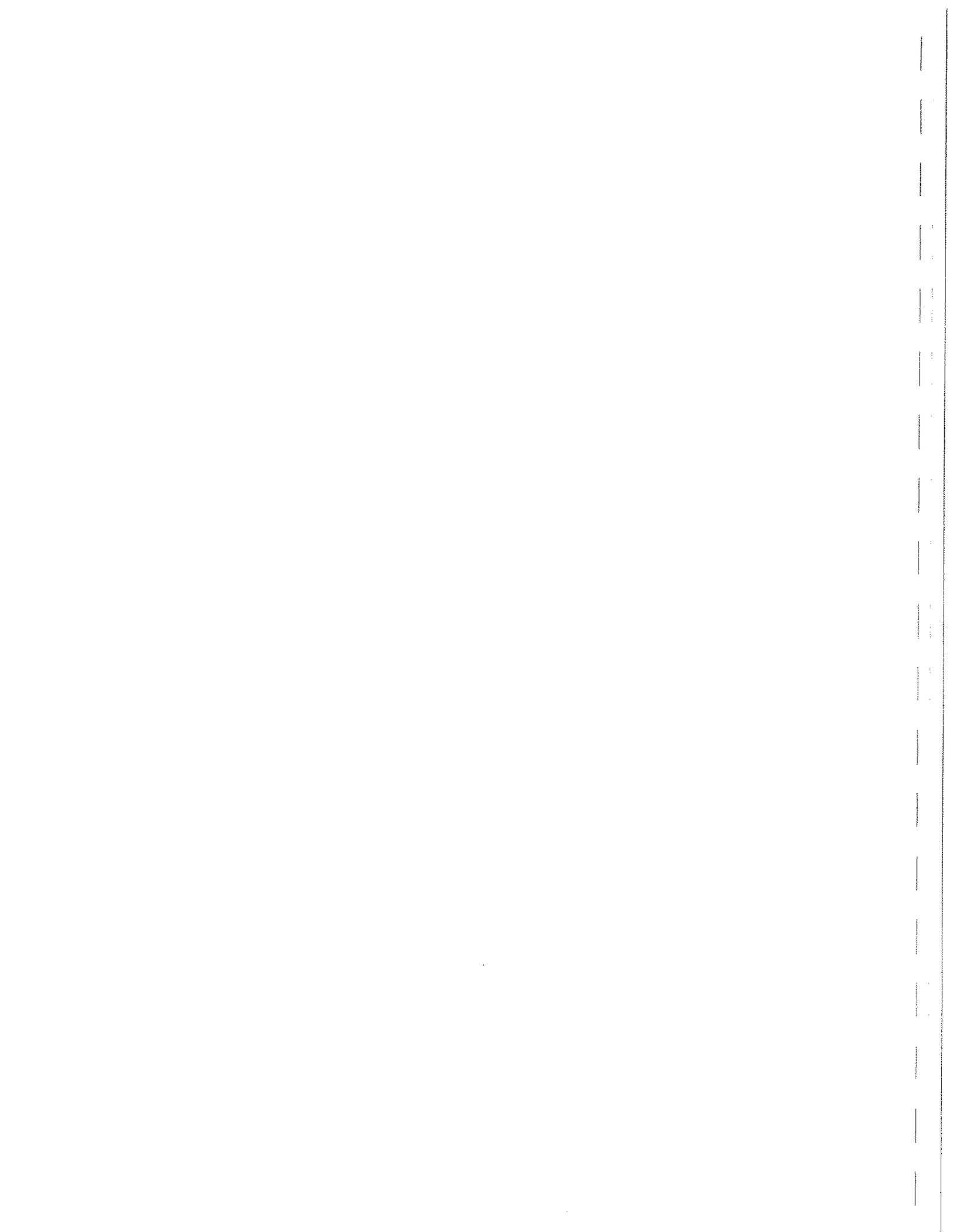


JACKSON COUNTY, GEORGIA

TAX ABATEMENTS

AGREED UPON PROCEDURES

March 29, 2013





REPORT OF AGREED UPON PROCEDURES

March 29, 2013

Board of Commissioners
Jackson County, Georgia
Jefferson, Georgia

We have performed the procedures enumerated below with respect to payment in lieu of taxes agreements for the Jackson County, Georgia government for the year ended December 31, 2012.

Procedures and Findings

1. Obtain from the tax assessors office a list of properties in the name of Jackson County Industrial Development Authority. When requesting the list, be sure that variations in the name such as Jackson IDA, Jackson Co Development Authority, etc are considered. *No exceptions noted.*
2. Ask that the list identify the properties and their valuations that the tax assessors are billing under various tax abatement agreements or as payments in lieu of taxes. *No exceptions noted.*
3. Obtain a listing from the tax commissioner's office of the actual tax bills issued for the year on those properties.
 - a. *The \$5,400 value of a parcel of land on map number 091-007H for North American Stainless was not billed. The amount of under billed property taxes was \$68.*
4. Compare the listing in 1 to the list of Industrial Revenue Bonds outstanding at year end (Conduit Debt) obtained as part of the audit of the Industrial Development Authority. *No exceptions noted.*
5. Obtain copies of the tax abatement agreements if not already received as part of IDA audit. *No exceptions noted.*
6. If there is a private revenue bond outstanding but no tax abatement agreement, determine that 100% of the taxes due have been billed to the private entity for the year. *No exceptions noted.*

