

Comprehensive Annual Financial Report
City of Acworth, Georgia

For the Fiscal Year Ended June 30, 2010

DEPARTMENT OF FINANCE
Sharron L. Burtz
City Treasurer



**CITY OF ACWORTH, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2010**

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Thomas W. Allegood, Mayor

Board of Aldermen:

Tim Houston

Albert L. Price

Gene Pugliese

Timothy Richardson

Robert Weatherford



Brian M. Bulthuis, City Manager
Douglas R. Haynie, City Attorney
Regina R. Russell, City Clerk

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Acworth, Georgia 30101
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www.acworth.org

December 3 , 2010

The Honorable Mayor Thomas W. Allegood,
Members of the Board of Aldermen and
Citizens of the City of Acworth, Georgia

Ladies and Gentlemen:

The Comprehensive Annual financial Report (CAFR) of the City of Acworth, Georgia for the fiscal year ended June 30, 2010 is submitted herewith. Georgia state law requires that every general-purpose local government publish within six months of the close of each fiscal year a set of audited financial statements.

Responsibility for both accuracy of the data and the completeness and fairness of presentation, including disclosures, rests with the City. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable interested citizens to gain a reasonable understanding of the City's financial activities have been included.

Article VI, Section 6.26 of the Charter of the City of Acworth requires an annual independent audit of all City accounts, funds, and financial transactions by a certified public accountant selected by the Mayor and Board of Aldermen. Moore and Cubbedge, LLP have audited the City of Acworth's financial statements. The independent auditors have concluded, based upon their audit, that there was reasonable basis for rendering an unqualified ("clean") opinion for the City of Acworth and its component units for the fiscal year ended June 30, 2010. The independent auditor's report is located at the front of 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.

Government Profile

The City of Acworth was incorporated in 1860. Acworth is located in the north-west corner of Cobb County; approximately 30 miles northwest of Atlanta. It is nestled between Interstate 75 and U.S. Highway 41; thus, making it easily accessible. It currently occupies 7.4 square miles and serves a population of approximately 20,336 (Acworth Economic Development Department estimate).

The City of Acworth operates under the board-manager form of government. The Mayor and a five member Board of Aldermen govern the City of Acworth. Policy-making and legislative authority are vested in the Mayor and Board of Aldermen who are elected at large, serving four year staggered terms and are part-time employees. A City Manager, who is appointed by and responsible to the Mayor and Board of Aldermen, directs the daily operations of the City.

The City is a full service municipality providing, general government, public safety, recreation, public works, solid waste sanitation, electrical power, economic development and other services. In addition to these activities, the City of Acworth has financial accountability for other organizations and financial units based on its ability to appoint a majority of the organization's governing body and effectively impose its will on the organization. Based upon such criteria, financial statements for the discretely presented component units are included. The component units are legally separate entities for which the primary government is financially accountable. The component units are reported in a separate column in the government-wide financial statements. The Acworth Area Convention and Visitors Bureau, the Acworth Lake Authority, and the Acworth Downtown Development Authority are discretely presented component units of the City. Additional information on all of these separate entities can be found in the notes to the financial statements.

The City adopts annual budgets for all funds it operates. The legal level of control (the level at which expenditures may not exceed appropriations) is at the department level.

Economic Condition and Outlook

Summary of Local Economy

The local economy of Acworth is not immune from all misfortune as there has been an increase in unemployment as experienced in all communities. As of June 30, 2010, the City's unemployment rate was 9.5%, while the state's rate was 10.0% and the national rate was 9.5%. Some of this can be attributed by the reality that the metropolitan area of Atlanta has also witnessed jobs lost which is closely aligned with the local economy of Acworth. Metro Atlanta is a major transportation and distribution center, as well as a major employment center, with headquarters of many national companies including Coca-Cola, UPS, Delta and Home Depot. Acworth has over 750 licensed businesses that employ over 6,100 workers; the top ten employers employ approximately 33.67% of this workforce; over 11% of the total employees is in the government sector.

When faced with economic realities (i.e. business closures), the local community is able to encourage and foster new business to fill in the gaps. Specifically, when a business that occupied over 50,000 square feet of building closed, that empty space was converted into 5 new spaces for individual businesses to occupy. The City of Acworth continuously partners with public, private, and non-profit entities to ensure that quality commercial and retail growth is developed so that the community has access to the necessities and amenities that is expected from an All-America City.

Although the City has been affected by the national economic recession of the past couple of years, it shows signs of slowed decline. The City issued 59 building permits, representing approximately \$9,934,600 in new growth for the City. The 2009 tax digest saw 1.36% increase in net-taxable value.

