund \$35,575,000 of the \$58,230,000 in aggregate principal amount of the Series 2007B Bonds maturing February 1, 2018 through 2028. The bonds, which bear interest at a rate of 2.45%, mature February 1, 2028. The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$3,619,688. This difference is reported in the accompanying financial statements as a deferred outflow of resources, and is being charged to operations through year 2028 using the straight-line method. The County advance refunded a portion of the Series 2007B Bonds to reduce its total debt service payments over the next 15 years by \$2,559,460 and to obtain an economic gain of approximately \$2,178,097. The current outstanding amount of debt considered legally defeased equals \$35,575,000 as of June 30, 2014.

The County's debt service requirements to maturity on the general obligation bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 3,740,000	\$ 2,552,687	\$ 6,292,687
2016	3,870,000	2,427,706	6,297,706
2017	4,000,000	2,299,330	6,299,330
2018	4,185,000	2,115,775	6,300,775
2019	4,310,000	1,990,388	6,300,388
2020-2024	22,180,000	7,974,238	30,154,238
2025-2029	19,605,000	5,346,323	24,951,323
2030-2032	13,965,000	1,419,250	15,384,250
Total	\$ 75,855,000	\$ 26,125,697	\$ 101,980,697

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

GEFA Notes Payable. In fiscal year 2013, the County entered into an agreement with the Georgia Environmental Finance Authority to finance the engineering and mitigation cost of the Reservoir project. As of June 30, 2014, the loan has a balance of \$1,739,559 and is still in the draw down phase, therefore a future payment schedule has not been established. During the construction phase interest is being paid monthly at 1.0% of the outstanding amount. Following the construction phase this note will become permanent with an interest rate of 3.13% and payable over a ten year period.

Intergovernmental payable – Industrial Building Authority. The County has entered into an intergovernmental agreement with the Industrial Building Authority to pay the Paulding County Industrial Building Authority Revenue Bond Series 2013. The Series 2013 Revenue Bonds were issued in the amount of \$4,590,000. The bonds, which bear interest at a rate of 2.25% are payable on February 1 and August 1 of each year. The Revenue Bonds Series 2013 mature on February 1, 2024.

The County's debt service requirements to maturity on the intergovernmental payable are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 415,000	\$ 103,275	\$ 518,275
2016	425,000	93,938	518,938
2017	435,000	84,375	519,375
2018	440,000	74,588	514,588
2019	450,000	64,688	514,688
2020-2024	<u>2,425,000</u>	<u>165,938</u>	<u>2,590,938</u>
Total	<u>\$ 4,590,000</u>	<u>\$ 586,802</u>	<u>\$ 5,176,802</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Revenue Bonds. Series 2004 Water and Sewer Revenue Bonds – In December 2004, the County Water and Sewer Fund issued \$13,675,000 in revenue bonds to provide financing for water and sewer infrastructure. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds, which bear interest at rates from 3.0% to 5.00%, mature December 1, 2014. These bonds were partially refunded by the Series 2012 Revenue Bonds.

Series 2009 Water and Sewer Revenue Bonds – In February 2009, the County Water and Sewer Fund issued \$15,740,000 in revenue bonds to provide financing for water and sewer infrastructure. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 5.0%, and will mature December 1, 2022.

Series 2009A Water and Sewer Revenue Bonds – In November 2009, the County Water and Sewer Fund issued \$17,755,000 in revenue bonds to refund the 1999 Water and Sewer Revenue Bonds. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 5.0%, and will mature December 1, 2021.

Series 2012 Water and Sewer Revenue Bonds – In April 2012, the County Water and Sewer Fund issued \$7,445,000 in revenue bonds to partially refund the 2004 Water and Sewer Revenue Bonds. The County's obligations are payable solely from the net revenues of the Water and Sewer System. The bonds bear interest at rates from 2.0% to 4.0%, and will mature December 1, 2021.

The County's debt service requirements to maturity on the revenue bonds are as follows:

Year ending				
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2015	\$ 3,455,000	\$ 1,409,519	\$ 4,864,519	
2016	3,570,000	1,264,945	4,834,945	
2017	3,670,000	1,145,294	4,815,294	
2018	3,820,000	1,015,532	4,835,532	
2019	3,940,000	886,350	4,826,350	
2020-2023	17,750,000	1,717,478	19,467,478	
Total	<u>\$ 36,205,000</u>	<u>\$ 7,439,118</u>	<u>\$ 43,644,118</u>	

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Notes Payable. In December 2001, the County entered into an agreement with the Association County Commissioners of Georgia (“ACCG”) to finance offices for the Department of Family and Children Services located on land in Paulding County. The agreement was originally executed for \$2,523,500, with an interest rate of 3.9%. The agreement is paid each month through June 3, 2017.

In January 2010, the County entered into an agreement with the Georgia Environmental Finance Authority to finance the construction of water reuse lines. The agreement was originally executed for \$660,000, with an interest rate of 3.0%. The agreement is paid each month beginning September 1, 2011 through August 1, 2031.

The debt service requirements to maturity are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 215,684	\$ 41,127	\$ 256,811
2016	225,744	31,067	256,811
2017	219,115	19,954	239,069
2018	29,130	14,794	43,924
2019	30,016	13,908	43,924
2020-2024	164,341	55,279	219,620
2025-2029	190,902	28,718	219,620
2030-2032	92,032	3,138	95,170
Total	<u>\$ 1,166,964</u>	<u>\$ 207,985</u>	<u>\$ 1,374,949</u>

Intergovernmental payable – Industrial Building Authority. The County has entered into an intergovernmental agreement with the Industrial Building Authority to pay the Paulding County Industrial Building Authority Revenue Bond Series 2003 B&C issued to construct a sewer treatment plant which was refunded by the Series 2012B Bonds. The Series 2012B Revenue Bonds were issued in the amount of \$5,090,000. The bonds, which bear interest at rates from 1.0% to 3.0% are payable on June 1 and December 1 of each year. The Revenue Bonds Series 2012B mature on December 1, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

The County's debt service requirements to maturity on the intergovernmental payable are as follows:

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 420,000	\$ 109,300	\$ 529,300
2016	430,000	97,800	527,800
2017	440,000	92,100	532,100
2018	450,000	83,200	533,200
2019	450,000	71,950	521,950
2020-2024	<u>2,495,000</u>	<u>152,100</u>	<u>2,647,100</u>
Total	<u>\$ 4,685,000</u>	<u>\$ 606,450</u>	<u>\$ 5,291,450</u>

Landfill post-closure costs. State and federal laws and regulations require the County to place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. Governmental accounting standards require the County to estimate and accrue for future costs associated with the closure and post-closure care of the landfill. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of the landfill capacity used during the year. The recorded liability for landfill closure and post-closure care costs at year end totaled \$3,579,312. This amount is based on the total estimated cost of closure and post-closure costs multiplied by management's estimate of the percentage of landfill capacity used at year end (94%). The estimated total current cost of the landfill closure and post-closure care (approximately \$3,807,779,) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2014. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of June 30, 2014 it is estimated that the remaining life of the landfill is eight years.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority

The following is a summary of long-term debt activity for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 21,660,000	\$ 4,590,000	\$ (7,325,000)	\$ 18,925,000	\$ 1,335,000
Plus: Premiums	241,678	-	(39,076)	202,602	-
Less: Discounts	(16,262)	-	1,765	(14,497)	-
Total bonds payable	<u>\$ 21,885,416</u>	<u>\$ 4,590,000</u>	<u>\$ (7,362,311)</u>	<u>\$ 19,113,105</u>	<u>\$ 1,335,000</u>

Revenue Bonds. On May 1, 2011, the Authority issued \$7,900,000 of Revenue Bonds. The Bonds were issued in two separate series for various purposes. The Series 2011A Revenue Tax-Exempt Bonds in the amount of \$1,100,000 were issued for the purpose of construction of Airport and Airport Technology Park Water Tank and Fire Protection. The Series 2011B Taxable Revenue Bonds in the amount of \$6,800,000 were issued for the purposes of construction of PJC Hanger with an approximate cost of \$1,200,000 and the construction of a Film Studio with an approximate cost of \$5,000,000 with remaining \$600,000 to cover the cost of issuing the Bonds. Operational revenue is anticipated from these projects. The net income from this project will be applied toward this bond debt. However, Paulding County, Georgia (County) and the Authority have entered into an Intergovernmental Contract dated May 1, 2011, whereby the County is obligated to make payments to the Authority sufficient in time and amounts to enable the Authority to pay the principal and interest on the 2011A and 2011B Revenue Bonds as they mature, if needed. The County is not making payments nor expected to make payments on these bonds.

On October 25, 2012 the Authority issued \$7,315,000 in Revenue Bonds for the purpose of retiring the 2003 Revenue Bonds. The Bonds were issued in two separate series for various purposes. The Series 2012A Taxable Revenue Bonds in the amount of \$2,225,000 were issued to pay off the Series 2003A Taxable Revenue Bonds. The Series 2012B Tax-Exempt Revenue bonds in the amount of \$5,090,000 were issued to pay off the Series 2003B and 2003 Tax-Exempt Revenue Bonds. The County and the Authority have entered into an intergovernmental contract dated October 1, 2012, whereby the County is obligated to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal and interest on the bonds as they mature, if needed.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

B. Discretely Presented Component Unit – Industrial Building Authority (Continued)

The Industrial Building Authority issued the Series 2013 Revenue Bonds in the amount of \$4,590,000 to finance the cost of certain road projects of the County. The County and the Authority have entered into an intergovernmental contract dated October 1, 2013, whereby the County is obligated to make payments to the Authority sufficient in time and amount to enable the Authority to pay the principal and interest on the bonds as they mature, if needed.

The Industrial Building Authority's debt service requirements to maturity on the revenue bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 1,335,000	\$ 609,584	\$ 1,944,584
2016	1,360,000	583,266	1,943,266
2017	1,390,000	555,132	1,945,132
2018	1,415,000	524,282	1,939,282
2019	1,435,000	488,755	1,923,755
2020-2024	7,840,000	1,787,179	9,627,179
2025-2029	2,370,000	877,828	3,247,828
2030-2031	1,780,000	162,246	1,942,246
Total	\$ 18,925,000	\$ 5,588,272	\$ 24,513,272

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN

Plan Description

The County contributes to the Association of County Commissioners of Georgia ("ACCG") Paulding County Defined Benefit Plan (the "Plan"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating counties in Georgia. Actuarial information included in this footnote is as of January 1, 2014 (the date of the most recent actuarial valuation date).

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits vest after five years of service. Participants become eligible to retire at age 65, with 3 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of 1% of average compensation up to \$6,600 plus 1.5% of average compensation in excess of \$6,600 plus \$36 for each year of service (up to 35 years) payable as a life annuity. Compensation is averaged over the five-year period immediately prior to retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners and may be amended by a similar adoption.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the projected unit credit actuarial method.

ACCG issues a publicly available actuarial report that includes required supplementary information for the Plan. That report may be obtained by calling (770) 563-9368.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

Funding Policy

Contributions to the Plan are authorized and may be amended by the Board of Commissioners. ACCG Plan funding policy provides for the making of required actuarially determined periodic contributions under the projected unit credit actuarial cost method. The cost method determines contributions at rates that, for individual employees, increase gradually as an employee gets older, and enables sufficient assets to accumulate for such time as benefits become due.

Any excess of the actuarial accrued liability ("AAL") as of January 1, 1988 over the Plan's assets as of that date is amortized over closed periods on a two-tier basis as follows: a) if the value of benefits accumulated as of January 1, 1988 (based on current salary history, not projected) exceeds the Plan's assets, that excess is amortized over ten years, beginning January 1, 1988; plus b) the additional unfunded AAL as of January 1, 1988 is amortized over 30 years, beginning January 1, 1988.