7. Determine that the amount of property taxes billed to the private entities with a current tax abatement agreement is correct according to that agreement.
 - a. *Personal property parcel 43420 for SYX Distribution, Inc. (Tiger Direct) was billed incorrectly. The bill was done using a taxable amount of 25% rather than the 50% specified under the tax abatement agreement. The amount of under billed property taxes was \$64,175. A corrected bill was sent to the tax payer as a result of this finding.*

8. Review properties that were on the list at the end of the prior year to see if any of the abatement agreements and/or industrial revenue bonds has expired. If so, determine that the property is no longer in the name of the IDA but has been transferred back to the private entity and has been included in the current year digest valuation so that the proper billing of property taxes is made.
 - a. *Parcel TAX ABAT5 consists of property belonging to Kubota and is being taxed properly. However title to the property needs to be transferred back to the company and placed on parcel 065 002F.*
 - b. *Parcel TAX ABAT7 consists of property belonging to Spectrum Brands and is being taxed properly. However title to the property needs to be transferred back to the company and placed on parcel 092 022.*
 - c. *Parcel TAX ABAT8 consists of property belonging to North American Stainless and is being taxed properly. However title to the property needs to be transferred back to the company and placed on parcel 091 007D and 091 007H.*

9. Calculate the dollar amount of property taxes not billed for the current year because of valid abatement agreements. *The total amount of unbilled taxes is \$850,428. Please refer to Exhibit 1.*

Because the above procedures do not constitute an audit in accordance with generally accepted auditing standards or *Government Auditing Standards*, we do not express an opinion on any of the accounts or items referred to above. This report relates only to the accounts and matters specified on this page and does not extend to any financial statements of JACKSON COUNTY, GEORGIA taken as a whole.

Bates, Carter & Co, LLP

**JACKSON COUNTY, GEORGIA
EXHIBIT 1 - SUMMARY OF PILOT AGREEMENTS
DECEMBER 31, 2012**

R Real
P Personal

Company Name	Map Parcel #	Agreement Expired	Name on Property Card	Per agreement	2011 amount unbilled	Dollar amount of unbilled taxes
North American Stainless	R 091-007D R 091-007H P 41338	Y Y Y	Jackson Co Ind Dev Au Jackson Co Ind Dev Au North American Stainless	EXPIRED same as real	county taxes = 0% school taxes = 0% same as real	\$ - - -
Spectrum Brands	R 092-022 P 41471	Y Y	Jackson County Industrial Spectrum Brands	EXPIRED same as real	county taxes = 0% school taxes = 0% same as real	- -
Kubota	R 065-002F P 41664 P 40474	Y N Y	Development Authority of Jefferson Kubota Tractor Company Kubota	EXPIRED same as real same as real	county taxes = 0% school taxes = 0% same as real	- - -
Nicolon	R 092-005R R 092-005L P 021-001C P 13735	N N N N	Jackson Co Ind Dev Au Nicolon Corporation Nicolon Corporation Nicolon Miraf Group	land exempt 1994-2014	county taxes = 0% land only	21,202.36 R n/a n/a n/a
Commerces Ind Park	R 033-004A	N	Jackson Co Ind Dev Au	all years = 0% until sold/leased to 3rd party	county taxes = 100%	25,694.41
Kubota #2	R 065-002I R 065-002J	N N	Development Authority of Jefferson	2009 = 0% 2010 = 20% 2011 = 40% 2012 = 60% 2013 = 80% 2014 = 100% school taxes all years = 100%	county taxes = 60%	35,440.11 R
	P 42952	N	Kubota National Distribution	same as real	school taxes = 0% same as real	56,531.31 P

JACKSON COUNTY, GEORGIA
EXHIBIT 1 - SUMMARY OF PILOT AGREEMENTS
DECEMBER 31, 2012

R Real
P Personal

Company Name	Map Parcel #	Agreement Expired	Name on Property Card	Per agreement	2011 amount unbilled	Dollar amount of unbilled taxes
Aldi	R 065-002C2	N	Aldi	2010 = not applicable 2011 = 0% 2012 = 20% 2013 = 40% 2014 = 60% 2015 = 80% 2016 = 100% school taxes all years = 100%	county taxes = 0% school taxes = 0%	103,287.30 R
	P 45763	N	Aldi	same as real	same as real	66,269.97 P
SYX Distribution (Tiger Direct)	R 092-003B3	N	Jefferson Mill Project LLC	2010 = 0% 2011 = 25% 2012 = 50% 2013 = 75% 2014 = 100% school taxes all years = 100%	For equipment only county taxes = 25%	n/a R
TD Automotive 2	P 43420	N	SYX Distribution	school taxes all years = 100%	school taxes = 0%	542,002.54 P
	R n/a for 2011	N	n/a for 2011	prior to completion date = 0% 2017 = 0% 2018 = 20% 2019 = 40% 2020 = 60% 2021 = 80% 2022 = 100% school taxes all years = same as above	county taxes = 0%	n/a
	P n/a for 2011		n/a for 2011	same as real		n/a P
Bed, Bath, & Beyond	R n/a for 2011	N	n/a for 2011	2011 = 0% 2012 = 100% 2013 = 10% 2014 = 20% 2015 = 40% 2016 = 60% 2017 = 80% 2018 = 100% school taxes all years = same as above		n/a
	P n/a for 2011	N	n/a for 2011	same as real		n/a
Total Unbilled Amount \$						850,428.00