For January 1, 1989, and later valuations, three additional amortization amounts may apply: c) the amortization of the change in AAL attributable to Plan amendments over 20 years, beginning on the effective date of the amendment; plus d) the amortization of the cumulative difference between the actual calculated unfunded AAL as of the valuation date and the expected unfunded AAL (based on the actuarial assumptions used for funding purposes) over 15 years; plus e) the amortization of the change in unfunded AAL resulting from changes in actuarial assumptions over 30 years. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

As of January 1, 2014, the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	144
Terminated vested participants not yet receiving benefits	300
Active participants	598
	<u>1,042</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

Annual Pension Cost

The County's annual pension cost and net pension obligation for the pension plan for the fiscal year ended June 30, 2014, is as follows:

<u>Derivation of Annual Pension Cost</u>	<u>June 30, 2014</u>
Annual Required Contribution	\$ 2,146,814
Interest on Net Pension Obligation	(32,104)
Adjustment of Net Pension Obligation	34,607
Annual Pension Cost	<u>\$ 2,149,317</u>

<u>Derivation of Net Pension Obligation</u>	
Annual Pension Cost for Current Year	\$ 2,149,317
Actual Contributions to Plan for Current Year	<u>2,271,702</u>
Increase in Net Pension Obligation (Asset)	(122,385)
Net Pension Obligation (Asset) as of June 30, 2013	(290,959)
Net Pension Obligation (Asset) as of June 30, 2014	<u>\$ (413,344)</u>

Basis of Valuation

Current Valuation Date	January 1, 2014
Annual Return on Invested Plan Assets	7.5%
Projected Annual Salary Increases	2.5% - 5.0% based on age
Expected Annual Inflation	3.0%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization Method	Level percent of pay (closed)
Remaining Amortization Period	8 years

The following is a schedule of funding progress:

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL)</u>	<u>(b-a) Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>(a/b) Funded Ratio</u>	<u>(c) Covered Payroll</u>	<u>[(b-a)/c] UAAL as a Percentage of Covered Payroll</u>
1/1/2014	\$ 26,898,431	\$ 30,565,473	\$ 3,667,042	88.00 %	\$ 23,856,648	15.37 %

NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEFINED BENEFIT PLAN (CONTINUED)

Annual Pension Cost (Continued)

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Contributions totaling \$2,271,702 paid in accordance with actuarially determined contribution requirements determined by an actuarial valuation performed as of January 1, 2014 for the 2014 Plan Year. The contributions represented 9.5% of the covered payroll for the year ended December 31, 2013. 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 continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2014.

Trend Information for The Plan				
Fiscal Year Ending	Annual Pension Cost (APC)	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation (Asset)
6/30/14	\$ 2,149,317	\$ 2,271,702	105.7 %	\$ (413,344)
6/30/13	2,189,066	2,101,837	96.0	(290,959)
6/30/12	2,079,414	2,043,488	98.3	(378,188)

NOTES TO FINANCIAL STATEMENTS

NOTE 9. DEFINED CONTRIBUTION PLAN

The County adopted the Paulding County Supplemental Retirement Plan on June 1, 2004. This plan is administered by AIG VALIC. The 401 (a) is a defined contribution plan that covers substantially all employees.

The County will match any contribution made by an employee to the deferred compensation plan on a 1 to 1 basis up to a maximum contribution by the County of 1% of employees annual salary. Contributions are calculated and made on a biweekly payroll basis. The Board of Commissioners establishes required contribution and matching percentages.

Employees become eligible for the plan on the date of hire provided they are full-time and work a minimum of 30 hours per week. Actual participation in the plan begins with the first payroll following their date of hire. Participants are fully vested in the plan after five years of service. The plan was established by resolution of the Board of Commissioners. It may also be amended by resolution of same.

The County has made the following contributions to the plan:

Year ending <u>June 30,</u>	<u>County Contributions</u>	<u>Employee Contributions</u>	<u>Total Contributions</u>
2013	\$ 283,037	\$ 771,869	\$ 1,054,906
2014	289,028	787,997	1,077,025

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees and their dependents.

The County participates in the Association of County Commissioners of Georgia (ACCG) Workers' Compensation Self Insurance Fund and the Interlocal Risk Management Agency (IRMA), a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

The 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 workers' compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded insurance coverage in any of the last three years. There have been no significant reductions of insurance coverage from the prior year.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at June 30, 2014, the County has contractual commitments on uncompleted contracts of approximately \$19,812,802 consisting of Recreation contracts, \$609,686, Public Safety contracts, \$989,331, Housing and Development contracts, \$90,767 and Department of Transportation contracts, \$18,123,018.

Litigation

The County is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of County operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.

Grant Contingencies

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

NOTE 12. JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the area, is a member of the Northwest Georgia Regional Commission and is required to pay annual dues thereto. During the year ended June 30, 2014, the County paid \$129,157 in such dues. Membership in the Commission is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the Commission in Georgia.

The Commission Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the Commission. Separate financial statements may be obtained from:

Northwest Georgia Regional Commission
P.O. Box 1798
Rome, GA 30162-1798

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RESTATEMENTS

Discretely Presented Component Unit – Industrial Building Authority

In a prior year, the Industrial Building Authority did not record certain bond interest payments which were made on behalf of the Industrial Building Authority by Paulding County in the form of a loan. This resulted in an overstatement of net position by \$183,388. During the current year, an adjustment, which decreases beginning net position by \$183,388 was made to correct this error. This prior period adjustment affected net position as shown in the table below.

Additionally, the Industrial Building Authority has determined that three assets that were reported on the financial statements of the Paulding County Airport Authority should have been assets of the Industrial Building Authority. The assets were financed by loans from the Industrial Building Authority so the transfers were financed by a reduction in the amounts owed by the Airport Authority, with no effect on net position except as noted below.

Assets transferred at book value with corresponding offset to receivable from Airport Authority:

Technology park	\$	63,832
Water tower		859,857
Fuel farm		286,982
		1,210,671
		\$ 1,210,671

The prior period adjustments had the following effect on net position:

Net position, as previously reported	\$	4,258,171
To correct bond interest payment for the prior year		(183,388)
To correct for capital assets transferred that were on the Airport Authority financials in the prior year which resulted in an understatement of depreciation expense		(26,902)
		4,047,881
		\$ 4,047,881

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RESTATEMENTS (CONTINUED)

Discretely Presented Component Unit – Airport Authority

A prior period adjustment was made to reclassify intergovernmental loan balances with the Paulding County Industrial Building Authority as follows:

	<u>Previously Reported June 30, 2013</u>	<u>Prior Period Adjustement</u>	<u>Adjusted Balance June 30, 2013</u>
Capital Assets			
Construction in progress	\$ 63,832	\$ (63,832)	\$ -
Building	286,982	(286,982)	-
Infrastructure	1,989,009	(859,857)	1,129,152
Accumulated depreciation			
Building	25,112	(25,112)	-
Infrastructure	13,529	(1,790)	11,739
Note payable - IBA	2,173,516	(1,210,671)	962,845
Net position	4,128,704	26,902	4,155,606

The note to the Industrial Building Authority was adjusted for construction in progress of \$63,832 on the Technology Park, Fuel Farm building of \$286,982 and Water Tower construction of \$859,857, and the related accumulated depreciation.

NOTE 14. SUBSEQUENT EVENTS

Discretely Presented Component Unit – Airport Authority

On July 30, 2014 the Paulding County Airport Authority issued Paulding Northwest Atlanta Airport Project, Series 2013 Revenue Bonds in the amount of \$3,600,000, to fund the cost of acquiring, constructing, extending and improving the landing field at the Paulding Northwest Atlanta Airport. The County has guaranteed these bonds.

REQUIRED SUPPLEMENTARY INFORMATION

PAULDING COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - GAAP BASIS**

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 45,660,000	\$ 46,156,400	\$ 49,142,638	\$ 2,986,238
Licenses and permits	520,000	520,000	694,899	174,899
Intergovernmental	217,000	1,500,000	1,658,763	158,763
Fines and forfeitures	1,300,000	1,000,000	1,163,598	163,598
Charges for services	4,294,500	4,685,000	5,201,582	516,582
Interest income	10,000	20,000	20,906	906
Contributions and donations	-	-	89,895	89,895
Miscellaneous	256,500	256,500	349,094	92,594
Total revenues	<u>52,258,000</u>	<u>54,137,900</u>	<u>58,321,375</u>	<u>4,183,475</u>
Expenditures:				
Current:				
General government:				
Legislative	564,300	566,600	566,514	86
Executive	221,300	227,000	226,736	264
Government services	140,400	140,400	133,198	7,202
Public information	91,000	93,000	92,548	452
Elections	345,700	345,700	333,828	11,872
Finance	442,300	442,300	437,529	4,771
Information technology	1,079,775	1,760,000	1,758,865	1,135
Human resources	295,300	295,300	292,855	2,445
Government facilities	1,312,970	1,350,000	1,341,310	8,690
Tax assessors	1,365,600	1,371,000	1,370,622	378
Tax commissioners	1,039,400	1,071,500	1,069,851	1,649
General appropriations	4,606,000	4,350,000	4,330,511	19,489
Total general government	<u>11,504,045</u>	<u>12,012,800</u>	<u>11,954,367</u>	<u>58,433</u>
Judicial:				
Superior court	816,556	816,000	645,530	170,470
Clerk superior court	1,101,000	1,101,000	1,044,010	56,990
Probate court	779,500	779,500	766,609	12,891
Magistrate court	407,500	442,000	441,846	154
District attorney	891,600	920,000	918,872	1,128
Juvenile court	500,900	500,900	456,684	44,216
Public defender	549,555	549,000	541,353	7,647
Total judicial	<u>5,046,611</u>	<u>5,108,400</u>	<u>4,814,904</u>	<u>293,496</u>
Public safety:				
Coroner	71,500	75,000	74,981	19
Sheriff	13,315,531	13,266,000	13,183,530	82,470
Jail	5,500,800	5,550,000	5,523,395	26,605
Marshal	524,950	563,000	562,224	776
Animal control	588,600	655,500	655,484	16
General appropriations	42,000	42,500	43,703	(1,203)
Total public safety	<u>20,043,381</u>	<u>20,152,000</u>	<u>20,043,317</u>	<u>108,683</u>
Public works:				
Roads and bridges	7,681,775	8,000,000	7,927,682	72,318
Utility coordinator	900,000	900,000	898,698	1,302
Maintenance shop	622,200	622,200	547,188	75,012
Recycling	113,300	113,300	112,393	907
Total public works	<u>9,317,275</u>	<u>9,635,500</u>	<u>9,485,961</u>	<u>149,539</u>

(Continued)

PAULDING COUNTY, GEORGIA

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - GAAP BASIS**

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Current: (Continued)				
Health and welfare:				
Mental health grant	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
General health grant	326,000	326,000	326,192	(192)
General welfare grant	27,700	27,700	18,665	9,035
Senior citizens center	269,300	269,300	252,109	17,191
Senior citizens van	118,800	118,800	112,367	6,433
Bus service	230,500	230,500	203,962	26,538
General appropriations	81,000	86,000	94,023	(8,023)
Total health and welfare	<u>1,103,300</u>	<u>1,108,300</u>	<u>1,057,318</u>	<u>50,982</u>
Culture and recreation:				
Library	860,015	955,500	951,768	3,732
Recreation	1,968,600	2,118,000	2,117,195	805
General appropriations	10,700	10,700	8,837	1,863
Total culture and recreation	<u>2,839,315</u>	<u>3,084,200</u>	<u>3,077,800</u>	<u>6,400</u>
Housing and development:				
County extension service	50,250	50,200	46,492	3,708
Community development	1,129,026	1,129,000	1,008,264	120,736
Airport	285,550	427,500	427,221	279
General appropriations	1,042,000	1,240,000	1,233,462	6,538
Total housing and development	<u>2,506,826</u>	<u>2,846,700</u>	<u>2,715,439</u>	<u>131,261</u>
Total expenditures	<u>52,360,753</u>	<u>53,947,900</u>	<u>53,149,106</u>	<u>798,794</u>
Excess (deficiency) of revenues over expenditures	<u>(102,753)</u>	<u>190,000</u>	<u>5,172,269</u>	<u>4,982,269</u>
Other financing sources (uses):				
Proceeds from sale of assets	10,000	10,000	30,530	20,530
Transfers out	(1,828,884)	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>(1,818,884)</u>	<u>(190,000)</u>	<u>(169,470)</u>	<u>20,530</u>
Net change in fund balances	(1,921,637)	-	5,002,799	5,002,799
Fund balances, beginning of year	<u>35,501,346</u>	<u>35,501,346</u>	<u>35,501,346</u>	<u>-</u>
Fund balances, end of year	<u>\$ 33,579,709</u>	<u>\$ 35,501,346</u>	<u>\$ 40,504,145</u>	<u>\$ 5,002,799</u>

PAULDING COUNTY, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Defined Benefit Pension Plan						
Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
January 1, 2014	\$ 26,898,431	\$ 30,565,473	\$ 3,667,042	88.0%	\$ 23,856,648	15.4%
January 1, 2013	23,277,699	27,948,658	4,670,959	83.3%	23,268,567	20.1%
January 1, 2012	21,052,085	25,663,462	4,611,377	82.0%	22,822,954	20.2%
January 1, 2011	19,014,520	24,382,524	5,368,004	78.0%	22,630,176	23.7%
January 1, 2010	16,846,581	22,579,553	5,732,972	74.6%	22,250,062	25.8%
January 1, 2009	14,720,347	19,962,472	5,242,125	73.7%	21,106,471	24.8%

NOTE: See assumptions used for this schedule in the notes to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Victims-Witness Assistance Fund - to account for five percent additional fee placed on fines and used for victim witness services.

Emergency 911 Fund - to account for the fee collection and the operation of the Emergency 911 system within the County.

Jail Fund - to account for a portion of fine money received from the court system and expended on outside services within the juvenile court system.

Supplemental Juvenile Fund - to account for a portion of fines within the juvenile court and expended on outside services within the juvenile court system.

Drug Use Treatment Fund - to account for a portion of fine money received from the court system and expended on drug treatment or education.

Clerk's Technology Fund - to account for money received from the state. This fee is assessed every time a deed is purchased on-line. This money is expended on technology in the clerk of superior court's office.

Law Library Fund - to account for the operation and maintenance of the County's law library.

Sheriff Commissary Fund - to account for the receipts and purchases inmates incur while they are incarcerated.

Drug Confiscation Fund - to account for the resources public safety officers confiscate during a drug charge and expended in the fight against drugs.

Fire Tax Fund - to account for the operations of the fire department as well as capital purchases. A tax levy is placed on all property within Paulding County. The tax levy is restricted to the operational and capital expenditures of the fire department.

Capital Projects Fund

SPLOST III Fund - to account for financial resources which are used exclusively for roads, public safety, and recreation.

Debt Service Fund

Debt Service Fund - to account for the servicing of general long-term debt not being financed by proprietary funds.

PAULDING COUNTY, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds					
	Victims- Witness Assistance Fund	Emergency 911 Fund	Jail Fund	Supplemental Juvenile Fund	Drug Use Treatment Fund	Clerk's Technology Fund
ASSETS						
Cash and cash equivalents	\$ 168,499	\$ 958,081	\$ 932,028	\$ 144,704	\$ 157,890	\$ 529,798
Receivables	-	315,572	74	-	2,168	-
Taxes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 168,499</u>	<u>\$ 1,273,653</u>	<u>\$ 932,102</u>	<u>\$ 144,704</u>	<u>\$ 160,058</u>	<u>\$ 529,798</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 25,179	\$ -	\$ 750	\$ -	\$ 2,615
Due to other funds	-	49,756	3,995	-	-	-
Total liabilities	<u>-</u>	<u>74,935</u>	<u>3,995</u>	<u>750</u>	<u>-</u>	<u>2,615</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted:						
Debt service	-	-	-	-	-	-
Judicial services	168,499	-	-	-	-	527,183
Public safety services	-	1,198,718	928,107	143,954	160,058	-
Capital projects	-	-	-	-	-	-
Committed:						
Commissary purchases	-	-	-	-	-	-
Total fund balances	<u>168,499</u>	<u>1,198,718</u>	<u>928,107</u>	<u>143,954</u>	<u>160,058</u>	<u>527,183</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 168,499</u>	<u>\$ 1,273,653</u>	<u>\$ 932,102</u>	<u>\$ 144,704</u>	<u>\$ 160,058</u>	<u>\$ 529,798</u>

Special Revenue Funds						
Law Library Fund	Sheriff Commissary Fund	Drug Confiscation Fund	Fire Tax Fund	Capital Projects Fund SPLOST III Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 87,229	\$ 201,105	\$ 161,943	\$ 5,829,710	\$ 4,095,860	\$ 1,693,141	\$ 14,959,988
-	-	-	-	-	-	317,814
-	-	-	384,531	-	277,931	662,462
-	-	-	-	-	438,550	438,550
<u>\$ 87,229</u>	<u>\$ 201,105</u>	<u>\$ 161,943</u>	<u>\$ 6,214,241</u>	<u>\$ 4,095,860</u>	<u>\$ 2,409,622</u>	<u>\$ 16,378,814</u>
\$ -	\$ -	\$ -	\$ 40,538	\$ 479,207	\$ 1,000	\$ 549,289
-	-	-	449,913	46,579	-	550,243
-	-	-	490,451	525,786	1,000	1,099,532
-	-	-	358,184	-	262,080	620,264
-	-	-	358,184	-	262,080	620,264
-	-	-	-	-	2,146,542	2,146,542
87,229	-	-	-	-	-	782,911
-	-	161,943	5,365,606	-	-	7,958,386
-	-	-	-	3,570,074	-	3,570,074
-	201,105	-	-	-	-	201,105
<u>87,229</u>	<u>201,105</u>	<u>161,943</u>	<u>5,365,606</u>	<u>3,570,074</u>	<u>2,146,542</u>	<u>14,659,018</u>
<u>\$ 87,229</u>	<u>\$ 201,105</u>	<u>\$ 161,943</u>	<u>\$ 6,214,241</u>	<u>\$ 4,095,860</u>	<u>\$ 2,409,622</u>	<u>\$ 16,378,814</u>

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue Funds					
	Victims- Witness Assistance Fund	Emergency 911 Fund	Jail Fund	Supplemental Juvenile Fund	Drug Use Treatment Fund	Clerk's Technology Fund
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Fines and forfeitures	136,801	-	127,360	19,725	-	-
Charges for services	-	2,184,928	-	-	65,301	128,873
Investment income	-	2,171	1,838	241	214	773
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>136,801</u>	<u>2,187,099</u>	<u>129,198</u>	<u>19,966</u>	<u>65,515</u>	<u>129,646</u>
Expenditures:						
Current:						
Judicial	70,317	-	-	-	-	48,405
Public safety	-	1,967,909	26,742	18,200	18,444	-
Capital outlay	-	-	230,813	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Cost of issuance	-	-	-	-	-	-
Total expenditures	<u>70,317</u>	<u>1,967,909</u>	<u>257,555</u>	<u>18,200</u>	<u>18,444</u>	<u>48,405</u>
Excess (deficiency) of revenues over expenditures	66,484	219,190	(128,357)	1,766	47,071	81,241
Other financing sources (uses):						
Issuance of long term debt	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	66,484	219,190	(128,357)	1,766	47,071	81,241
Fund balances, beginning of year	<u>102,015</u>	<u>979,528</u>	<u>1,056,464</u>	<u>142,188</u>	<u>112,987</u>	<u>445,942</u>
Fund balances, end of year	<u>\$ 168,499</u>	<u>\$ 1,198,718</u>	<u>\$ 928,107</u>	<u>\$ 143,954</u>	<u>\$ 160,058</u>	<u>\$ 527,183</u>

Special Revenue Funds						
Law Library Fund	Sheriff Commissary Fund	Drug Confiscation Fund	Fire Tax Fund	Capital Projects Fund SPLOST III Fund	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 8,742,083	\$ -	\$ 6,516,551	\$ 15,258,634
-	-	-	5,550	-	-	5,550
-	-	-	45,922	-	-	45,922
-	-	218,332	-	-	-	502,218
43,554	198,490	-	-	-	-	2,621,146
-	-	-	13,768	3,719	5,073	27,797
-	-	-	-	2,025	-	2,025
<u>43,554</u>	<u>198,490</u>	<u>218,332</u>	<u>8,807,323</u>	<u>5,744</u>	<u>6,521,624</u>	<u>18,463,292</u>
45,176	-	-	-	-	-	163,898
-	188,172	81,203	8,711,967	-	-	11,012,637
-	-	-	46,612	5,138,272	-	5,415,697
-	-	-	-	-	3,470,000	3,470,000
-	-	-	-	-	2,864,914	2,864,914
-	-	-	-	-	460,005	460,005
<u>45,176</u>	<u>188,172</u>	<u>81,203</u>	<u>8,758,579</u>	<u>5,138,272</u>	<u>6,794,919</u>	<u>23,387,151</u>
(1,622)	10,318	137,129	48,744	(5,132,528)	(273,295)	(4,923,859)
-	-	-	-	-	41,030,000	41,030,000
-	-	-	-	-	(40,562,979)	(40,562,979)
-	-	-	-	-	436,954	436,954
-	-	-	-	-	903,975	903,975
(1,622)	10,318	137,129	48,744	(5,132,528)	630,680	(4,019,884)
<u>88,851</u>	<u>190,787</u>	<u>24,814</u>	<u>5,316,862</u>	<u>8,702,602</u>	<u>1,515,862</u>	<u>18,678,902</u>
<u>\$ 87,229</u>	<u>\$ 201,105</u>	<u>\$ 161,943</u>	<u>\$ 5,365,606</u>	<u>\$ 3,570,074</u>	<u>\$ 2,146,542</u>	<u>\$ 14,659,018</u>

**PAULDING COUNTY, GEORGIA
VICTIMS-WITNESS ASSISTANCE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 120,000	\$ 120,000	\$ 136,801	\$ 16,801
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>136,801</u>	<u>16,801</u>
Expenditures:				
Current:				
Judicial	120,000	120,000	70,317	49,683
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>70,317</u>	<u>49,683</u>
Net changes in fund balances	-	-	66,484	66,484
Fund balances, beginning of year	<u>102,015</u>	<u>102,015</u>	<u>102,015</u>	<u>-</u>
Fund balances, end of year	<u>\$ 102,015</u>	<u>\$ 102,015</u>	<u>\$ 168,499</u>	<u>\$ 66,484</u>

**PAULDING COUNTY, GEORGIA
EMERGENCY 911 FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 2,100,000	\$ 2,100,000	\$ 2,184,928	\$ 84,928
Interest income	-	-	2,171	2,171
Total revenues	<u>2,100,000</u>	<u>2,100,000</u>	<u>2,187,099</u>	<u>87,099</u>
Expenditures:				
Current:				
Public safety	2,369,800	2,100,000	1,967,909	132,091
Total expenditures	<u>2,369,800</u>	<u>2,100,000</u>	<u>1,967,909</u>	<u>132,091</u>
Net changes in fund balances	(269,800)	-	219,190	219,190
Fund balances, beginning of year	<u>979,528</u>	<u>979,528</u>	<u>979,528</u>	<u>-</u>
Fund balances, end of year	<u>\$ 709,728</u>	<u>\$ 979,528</u>	<u>\$ 1,198,718</u>	<u>\$ 219,190</u>

**PAULDING COUNTY, GEORGIA
JAIL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 250,000	\$ 100,000	\$ 127,360	\$ 27,360
Investment income	-	-	1,838	1,838
Total revenues	<u>250,000</u>	<u>100,000</u>	<u>129,198</u>	<u>29,198</u>
Expenditures:				
Current:				
Public Safety	20,000	20,000	26,742	(6,742)
Capital outlay	<u>230,000</u>	<u>255,000</u>	<u>230,813</u>	<u>24,187</u>
Total expenditures	<u>250,000</u>	<u>275,000</u>	<u>257,555</u>	<u>17,445</u>
Net changes in fund balances	-	(175,000)	(128,357)	46,643
Fund balances, beginning of year	<u>1,056,464</u>	<u>1,056,464</u>	<u>1,056,464</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,056,464</u>	<u>\$ 881,464</u>	<u>\$ 928,107</u>	<u>\$ 46,643</u>

**PAULDING COUNTY, GEORGIA
SUPPLEMENTAL JUVENILE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 25,000	\$ 15,000	\$ 19,725	\$ 4,725
Investment income	-	-	241	241
Total revenues	<u>25,000</u>	<u>15,000</u>	<u>19,966</u>	<u>4,966</u>
Expenditures:				
Current:				
Public safety	25,000	20,000	18,200	1,800
Total expenditures	<u>25,000</u>	<u>20,000</u>	<u>18,200</u>	<u>1,800</u>
Net changes in fund balances	-	(5,000)	1,766	6,766
Fund balances, beginning of year	<u>142,188</u>	<u>142,188</u>	<u>142,188</u>	<u>-</u>
Fund balances, end of year	<u>\$ 142,188</u>	<u>\$ 137,188</u>	<u>\$ 143,954</u>	<u>\$ 6,766</u>

**PAULDING COUNTY, GEORGIA
DRUG USE TREATMENT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 25,000	\$ 50,000	\$ 65,301	\$ 15,301
Interest income	-	-	214	214
Total revenues	<u>25,000</u>	<u>50,000</u>	<u>65,515</u>	<u>15,515</u>
Expenditures:				
Current:				
Public safety	25,000	50,000	18,444	31,556
Total expenditures	<u>25,000</u>	<u>50,000</u>	<u>18,444</u>	<u>31,556</u>
Net changes in fund balances	-	-	47,071	47,071
Fund balances, beginning of year	<u>112,987</u>	<u>112,987</u>	<u>112,987</u>	<u>-</u>
Fund balances, end of year	<u>\$ 112,987</u>	<u>\$ 112,987</u>	<u>\$ 160,058</u>	<u>\$ 47,071</u>

**PAULDING COUNTY, GEORGIA
CLERK'S TECHNOLOGY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 120,000	\$ 120,000	\$ 128,873	\$ 8,873
Interest income	-	-	773	773
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>129,646</u>	<u>9,646</u>
Expenditures:				
Current:				
Judicial	120,000	120,000	48,405	71,595
Total expenditures	<u>120,000</u>	<u>120,000</u>	<u>48,405</u>	<u>71,595</u>
Net changes in fund balances	-	-	81,241	81,241
Fund balances, beginning of year	<u>445,942</u>	<u>445,942</u>	<u>445,942</u>	<u>-</u>
Fund balances, end of year	<u>\$ 445,942</u>	<u>\$ 445,942</u>	<u>\$ 527,183</u>	<u>\$ 81,241</u>

**PAULDING COUNTY, GEORGIA
LAW LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 40,000	\$ 40,000	\$ 43,554	\$ 3,554
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>43,554</u>	<u>3,554</u>
Expenditures:				
Current:				
Judicial	50,000	50,000	45,176	4,824
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>45,176</u>	<u>4,824</u>
Net changes in fund balances	(10,000)	(10,000)	(1,622)	8,378
Fund balances, beginning of year	<u>88,851</u>	<u>88,851</u>	<u>88,851</u>	<u>-</u>
Fund balances, end of year	<u>\$ 78,851</u>	<u>\$ 78,851</u>	<u>\$ 87,229</u>	<u>\$ 8,378</u>

**PAULDING COUNTY, GEORGIA
SHERIFF'S COMMISSARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 190,000	\$ 190,000	\$ 198,490	\$ 8,490
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>198,490</u>	<u>8,490</u>
Expenditures:				
Current:				
Public safety	190,000	190,000	188,172	1,828
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>188,172</u>	<u>1,828</u>
Net changes in fund balances	-	-	10,318	10,318
Fund balances, beginning of year	<u>190,787</u>	<u>190,787</u>	<u>190,787</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 190,787</u></u>	<u><u>\$ 190,787</u></u>	<u><u>\$ 201,105</u></u>	<u><u>\$ 10,318</u></u>

**PAULDING COUNTY, GEORGIA
DRUG CONFISCATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 200,000	\$ 200,000	\$ 218,332	\$ 18,332
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>218,332</u>	<u>18,332</u>
Expenditures:				
Current:				
Public Safety	200,000	200,000	81,203	118,797
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>81,203</u>	<u>118,797</u>
Net changes in fund balances	-	-	137,129	137,129
Fund balances, beginning of year	<u>24,814</u>	<u>24,814</u>	<u>24,814</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 24,814</u></u>	<u><u>\$ 24,814</u></u>	<u><u>\$ 161,943</u></u>	<u><u>\$ 137,129</u></u>

**PAULDING COUNTY, GEORGIA
FIRE TAX FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 8,818,000	\$ 8,650,000	\$ 8,742,083	\$ 92,083
Licenses and permits	-	-	5,550	5,550
Intergovernmental revenue	-	40,000	45,922	5,922
Investment income	-	10,000	13,768	3,768
Total revenues	<u>8,818,000</u>	<u>8,700,000</u>	<u>8,807,323</u>	<u>107,323</u>
Expenditures:				
Current:				
Public safety	8,798,000	8,750,000	8,711,967	38,033
Capital outlay	20,000	50,000	46,612	3,388
Total expenditures	<u>8,818,000</u>	<u>8,800,000</u>	<u>8,758,579</u>	<u>41,421</u>
Net changes in fund balances	-	(100,000)	48,744	148,744
Fund balances, beginning of year	<u>5,316,862</u>	<u>5,316,862</u>	<u>5,316,862</u>	<u>-</u>
Fund balances, end of year	<u>\$ 5,316,862</u>	<u>\$ 5,216,862</u>	<u>\$ 5,365,606</u>	<u>\$ 148,744</u>

**PAULDING COUNTY, GEORGIA
DEBT SERVICE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

	Budget		Actual	Variance With Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,400,000	\$ 6,500,000	\$ 6,516,551	\$ 16,551
Investment income	-	5,000	5,073	73
Total revenues	<u>6,400,000</u>	<u>6,505,000</u>	<u>6,521,624</u>	<u>16,624</u>
Expenditures:				
Debt service:				
Principal	3,065,000	3,618,000	3,470,000	148,000
Interest and fees	3,335,000	3,323,000	2,864,914	458,086
Cost of issuance	-	467,020	460,005	7,015
Total expenditures	<u>6,400,000</u>	<u>7,408,020</u>	<u>6,794,919</u>	<u>613,101</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(903,020)</u>	<u>(273,295)</u>	<u>629,725</u>
Other financing sources (uses):				
Issuance of long term debt	-	41,030,000	41,030,000	-
Payments to refunded bond escrow agent	-	(40,562,980)	(40,562,979)	1
Transfers in	-	436,000	436,954	954
Total other financing sources (uses)	<u>-</u>	<u>903,020</u>	<u>903,975</u>	<u>955</u>
Net changes in fund balances	-	-	630,680	630,680
Fund balances, beginning of year	<u>1,515,862</u>	<u>1,515,862</u>	<u>1,515,862</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,515,862</u>	<u>\$ 1,515,862</u>	<u>\$ 2,146,542</u>	<u>\$ 630,680</u>

PAULDING COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Project</u>	<u>Estimated Cost</u>		<u>Expenditures</u>		<u>Total</u>
	<u>Original</u>	<u>Current</u>	<u>Prior Years</u>	<u>Current Year</u>	
SPLOST III					
Roads, streets and bridges	\$ 40,500,000	\$ 38,370,458	\$ 38,321,029	\$ 49,429	\$ 38,370,458
Public safety and fire protection facilities and equipment	12,150,000	11,869,075	11,869,075	-	11,869,075
Recreation	28,350,000	27,435,760	18,778,868	5,086,818	23,865,686
Payments to City of Dallas	5,580,000	4,204,080	4,204,080	-	4,204,080
Payments to City of Hiram	3,420,000	2,576,694	2,576,694	-	2,576,694
Total SPLOST III expenditures	<u>\$ 90,000,000</u>	<u>\$ 84,456,067</u>	<u>\$ 75,749,746</u>	<u>\$ 5,136,247</u>	<u>\$ 80,885,993</u>
Non-SPLOST expenditures*					
Roads, streets and bridges			\$ 8,260,841	\$ -	
Public safety and fire protection facilities and equipment			21,000	-	
Recreation			140,677	2,025	
Total non-SPLOST expenditures			<u>8,422,518</u>	<u>2,025</u>	
Total Project expenditures			<u>\$ 84,172,264</u>	<u>\$ 5,138,272</u>	
*Paulding County uses Intergovernmental Revenues as well as contributions from other parties to expand our SPLOST projects. Contributions to the SPLOST Projects are as follows:					
State Department of Transportation			\$ 5,539,838	\$ -	
State Department of Community Affairs			30,000	-	
City of Dallas			382,190	-	
U.S. Department of Energy			51,000	-	
Governor's Emergency Management Agency			80,677	-	
Developers			2,338,813	-	
West metro soccer			-	2,025	
			<u>\$ 8,422,518</u>	<u>\$ 2,025</u>	

PAULDING COUNTY, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL
OPTION SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2014

Project	Estimated Cost		Expenditures		Total
	Original	Current	Prior Years	Current Year	
SPLOST IV					
Roads, streets and bridges	\$ 47,528,348	\$ 47,528,348	\$ 4,409,483	\$ 6,019,115	\$ 10,428,598
Public safety and fire protection facilities and equipment	17,554,024	17,554,024	2,131,362	3,288,749	5,420,111
Recreation	16,560,400	16,560,400	320,114	257,914	578,028
Economic Development: Fiber Optic Communications	1,159,228	1,159,228	59,049	-	59,049
Payments to City of Dallas	6,840,000	6,840,000	2,312,528	1,017,035	3,329,563
Payments to City of Hiram	5,358,000	5,358,000	1,811,481	796,678	2,608,159
Total 2013 SPLOST	<u>\$ 95,000,000</u>	<u>\$ 95,000,000</u>	<u>\$ 11,044,017</u>	<u>\$ 11,379,491</u>	<u>\$ 22,423,508</u>
Non-SPLOST expenditures*					
Roads, streets and bridges			\$ 293,432	\$ 35,143	
Public safety and fire protection facilities and equipment			-	353,381	
Recreation			-	-	
Total non-SPLOST expenditures			<u>293,432</u>	<u>388,524</u>	
Total Project expenditures			<u>\$ 11,337,449</u>	<u>\$ 11,768,015</u>	
*Paulding County uses Intergovernmental Revenues as well as contributions from other parties to expand our SPLOST projects. Contributions to the SPLOST Projects are as follows:					
State Department of Transportation			\$ 293,432	\$ 13,823	
Georgia Emergency Management Agency			-	176,000	
Developers			-	21,320	
City of Dallas			-	54,339	
City of Hiram			-	60,686	
Paulding County Board of Education			-	62,356	
			<u>\$ 293,432</u>	<u>\$ 388,524</u>	

ENTERPRISE FUNDS

Enterprise funds are used to account for external activities that are usually self-sustaining, primarily through user charges for services rendered.

Solid Waste Fund- to account for the operation of the County's landfill.

DFACS Building Fund - to account for activity related to the lease of the DFACS building.

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2014

	Solid Waste Fund	DFACS Building Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash	\$ -	\$ 567,005	\$ 567,005
Receivables	62,454	-	62,454
Due from other funds	357,534	-	357,534
Total current assets	<u>419,988</u>	<u>567,005</u>	<u>986,993</u>
Capital assets:			
Capital assets, not being depreciated	612,233	-	612,233
Capital assets, being depreciated	2,035,972	3,114,495	5,150,467
Less accumulated depreciation	<u>(1,837,096)</u>	<u>(953,810)</u>	<u>(2,790,906)</u>
Total capital assets, net of accumulated depreciation	<u>811,109</u>	<u>2,160,685</u>	<u>2,971,794</u>
Total assets	<u>1,231,097</u>	<u>2,727,690</u>	<u>3,958,787</u>
LIABILITIES			
Current liabilities:			
Accounts payable	24,485	-	24,485
Accrued expenses	-	2,080	2,080
Compensated absences, current	4,689	-	4,689
Notes payable, current	-	189,058	189,058
Post closure care cost, current	357,931	-	357,931
Total current liabilities	<u>387,105</u>	<u>191,138</u>	<u>578,243</u>
Long-term liabilities:			
Notes payable	-	389,153	389,153
Post closure care cost	3,221,381	-	3,221,381
Total long-term liabilities	<u>3,221,381</u>	<u>389,153</u>	<u>3,610,534</u>
Total liabilities	<u>3,608,486</u>	<u>580,291</u>	<u>4,188,777</u>
NET POSITION			
Net investment in capital assets	811,109	1,582,474	2,393,583
Unrestricted	<u>(3,188,498)</u>	<u>564,925</u>	<u>(2,623,573)</u>
Total net position	<u>\$ (2,377,389)</u>	<u>\$ 2,147,399</u>	<u>\$ (229,990)</u>

PAULDING COUNTY, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Solid Waste Fund	DFACS Building Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Miscellaneous revenues	\$ 6,082	\$ -	\$ 6,082
Landfill and recycling fees	743,816	-	743,816
Lease income	-	343,569	343,569
Total operating revenues	<u>749,898</u>	<u>343,569</u>	<u>1,093,467</u>
OPERATING EXPENSES			
Salaries and benefits	177,230	-	177,230
Other operating expenses	604,123	18,925	623,048
Depreciation expense	63,694	77,862	141,556
Total operating expenses	<u>845,047</u>	<u>96,787</u>	<u>941,834</u>
Operating income (loss)	(95,149)	246,782	151,633
NONOPERATING EXPENSES			
Interest expense	-	(32,252)	(32,252)
Total nonoperating expenses	<u>-</u>	<u>(32,252)</u>	<u>(32,252)</u>
INCOME (LOSS) BEFORE TRANSFERS	(95,149)	214,530	119,381
Transfers in	200,000	-	200,000
Total transfers	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Change in net position	104,851	214,530	319,381
NET POSITION, beginning of year	<u>(2,482,240)</u>	<u>1,932,869</u>	<u>(549,371)</u>
NET POSITION, end of year	<u>\$ (2,377,389)</u>	<u>\$ 2,147,399</u>	<u>\$ (229,990)</u>

PAULDING COUNTY, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Solid Waste Fund	DFACS Building Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 734,579	\$ 343,569	\$ 1,078,148
Payments to suppliers and service providers	(752,415)	(19,065)	(771,480)
Payments to employees	(182,164)	-	(182,164)
Net cash provided by (used in) operating activities	<u>(200,000)</u>	<u>324,504</u>	<u>124,504</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on notes	-	(179,987)	(179,987)
Interest and fiscal charges paid	-	(32,899)	(32,899)
Net cash used in capital and related financing activities	<u>-</u>	<u>(212,886)</u>	<u>(212,886)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	200,000	-	200,000
Net cash provided by noncapital financing activities	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net increase in cash and cash equivalents	-	111,618	111,618
Cash and cash equivalents:			
Beginning of year	-	455,387	455,387
End of year	<u>\$ -</u>	<u>\$ 567,005</u>	<u>\$ 567,005</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (95,149)	\$ 246,782	\$ 151,633
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	63,694	77,862	141,556
Increase in accounts receivable	(15,319)	-	(15,319)
Increase in due from other funds	(131,827)	-	(131,827)
Decrease in due to other funds	-	(140)	(140)
Decrease in accounts payable	(16,465)	-	(16,465)
Decrease in compensated absences	(4,934)	-	(4,934)
Net cash provided by (used in) operating activities	<u>\$ (200,000)</u>	<u>\$ 324,504</u>	<u>\$ 124,504</u>

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments.

Tax Commissioner - to account for the collection of all property taxes which are disbursed to other taxing units.

Sheriff - to account for collection of cash bonds, fines, forfeitures and other fees which are disbursed to other parties.

The following agency funds are used to account for fines, fees and other moneys collected by the courts and remitted to other parties in accordance with court orders and state law:

**Clerk of Superior Court
Probate Court
Court Administration**

PAULDING COUNTY, GEORGIA

**COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014**

<u>ASSETS</u>	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Clerk of Superior Court</u>	<u>Probate Court</u>	<u>Court Administration</u>	<u>Total</u>
Cash	\$ 1,407,788	\$ 60,680	\$ 974,318	\$ 97,559	\$ 25,882	\$ 2,566,227
Taxes receivable	2,403,479	-	-	-	-	2,403,479
Total assets	<u>\$ 3,811,267</u>	<u>\$ 60,680</u>	<u>\$ 974,318</u>	<u>\$ 97,559</u>	<u>\$ 25,882</u>	<u>\$ 4,969,706</u>
<u>LIABILITIES</u>						
Due to others	\$ 1,407,788	\$ 60,680	\$ 974,318	\$ 97,559	\$ 25,882	\$ 2,566,227
Uncollected taxes	2,403,479	-	-	-	-	2,403,479
Total liabilities	<u>\$ 3,811,267</u>	<u>\$ 60,680</u>	<u>\$ 974,318</u>	<u>\$ 97,559</u>	<u>\$ 25,882</u>	<u>\$ 4,969,706</u>

PAULDING COUNTY, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
<u>Tax Commissioner</u>				
ASSETS				
Cash	\$ 1,313,101	\$ 112,256,943	\$ (112,162,256)	\$ 1,407,788
Taxes receivable	2,725,955	78,107,024	(78,429,500)	2,403,479
Total assets	<u>\$ 4,039,056</u>	<u>\$ 190,363,967</u>	<u>\$ (190,591,756)</u>	<u>\$ 3,811,267</u>
LIABILITIES				
Due to others	\$ 1,313,101	\$ 112,256,943	\$ (112,162,256)	\$ 1,407,788
Uncollected taxes	2,725,955	78,107,024	(78,429,500)	2,403,479
Total liabilities	<u>\$ 4,039,056</u>	<u>\$ 190,363,967</u>	<u>\$ (190,591,756)</u>	<u>\$ 3,811,267</u>
<u>Sheriff</u>				
ASSETS				
Cash	\$ 55,241	\$ 759,325	\$ (753,886)	\$ 60,680
Total assets	<u>\$ 55,241</u>	<u>\$ 759,325</u>	<u>\$ (753,886)</u>	<u>\$ 60,680</u>
LIABILITIES				
Due to others	\$ 55,241	\$ 759,325	\$ (753,886)	\$ 60,680
Total liabilities	<u>\$ 55,241</u>	<u>\$ 759,325</u>	<u>\$ (753,886)</u>	<u>\$ 60,680</u>
<u>Clerk of Superior Court</u>				
ASSETS				
Cash	\$ 1,177,648	\$ 5,235,204	\$ (5,438,534)	\$ 974,318
Total assets	<u>\$ 1,177,648</u>	<u>\$ 5,235,204</u>	<u>\$ (5,438,534)</u>	<u>\$ 974,318</u>
LIABILITIES				
Due to others	\$ 1,177,648	\$ 5,235,204	\$ (5,438,534)	\$ 974,318
Total liabilities	<u>\$ 1,177,648</u>	<u>\$ 5,235,204</u>	<u>\$ (5,438,534)</u>	<u>\$ 974,318</u>

(Continued)

PAULDING COUNTY, GEORGIA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
<u>Probate Court</u>				
ASSETS				
Cash	\$ 100,055	\$ 1,909,629	\$ (1,912,125)	\$ 97,559
Total assets	<u>\$ 100,055</u>	<u>\$ 1,909,629</u>	<u>\$ (1,912,125)</u>	<u>\$ 97,559</u>
LIABILITIES				
Due to others	\$ 100,055	\$ 1,909,629	\$ (1,912,125)	\$ 97,559
Total liabilities	<u>\$ 100,055</u>	<u>\$ 1,909,629</u>	<u>\$ (1,912,125)</u>	<u>\$ 97,559</u>
<u>Court Administration</u>				
ASSETS				
Cash	\$ 23,787	\$ 637,624	\$ (635,529)	\$ 25,882
Total assets	<u>\$ 23,787</u>	<u>\$ 637,624</u>	<u>\$ (635,529)</u>	<u>\$ 25,882</u>
LIABILITIES				
Due to others	\$ 23,787	\$ 637,624	\$ (635,529)	\$ 25,882
Total liabilities	<u>\$ 23,787</u>	<u>\$ 637,624</u>	<u>\$ (635,529)</u>	<u>\$ 25,882</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash	\$ 2,669,832	\$ 120,798,725	\$ (120,902,330)	\$ 2,566,227
Taxes receivable	2,725,955	78,107,024	(78,429,500)	2,403,479
Total assets	<u>\$ 5,395,787</u>	<u>\$ 198,905,749</u>	<u>\$ (199,331,830)</u>	<u>\$ 4,969,706</u>
LIABILITIES				
Due to others	\$ 2,669,832	\$ 120,798,725	\$ (120,902,330)	\$ 2,566,227
Uncollected taxes	2,725,955	78,107,024	(78,429,500)	2,403,479
Total liabilities	<u>\$ 5,395,787</u>	<u>\$ 198,905,749</u>	<u>\$ (199,331,830)</u>	<u>\$ 4,969,706</u>

STATISTICAL SECTION

This part of Paulding County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

	<u>Page</u>
Financial Trends	87-91
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity.....	92-95
These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax.	
Debt Capacity.....	96-100
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information	101 and 102
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information.....	103-105
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

PAULDING COUNTY, GEORGIA

NET POSITION BY COMPONENT Last Ten Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 54,473	\$ 77,908	\$ 239,623	\$ 269,376	\$ 286,905	\$ 297,040	\$ 309,392	\$ 317,191	\$ 323,994	\$ 348,388
Restricted:	12,633	17,220	17,663	24,221	31,811	33,746	33,998	38,480	40,181	40,910
Unrestricted:	24,749	21,276	20,858	19,522	18,027	20,674	24,187	27,326	36,275	37,004
Total governmental activities net position	\$ 91,855	\$ 116,404	\$ 278,144	\$ 313,119	\$ 336,743	\$ 351,460	\$ 367,577	\$ 382,997	\$ 400,450	\$ 426,302
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 66,389	\$ 76,138	\$ 98,506	\$ 114,514	\$ 121,465	\$ 110,792	\$ 110,693	\$ 109,919	\$ 109,324	\$ 109,486
Restricted	5,510	9,743	29,199	28,721	19,904	18,497	20,760	18,101	17,573	16,337
Unrestricted	942	6,716	4,201	521	2,562	6,885	5,811	10,533	13,141	19,199
Total business-type activities net position	\$ 72,841	\$ 92,597	\$ 131,906	\$ 143,756	\$ 143,931	\$ 136,174	\$ 137,264	\$ 138,553	\$ 140,038	\$ 145,022
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 120,862	\$ 154,046	\$ 338,129	\$ 383,890	\$ 408,370	\$ 407,832	\$ 420,085	\$ 427,110	\$ 433,318	\$ 457,874
Restricted	18,143	26,963	46,862	52,942	51,715	52,243	54,758	56,581	57,754	57,247
Unrestricted	25,691	27,992	25,059	20,043	20,589	27,559	29,998	37,859	49,416	56,203
Total primary government net position	\$ 164,696	\$ 209,001	\$ 410,050	\$ 456,875	\$ 480,674	\$ 487,634	\$ 504,841	\$ 521,550	\$ 540,488	\$ 571,324
Restatements	\$ 998	\$ 116,368	\$ -	\$ -	\$ (6,370)	\$ 1,208	\$ -	\$ (1,263)	\$ -	\$ -
Total primary government net position, after restatements	\$ 165,694	\$ 325,369	\$ 410,050	\$ 456,875	\$ 474,304	\$ 488,842	\$ 504,841	\$ 520,287	\$ 540,488	\$ 571,324

PAULDING COUNTY, GEORGIA

CHANGES IN NET POSITION Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 9,062,764	\$ 9,343,597	\$ 11,096,377	\$ 11,875,723	\$ 15,134,639	\$ 14,098,539	\$ 13,857,914	\$ 12,828,690	\$ 13,486,082	\$ 16,161,698
Judicial	4,095,758	4,320,100	4,863,031	5,001,704	5,287,183	5,151,644	5,110,368	4,968,486	4,950,952	4,988,519
Public safety	21,436,109	23,427,824	25,601,124	28,693,906	28,967,134	29,170,128	30,212,938	30,727,439	31,408,123	32,541,547
Public works	9,925,287	16,193,950	17,492,423	17,492,423	17,090,062	18,418,050	18,359,434	20,546,641	17,230,240	15,932,680
Health and welfare	803,914	1,501,053	1,657,815	1,933,974	1,811,145	1,914,298	1,902,239	1,720,419	1,572,223	1,101,925
Culture and recreation	3,446,722	2,991,162	3,334,112	3,695,956	3,349,656	3,408,073	3,575,759	3,336,955	3,035,558	3,887,285
Housing and development	1,996,937	2,254,306	2,679,322	2,651,121	2,233,494	2,835,188	3,373,239	2,905,201	7,009,854	3,494,755
Interest on long term debt	510,900	418,515	1,004,685	4,075,876	3,915,011	3,685,045	3,174,633	3,434,916	3,252,729	3,228,459
Intergovernmental	-	-	-	-	-	4,056,291	-	-	-	-
Total governmental activities expenses	\$ 51,278,391	\$ 53,649,050	\$ 66,330,416	\$ 75,420,683	\$ 77,788,324	\$ 82,737,256	\$ 79,566,524	\$ 80,470,747	\$ 81,945,761	\$ 81,336,868
Business-type activities:										
Water and sewer	13,158,358	14,959,326	17,177,349	18,265,107	20,444,230	22,764,941	23,625,349	24,760,061	25,298,500	25,070,543
DFACS building	163,367	164,911	159,522	182,939	160,480	149,806	145,342	136,802	133,435	129,039
Solid waste	601,953	615,454	710,594	871,377	2,906,377	918,100	920,355	859,441	935,999	845,047
Total business-type activities expense	\$ 13,923,678	\$ 15,739,691	\$ 18,047,465	\$ 19,319,423	\$ 23,511,087	\$ 23,832,847	\$ 24,681,046	\$ 25,756,304	\$ 26,367,934	\$ 26,044,629
Total primary government expense	\$ 65,202,069	\$ 69,388,741	\$ 84,377,881	\$ 94,740,106	\$ 101,299,411	\$ 106,570,103	\$ 104,257,570	\$ 106,227,051	\$ 108,313,695	\$ 107,381,497
Program Revenues										
Governmental activities:										
Charges for services	\$ 2,121,399	\$ 1,912,519	\$ 2,145,429	\$ 2,759,231	\$ 3,033,474	\$ 2,397,118	\$ 2,132,286	\$ 1,864,262	\$ 1,977,998	\$ 2,045,515
General government	2,633,915	2,666,957	2,561,006	3,039,953	3,201,439	3,492,115	3,403,827	3,346,870	3,351,315	2,696,769
Judicial	1,813,689	2,258,208	2,349,050	2,317,901	2,312,619	3,502,410	3,074,576	2,654,077	2,867,671	3,412,588
Public safety	-	-	-	1,061,657	1,021,306	1,069,047	1,181,796	1,084,215	1,114,756	1,199,716
Public works	-	-	-	1,377,107	713,609	444,926	269,317	283,264	539,051	810,710
Housing and development	2,643,806	3,152,666	2,833,646	3,407,007	3,522,270	344,837	372,423	452,223	476,720	504,372
Other activities	1,070,636	1,121,734	1,283,062	340,607	352,270	455,452	726,533	866,016	618,866	350,281
Operating grants and contributions	1,091,666	386,169	713,552	889,127	1,311,103	9,599,840	11,522,537	12,311,297	13,268,828	17,904,480
Capital grants and contributions	2,422,398	9,406,949	36,593,097	24,208,239	19,614,453	21,305,745	22,683,295	22,862,224	24,215,205	28,884,431
Total governmental activities program revenues	\$ 13,797,509	\$ 20,905,202	\$ 48,498,842	\$ 35,993,822	\$ 31,560,273	\$ 21,305,745	\$ 22,683,295	\$ 22,862,224	\$ 24,215,205	\$ 28,884,431

continued

PAULDING COUNTY, GEORGIA

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Business-type activities:										
Charges for services	\$ 14,150,803	\$ 19,525,966	\$ 21,662,705	\$ 19,658,416	\$ 20,393,240	\$ 21,961,696	\$ 23,586,071	\$ 24,930,836	\$ 25,563,847	\$ 26,599,779
Water and sewer	322,644	322,644	322,644	332,499	332,499	332,876	333,315	343,280	343,971	343,569
DFACS building	606,816	535,276	640,178	644,878	683,249	762,270	742,281	764,696	572,032	749,898
Solid waste	10,812,784	13,206,548	32,825,777	8,608,437	1,331,978	1,731,329	836,962	762,232	1,677,562	3,095,368
Capital grants and contributions	25,893,047	33,580,434	55,451,304	29,244,230	22,740,966	24,788,171	25,498,629	26,801,044	28,157,412	30,788,614
Total business-type activities program revenues	\$ 39,690,556	\$ 54,495,636	\$ 103,950,146	\$ 65,238,052	\$ 54,301,239	\$ 46,093,916	\$ 48,181,924	\$ 49,663,268	\$ 52,372,617	\$ 59,673,045
Net (expense)/revenue	\$ (37,480,882)	\$ (32,743,848)	\$ (17,831,574)	\$ (39,426,861)	\$ (46,228,051)	\$ (61,431,511)	\$ (56,883,229)	\$ (57,608,523)	\$ (57,730,556)	\$ (52,452,437)
Governmental activities	11,969,369	17,850,743	37,403,839	9,924,807	(770,121)	955,324	807,583	1,044,740	1,789,478	4,743,985
Business-type activities	\$ (25,511,513)	\$ (14,893,105)	\$ 19,572,265	\$ (29,502,054)	\$ (46,998,172)	\$ (60,476,187)	\$ (56,075,646)	\$ (56,563,783)	\$ (55,941,078)	\$ (47,708,452)
Total primary government net (expense) revenue										
Governmental activities:										
Taxes	\$ 18,263,710	\$ 21,023,731	\$ 25,979,193	\$ 28,159,043	\$ 29,311,208	\$ 28,174,129	\$ 27,199,533	\$ 25,592,760	\$ 25,594,931	\$ 27,837,664
Property taxes, levied for general purposes	1,808,657	1,602,183	833,526	2,033,312	2,129,805	6,221,571	6,340,442	6,025,724	5,870,760	6,383,258
Property taxes, levied for debt service	-	-	-	7,780,368	8,382,153	7,833,792	6,922,416	6,354,045	8,490,192	8,561,817
Property taxes, levied for fire service	1,402,596	1,805,890	1,725,334	1,260,788	961,019	658,540	618,349	669,945	1,206,266	941,803
Intangible recording tax	10,716,271	12,761,229	13,442,680	12,978,324	11,523,617	11,624,716	11,700,037	12,514,606	12,365,806	12,085,054
Local option sales tax	11,920,127	13,014,782	13,828,416	13,344,404	11,745,254	13,422,530	13,422,530	14,357,398	14,322,252	14,129,720
Special local option sales tax	3,102,836	3,322,710	3,472,394	3,651,265	3,740,263	3,686,633	3,585,518	5,311,731	5,674,609	5,897,844
Insurance premium tax	407,461	445,758	485,651	527,919	620,450	664,404	669,278	669,606	684,498	690,005
Alcoholic beverage tax	573,248	642,489	765,247	845,204	944,382	1,016,474	1,047,225	1,226,183	1,305,951	1,359,280
Cable TV franchise tax	294,327	714,825	623,254	280,516	211,081	111,904	95,218	92,049	141,348	234,686
Real estate transfer tax	-	-	-	-	-	-	282,760	317,596	347,367	300,165
Business tax	-	-	-	-	-	-	-	-	-	5,925
Energy excise tax	-	-	-	-	-	-	-	-	-	717
Interest earned on investments	381,469	954,267	2,090,528	3,591,790	781,676	193,452	96,630	82,470	54,858	47,075
Gain on sale of capital assets	-	-	-	-	-	-	-	-	22,877	30,530
Miscellaneous	-	56,444	6,696	(50,000)	(500,000)	2,455,595	(200,000)	(200,000)	(200,000)	(200,000)
Transfers	48,870,702	56,294,308	63,202,919	74,402,933	69,850,908	76,148,160	71,792,364	73,028,601	75,882,452	78,304,826
Total governmental activities	370,696	907,825	1,904,681	1,924,851	445,117	(2,342,023)	281,978	244,214	260,256	239,630
Business-type activities	\$ 49,241,398	\$ 57,202,133	\$ 65,107,600	\$ 76,327,784	\$ 70,296,025	\$ 73,806,137	\$ 72,074,342	\$ 73,272,815	\$ 76,142,708	\$ 78,544,456
Total primary government										
Changes in Net Position										
Governmental activities	\$ 11,389,820	\$ 23,550,460	\$ 45,371,345	\$ 34,976,072	\$ 23,622,857	\$ 14,716,649	\$ 14,909,136	\$ 15,420,078	\$ 18,151,896	\$ 25,852,389
Business-type activities	12,340,065	18,758,568	39,308,520	11,849,658	(325,004)	(1,386,699)	1,089,561	1,288,954	2,049,734	4,983,615
Business-type activities	\$ 23,729,885	\$ 42,309,028	\$ 84,679,865	\$ 46,825,730	\$ 23,297,853	\$ 13,329,950	\$ 15,998,697	\$ 16,709,032	\$ 20,201,630	\$ 30,836,004
Total primary government										

PAULDING COUNTY, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Non-spendable fund balance	\$ 382,337	\$ 403,708	\$ 403,053	\$ 433,881	\$ 348,125	\$ 328,649	\$ 369,532	\$ 401,964	\$ 479,709	\$ 515,676
Restricted							351,717			
Assigned	115,338	463,458	635,774	879,252	724,303	3,094,253	3,647,117	2,820,546	7,014,545	9,143,060
Unassigned	19,327,190	21,651,314	22,496,280	20,098,938	15,849,241	16,470,220	18,359,367	23,264,808	28,007,092	30,845,409
Total General Fund	<u>\$ 19,824,865</u>	<u>\$ 22,518,480</u>	<u>\$ 23,535,107</u>	<u>\$ 21,412,071</u>	<u>\$ 16,921,669</u>	<u>\$ 19,893,122</u>	<u>\$ 22,727,733</u>	<u>\$ 26,487,318</u>	<u>\$ 35,501,346</u>	<u>\$ 40,504,145</u>
All other governmental funds										
Restricted	13,046,863	14,063,977	17,058,465	23,872,353	30,142,577	31,947,797	35,488,805	39,231,507	40,768,217	40,289,627
Committed	-	-	-	-	-	-	166,872	195,566	190,787	201,105
Assigned fund	4,719,282	1,725,316	79,428,819	25,058,539	4,974,557	5,153,393	733,069	429,034	1,104,093	133,769
Total all other governmental funds	<u>\$ 17,766,145</u>	<u>\$ 15,789,293</u>	<u>\$ 96,487,284</u>	<u>\$ 48,930,892</u>	<u>\$ 35,117,134</u>	<u>\$ 37,101,190</u>	<u>\$ 36,388,846</u>	<u>\$ 39,856,107</u>	<u>\$ 42,063,097</u>	<u>\$ 40,624,501</u>

*Paulding County implemented GASB 54 in 2011

PAULDING COUNTY, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 48,804,275	\$ 55,621,506	\$ 61,402,456	\$ 71,139,378	\$ 69,425,275	\$ 73,507,364	\$ 71,902,947	\$ 72,726,010	\$ 76,420,730	\$ 78,530,992
Licenses and permits	1,615,642	1,770,807	1,684,058	827,043	418,666	314,199	396,477	401,286	583,840	700,449
Intergovernmental*	1,651,988	1,502,209	10,503,875	12,539,098	17,994,489	7,556,746	12,863,115	8,602,078	13,438,765	8,478,505
Fines and forfeitures	1,037,912	931,095	929,701	1,429,305	1,870,675	2,177,000	1,916,401	1,809,874	1,790,623	1,665,816
Charges for services	7,033,626	7,830,328	7,922,743	7,732,736	7,507,272	7,949,596	7,721,805	7,086,883	7,518,179	7,822,728
Investment earnings	381,469	954,266	2,056,682	3,591,789	781,674	193,451	182,125	158,175	147,622	104,227
Contributions and donations	332,477	38,527	48,479	1,253,773	881,872	469,124	596,635	202,237	357,199	270,244
Miscellaneous	292,751	226,527	320,787	525,657	442,094	544,246	314,047	384,871	433,835	349,094
Total revenues	61,150,140	68,875,265	84,868,781	99,038,779	99,322,017	92,711,732	95,893,552	91,371,414	100,690,793	97,922,055
Expenditures										
General government	8,563,229	8,702,356	10,774,513	11,285,677	11,081,126	11,207,834	11,256,783	10,233,219	11,010,598	11,954,367
Judicial	3,795,098	4,131,459	4,677,542	4,850,252	5,171,580	5,045,118	5,008,761	5,005,183	4,927,934	4,978,802
Public Safety	21,994,854	21,964,695	24,469,922	27,502,036	27,550,200	27,534,354	28,182,770	29,174,642	29,683,023	31,065,954
Public works	10,318,124	9,051,348	12,569,722	12,284,573	11,454,071	12,479,067	10,695,703	11,866,358	8,537,966	9,485,961
Health and welfare	1,032,710	1,003,547	1,116,516	1,420,336	1,745,749	1,858,875	1,856,781	1,692,810	1,012,845	1,057,318
Culture and recreation	3,841,978	2,969,136	3,151,581	3,683,992	2,837,411	2,820,172	2,866,307	2,600,661	2,799,616	3,335,714
Housing and development	1,864,774	2,235,320	2,699,848	3,446,918	3,040,188	2,073,949	2,600,816	2,048,471	1,943,792	2,715,439
Capital outlay	3,633,531	16,542,982	24,834,462	78,418,236	47,761,495	19,150,903	22,910,133	13,348,602	18,158,525	26,934,285
Debt service										
Principal	2,274,315	1,077,163	700,000	1,935,000	2,450,000	2,545,000	2,395,000	2,545,000	2,970,000	3,470,000
Interest	520,215	430,496	405,656	3,181,795	4,034,357	3,860,850	3,693,609	3,600,576	3,504,287	2,864,914
Issuance costs	-	-	1,107,269	-	-	138,064	-	-	-	550,005
Intergovernmental	-	-	-	-	-	1,350,696	1,439,814	1,843,534	5,512,556	1,813,713
Total expenditures	57,838,828	68,108,502	86,671,031	148,008,815	117,126,177	90,064,882	92,906,477	83,959,056	90,061,142	100,216,472
Excess of revenues over (under) expenditures	3,311,312	766,763	(1,802,250)	(48,970,036)	(17,804,160)	2,646,850	2,987,075	7,412,358	10,629,651	(2,294,417)
Other financing sources (uses)										
Transfers in	3,555,500	3,925,600	3,738,506	7,860,275	6,960,000	4,990,595	-	-	665,836	436,954
Transfers out	(3,555,500)	(3,975,600)	(3,788,506)	(6,172,500)	(7,460,000)	(2,535,000)	(200,000)	(200,000)	(865,836)	(636,954)
Refunding bonds issued	-	-	-	-	-	5,129,938	-	-	-	46,591,069
Bonds issued	-	-	79,885,000	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-	-	-
Loans issued	-	-	-	-	-	-	-	-	768,490	-
Premium on bonds issued	-	-	3,681,868	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	(5,276,874)	-	-	-	(40,562,979)
Total other financing sources (uses)	-	(50,000)	83,516,868	1,687,775	(500,000)	2,308,659	35,163	14,488	22,877	30,530
Net change in fund balances	\$ 3,311,312	\$ 716,763	\$ 81,714,618	\$ (47,282,261)	\$ (18,304,160)	\$ 4,955,509	\$ 2,822,238	\$ 7,226,846	\$ 11,221,018	\$ 3,564,203
Debt service as a percentage of noncapital expenditures	5.67%	2.99%	3.70%	7.47%	10.31%	10.38%	9.75%	9.81%	8.87%	8.66%

* Intergovernmental revenue varies according to the grants received.

PAULDING COUNTY, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (in thousands)

Digest Year	Real Property	Privately Owned Public Utilities	Personal and Business	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2004	\$ 2,192,982	\$ 53,121	\$ 600,393	\$ 2,846,496	7.10	\$ 7,116,240
2005	2,548,274	55,928	654,582	3,258,784	7.00	8,146,960
2006	3,087,834	63,713	724,521	3,876,067	7.00	9,690,168
2007	3,451,495	69,459	825,885	4,346,839	9.00	10,867,098
2008	3,622,563	78,043	886,331	4,586,937	9.00	11,467,343
2009	3,334,739	81,707	906,124	4,322,570	10.25	10,806,425
2010	2,660,186	88,174	838,063	3,586,423	11.47	8,966,058
2011	2,401,829	88,174	782,267	3,272,271	11.47	8,180,677
2012	2,139,438	88,174	784,480	3,012,091	13.44	7,530,228
2013	2,159,641	88,138	806,351	3,054,131	13.54	7,635,326

Source: Paulding County Tax Assessors

Note: Property in the county is reassessed annually. The County assesses property at approximately 40 percent of actual value.

A regular \$2,000 Homestead Exemption is allowed on all owner-occupied homes except for purposes of bond tax levies. A special \$4,000 Homestead Exemption (from all State and County ad valorem taxes) is allowed on owner-occupied residences of persons who meet age and income requirements. A special \$10,000 Homestead Exemption is allowed on owner-occupied residences of persons who meet age and income requirements. This exemption applies to all Paulding County school ad valorem taxes except to pay interest on and retire bond indebtedness. Other special exemptions apply as to school ad valorem taxes based on age and income levels which entitle the taxpayer to credits of 50% to 100% of the tax due.

Note: In 2009 Paulding County's property digest began to decline due to the housing market.

PAULDING COUNTY, GEORGIA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years

Digest Year	Paulding County				Overlapping Rates							Total Direct & Overlapping Rates	
	Operating Millage		Debt Service Millage	Fire Tax Millage	Total County Millage	Board of Education			Total School Millage	State of Georgia	City of Dallas		City of Hiram
	Incorporated	Unincorporated				Operating Millage	Debt Service Millage	Total					
2004	6.50	6.50	0.60	0.00	7.10	16.41	1.12	17.53	0.25	3.19	-	28.07	
2005	6.50	6.50	0.50	0.00	7.00	16.41	1.12	17.53	0.25	3.14	-	27.92	
2006	6.80	6.80	0.20	0.00	7.00	16.41	0.56	16.97	0.25	3.79	-	28.01	
2007	6.50	6.50	0.50	2.00	9.00	18.91	2.08	20.99	0.25	3.79	-	34.03	
2008	6.50	6.50	0.50	2.00	9.00	18.91	2.96	21.87	0.25	3.79	-	34.91	
2009	6.65	6.65	1.60	2.00	10.25	18.91	2.96	21.87	0.25	3.79	-	36.16	
2010	7.60	7.60	1.87	2.00	11.47	18.91	2.96	21.87	0.25	3.79	-	37.38	
2011	7.60	7.60	1.87	2.00	11.47	18.91	0.00	18.91	0.25	3.79	-	34.42	
2012	8.29	8.29	2.05	3.10	13.44	18.91	0.00	18.91	0.20	4.17	-	36.72	
2013	8.22	8.22	2.22	3.10	13.54	18.88	0.00	18.88	0.15	4.17	-	36.74	

Source: Paulding County Board of Commissioners Minutes

PAULDING COUNTY, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago June 30, 2014

Taxpayer	2014			2005		
	Taxes Levied	Rank	Percentage of Total Tax Levy	Taxes Levied	Rank	Percentage of Total Tax Levy
Greystone Power	\$ 434,298	1	1.27%	\$ 367,484	2	2.34%
Georgia Transmission Corp.	278,659	2	0.82%			
IA Hiram Smith L.L.CI	174,507	3	0.51%	297,544	3	1.90%
City of Atlanta	165,399	4	0.49%	167,952	10	1.07%
Norfolk Southern	146,503	5	0.43%			
Jones Co. Ltd.	136,280	6	0.40%	390,125	1	2.48%
Georgia Power Company	131,932	7	0.39%			
BellSouth Communications	123,407	8	0.36%	253,875	5	1.62%
Wal-Mart	109,778	9	0.32%	233,445	6	1.49%
MRP Paulding LLC	103,446	10	0.30%			
Magnolia Creste, LLP				262,112	4	1.67%
Inland Container				185,112	7	1.18%
Target Corp				169,722	8	1.08%
Paulding Associates				168,653	9	1.07%

Source: Paulding County Tax Commissioner

PAULDING COUNTY, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

Fiscal Year Ending June 30,	Total Tax Levy	Current Tax Collection	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Total Collections as Percent of Current Levy
2005	\$ 15,700,902	\$ 15,544,765	99.01%	\$ 156,060	\$ 15,700,825	100.00%
2006	17,951,043	17,597,446	98.03%	349,700	17,947,146	99.98%
2007	21,138,250	21,106,336	99.85%	22,365	21,128,701	99.95%
2008	31,572,008	31,396,979	99.45%	142,229	31,539,208	99.90%
2009	32,907,367	32,525,284	98.84%	331,573	32,856,857	99.85%
2010	37,382,099	36,572,301	97.83%	722,731	37,295,032	99.77%
2011	34,436,345	34,274,232	99.53%	45,438	34,319,670	99.66%
2012	31,632,338	30,571,901	96.65%	905,793	31,477,694	99.51%
2013	33,377,150	32,582,693	97.62%	495,796	33,078,489	99.11%
2014	34,080,208	33,383,040	97.95%	-	33,383,040	97.95%

Source: Paulding County Tax Commissioner

PAULDING COUNTY, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Note	Intergovernmental Payable	Notes Payable	Revenue Bonds	Notes Payable	Intergovernmental Payable	Total Government			
2005	\$ 10,400,000	\$ 417,163	\$ -	\$ -	\$ 43,522,480	\$ 831,616	\$ -	\$ 1,991,867	\$ 57,163,126	2.17%	\$ 502
2006	9,740,000	-	-	-	41,879,006	713,015	-	1,825,465	54,157,486	1.90%	448
2007	92,583,361	-	-	-	40,108,914	570,605	-	1,670,037	134,932,917	4.70%	1,076
2008	90,506,751	-	-	-	38,253,822	419,435	-	1,537,266	130,717,274	4.54%	1,022
2009	87,915,141	-	-	-	52,672,479	258,966	-	1,396,653	142,243,239	3.62%	1,068
2010	85,074,829	-	-	-	50,137,998	6,829,724	-	1,248,440	143,290,991	3.24%	1,049
2011	82,160,679	-	-	-	47,072,085	6,438,771	-	1,092,852	136,764,387	2.86%	961
2012	79,387,554	-	-	768,490	43,856,877	1,569,321	-	5,360,000	130,173,752	2.66%	907
2013	76,213,797	-	-	1,739,559	41,466,200	1,372,790	-	5,090,000	124,911,277	2.36%	863
2014	76,691,519	-	4,590,000	-	37,850,544	1,166,964	-	4,685,000	126,723,586	2.26%	862

Note: Details regarding the County's debt can be found in the notes to the financial statements.
See the Demographic Statistics for personal income and population data.

PAULDING COUNTY, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (thousands)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net bonded Debt to Assessed Value	Net Bonded Debt per Capita
2005	113,807	\$ 2,846,496	\$ 10,400,000	\$ 1,796,736	\$ 8,603,264	0.30%	\$ 76
2006	120,841	3,258,784	9,740,000	2,469,702	7,270,298	0.22%	60
2007	125,351	3,876,067	92,583,361	2,472,717	90,110,644	2.32%	719
2008	127,906	4,346,839	90,506,751	1,285,973	89,220,778	2.05%	698
2009	133,135	4,586,937	87,915,141	1,275,280	86,639,861	1.89%	651
2010	136,655	4,322,570	85,074,829	1,059,728	84,015,101	1.94%	615
2011	142,324	3,586,423	82,160,679	1,313,563	80,847,116	2.25%	568
2012	143,542	3,272,271	79,387,554	1,232,569	78,154,985	2.39%	544
2013	144,800	3,012,091	76,213,737	1,515,862	74,697,875	2.48%	516
2014	146,950	3,054,131	76,691,519	2,146,542	74,544,977	2.44%	507

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

PAULDING COUNTY, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated* Percentage Applicable	Estimated Share of Overlapping Debt
Direct:			
General Obligation Bonds	\$ 76,691,519	100%	\$ 76,691,519
Intergovernmental Payable	4,590,000	100%	4,590,000
Loans Payable	<u>1,739,559</u>	100%	<u>1,739,559</u>
Total Direct	83,021,078		83,021,078
Overlapping:			
Paulding County School District:			
General Obligation Bonds	109,640,000	90%	98,676,000
Capital Leases	786,069	90%	707,462
City of Dallas:			
Intergovernmental Contracts	6,305,000	6%	378,300
GEFA Loans	<u>5,986,115</u>	6%	<u>359,167</u>
Total Overlapping	122,717,184		100,120,929
Total Direct and Overlapping	<u>\$ 205,738,262</u>		<u>\$ 183,142,007</u>

* Estimated percentage applicable is calculated based on assessed property value.

PAULDING COUNTY, GEORGIA

LEGAL DEBT MARGIN INFORMATION Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value of Property	\$ 2,846,496,068	\$ 3,258,783,875	\$ 3,876,066,965	\$ 4,346,838,804	\$ 4,586,936,931	\$ 4,322,569,651	\$ 3,586,423,135	\$ 3,272,270,626	\$ 3,012,091,356	\$ 3,054,130,546
Less: Special Homestead Exemption	(111,461,844)	(144,764,352)	(188,576,783)	(201,769,303)	(219,424,316)	(220,206,684)	(188,756,893)	(225,191,114)	(224,685,721)	(221,222,794)
Assessed Value for Bond Purposes	<u>\$ 2,735,034,224</u>	<u>\$ 3,114,019,523</u>	<u>\$ 3,687,490,182</u>	<u>\$ 4,145,069,501</u>	<u>\$ 4,367,512,615</u>	<u>\$ 4,102,362,967</u>	<u>\$ 3,397,666,242</u>	<u>\$ 3,047,079,512</u>	<u>\$ 2,787,405,635</u>	<u>\$ 2,832,907,752</u>
Debt Limit - 10% of Assessed Value	\$ 273,503,422	\$ 311,461,952	\$ 368,749,018	\$ 414,506,950	\$ 436,751,262	\$ 410,236,297	\$ 339,766,624	\$ 304,707,951	\$ 278,740,564	\$ 283,290,775
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	\$ 10,400,000	\$ 9,740,000	\$ 88,925,000	\$ 86,990,000	\$ 84,540,000	\$ 81,780,000	\$ 79,385,000	\$ 76,840,000	\$ 73,870,000	\$ 76,691,519
Less: Available in Debt Service Fund	(1,796,736)	(2,469,702)	(2,472,717)	(1,285,973)	(1,275,280)	(1,059,728)	(1,313,563)	(1,232,569)	(1,515,862)	(2,146,542)
Net Debt Applicable to Debt Limit	<u>\$ 8,603,264</u>	<u>\$ 7,270,298</u>	<u>\$ 86,452,283</u>	<u>\$ 85,704,027</u>	<u>\$ 83,264,720</u>	<u>\$ 80,720,272</u>	<u>\$ 78,071,437</u>	<u>\$ 75,607,431</u>	<u>\$ 72,354,138</u>	<u>\$ 74,544,977</u>
Legal Debt Margin	<u>\$ 264,900,158</u>	<u>\$ 304,191,654</u>	<u>\$ 282,296,735</u>	<u>\$ 328,802,923</u>	<u>\$ 353,488,542</u>	<u>\$ 329,516,025</u>	<u>\$ 261,695,187</u>	<u>\$ 229,100,520</u>	<u>\$ 206,386,426</u>	<u>\$ 208,745,798</u>
Total net debt applicable to the limit as a percentage of debt limit	3.15%	2.33%	23.44%	20.68%	19.06%	19.68%	22.98%	24.81%	25.96%	26.31%

NOTE: The Constitutional debt limit for direct general obligation tax bonds which may be issued by the Commissioners of Paulding County is 10% of the assessed valuation of taxable property within the County

PAULDING COUNTY, GEORGIA

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Services	Debt Service Requirements (2)		Total	Coverage
				Principal	Interest		
2005	\$ 13,256,863	\$ 8,560,396	\$ 4,696,467	\$ 1,120,000	\$ 1,790,746	\$ 2,910,746	1.61
2006	17,790,621	10,261,848	7,528,773	1,645,000	1,989,618	3,634,618	2.07
2007	20,180,090	11,780,024	8,400,066	1,770,000	1,961,707	3,731,707	2.25
2008	19,002,271	12,222,465	6,779,806	1,855,000	1,909,311	3,764,311	1.80
2009	20,304,005	13,727,385	6,576,620	1,940,000	1,997,191	3,937,191	1.67
2010	21,814,247	15,276,639	6,537,608	2,340,000	1,751,813	4,091,813	1.60
2011	23,486,640	16,135,691	7,350,949	2,860,000	2,003,118	4,863,118	1.51
2012	24,829,896	16,961,111	7,868,785	3,000,000	1,883,644	4,883,644	1.61
2013	25,296,030	17,938,024	7,358,006	3,130,000	1,746,914	4,876,914	1.51
2014	26,046,079	18,174,022	7,872,057	3,285,000	1,495,281	4,780,281	1.65

(1) Total operating expenses exclusive of depreciation.

(2) Includes principal and interest of revenue bonds only. It does not include the GEFA loans reported in the Water and Sewer Department.

PAULDING COUNTY, GEORGIA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income		Per Capita Income (2)	Unemployment Rate (3)	
		(amounts expressed in thousands)				
2005	113,807	\$	2,639,298	\$	23,191	3.6%
2006	120,841		2,844,114		23,536	4.0%
2007	125,351		2,870,413		22,899	4.0%
2008	127,906		2,877,118		22,494	6.3%
2009	133,135		3,932,675		29,539	10.7%
2010	136,655		4,428,032		32,403	10.8%
2011	142,324		4,773,974		33,543	10.5%
2012	143,542		4,902,246		34,152	8.7%
2013	144,800		5,283,028		36,485	8.3%
2014	146,950		5,596,003		38,081	7.8%

(1) Source: U. S. Census Bureau estimate

(2) Source: Bureau of Economic Accounts

(3) Source: Georgia Department of Labor

PAULDING COUNTY, GEORGIA

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Paulding County Employment	Employees	Rank	Percentage of Paulding County Employment
WellStar Health System Inc	3789	1	5.63%	350	4	0.61%
Paulding County Board of Education	3241	2	4.82%	2500	1	4.36%
Wal-mart Associates Inc.	1715	3	2.55%	625	3	1.09%
Paulding County Government	820	4	1.22%	650	2	1.13%
Kroger	671	5	1.00%	90	10	0.16%
Metromont Prestress Company	200	6	0.30%	200	6	0.35%
Learning Bridge	176	7	0.26%			
Publix Super Markets	175	8	0.26%	117	8	0.20%
Target Corporation	160	9	0.24%	160	7	0.28%
Home Depot	150	10	0.22%			
Alken Grading				260	5	0.45%
BellSouth Telecommunications				115	9	0.20%

Source: Georgia Department of Labor
Number of employees are estimated

PAULDING COUNTY, GEORGIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of June 30									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	78	82	85	84	81	77	74	74	74	76
Judicial	45	47	71	70	70	64	62	62	67	76
Public Safety	60	61	61	54	44	47	47	48	49	51
Firefighters	69	75	81	85	112	118	129	129	138	140
Sheriff	230	240	269	268	269	278	268	272	282	276
Public Works	87	94	96	94	88	88	80	80	81	81
Department of Transportation	59	61	64	61	59	53	55	55	58	58
Health and welfare	9	9	8	8	8	8	7	7	8	7
Culture and recreation	36	37	38	39	34	34	35	35	35	38
Housing and development	26	28	25	25	12	13	14	13	14	17
Total	681	734	798	788	777	780	771	775	806	820

Source: Paulding County Finance Department - Budget Documents

PAULDING COUNTY, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Animal Control cases	5,810	5,866	7,801	6,513	5,898	5,232	4,983	3,868	3,636	3,368
Emergency 911 ** call volume	111,065	140,673 *	188,029	203,401	228,760	218,627	218,627	285,813	285,813	286,846
Marshall call volume	999	1,272	1,190	986	1,094	831	1,725	3,133	2,834	2,861
Fire call volume	8,907	8,659	9,001	9,140	9,297	9,799	10,379	10,772	10,772	11,865
Sheriff call volume	44,621	46,233	58,054	73,221	71,054	71,925	71,925	64,197	64,405	59,871
Health and welfare										
Senior Programs	1,213	1,265	1,485	1,400	1,092	1,100	1,080	1,085	1,085	1,085
Transit Trips	34,622	38,680	29,470	39,745	42,809	43,450	43,520	43,200	43,200	43,200
Meals on Wheels	n/a	3,828	18,571	19,620	29,107	29,220	29,200	29,150	29,150	29,150
Culture and recreation										
Recreation programs	79	98	110	103	165	115	121	180	180	180
Housing and development										
Permits issued	3,460	3,686	2,953	1,600	812	741	536	474	725	1,086

* In 2005 a hardware failure with the Bellsouth line logger caused permanent loss of call volume.

n/a Information is not available.

Source: Paulding County Departments

PAULDING COUNTY, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Buildings	50	51	51	51	51	52	52	52	52	52
Public Safety										
Fire stations	10	10	10	10	10	11	12	12	12	12
Culture and recreation										
Acreeage	650	832	923.4	1014.8	1106.2	1197.6	1197.6	1197.6	1197.6	1204.6
Parks	8	10	11	11	11	11	11	11	11	12

Source: Paulding County Government asset records