Long-term Financial Planning

During 2008, the City analyzed the revenue cycle as compared to the fiscal year. The City approved a change in fiscal years from a January to December cycle to a July through June reporting period. The adjusting period saw a large decrease in fund balance. However, prior years saw fund balance increase as did the current year's change in fund balance. The change in fiscal years enables the City to budget more effectively as the primary revenue source of property taxes is billed in August and have a more realistic view of fund balance.

Capital Projects are reviewed on a case by case basis to determine the long-term impact and ongoing maintenance and operational costs to the City. At the end of the fiscal year, the City funded the Capital Projects fund with \$225,000 for future property acquisitions to be made as a result of a forthcoming redevelopment project. Infrastructure projects are funded with Special Purpose Local Option Sales Tax (SPLOST) proceeds that will continue throughout December 2011. As the SPLOST allocation has decreased to \$13.3 million from \$14.2 million; additional funding through Stimulus and Livable Cities Initiative grants

awarded to the City will enable the proposed projects to be completed. Capital outlay expenditures are kept to a minimum while maintaining a replacement schedule that will not limit services now or place a hardship on services at a later time. Additionally, when reviewing projects the City also analyzes the long-term impact to the additional operational costs that a project may impose upon the City.

Although many economic factors are largely outside of the City's control; the Mayor and Board of Aldermen, City Manager and City departments have displayed impressive financial stewardship over the years through an established philosophy of budgetary evaluation. City management continues to emphasize the importance of strong financial position and intends to improve the undesignated fund balance in the General Fund by remaining within budgeting constraints, reviewing revenues and expenditures monthly to ensure City departments are operating in an efficient manner. Costs relative to a standard of services are reviewed with the mindset that costs should not be appropriated unless they are justified as meeting the goals of the City to serve the community.

Property taxes are a significant revenue stream for the City. As development has slowed and a decrease in the tax digest is expected, diversification of revenue sources is crucial. Annually, existing revenue sources (such as: user fees, permits and recreation fees) are reviewed for reasonableness and adjusted accordingly.

As detailed within the following financial statements, the unreserved, undesignated fund balance ended the year in the General Fund at \$2,553,979; this represents 39.1% of its total fund balance and calculates to slightly more than 2 ½ months of operations (excluding transfers out). Total fund balance in the General Fund saw an increase of \$196,938 to \$6,535,395. While fiscal year 2010 saw an increase in the unreserved undesignated fund balance of the General Fund, City staff realized the challenging economic times required an annual budget to be adopted for FY2011 to appropriate \$4,046 amount of unreserved fund balance. This budget realized there was an expectation for the tax digest to decrease in value and the necessary steps were taken to include such reductions in the budget. Once the economic downturn is over, City staff intends to improve the unreserved undesignated fund balance to increase the months of operations in fund balance.

The City's debt limitation is 10% of the taxable digest or \$75,391,679. Currently, the City is utilizing 0.33% of this limitation. There are no current plans to increase the utilization of the limit. Other debt outstanding that is not subject to this limit is decreasing its balances each year.

Relevant Financial Policies

Adherence to the City's financial planning; revenue and expenditure established practices and policies have allowed the City to maintain financial stability. The City has not required short-term financing to meet operational needs. Cash and investment management follows conservative and statutory guidelines to ensure that all funds are properly collateralized at 110% in excess of federal deposit insurance. Additionally, investments are planned to mature when operationally needed and placed with different financial institutions to ensure safety according to the City's investment policy.

The purchasing policy is designed to ensure the best use of City resources by requiring competitive pricing and levels of authorization to thwart misappropriation. Funds are encumbered and budgets are verified prior to authorization.

The budget process involves departments submitting a basic level of services budget. After revenues are reviewed and evaluated; additional projects may be added. They are evaluated and prioritized based on the ability to fund themselves and long-term impact on the City.

Major Initiatives

Redevelopment Strategy - Some of Acworth's efforts over the past several years began coming to fruition in 2010. For years the City worked with a group of local private developer/investors in redeveloping an old grocery store in the heart of Downtown Acworth. This public/private initiative is seemingly paying off as the

redeveloped building will now house a group of physicians and other medical businesses. Beginning in January 2011, Downtown Acworth will be home to a physicians group that is well established in northwest Cobb and goes by the name of Kennesaw Family Physicians. Additionally a medical imaging business will complement the physicians group as they occupy space in an adjoining building. This will bring jobs and additional revenue to the City.

This year also witnessed the continuation of Acworth's efforts to redevelop a significant portion of the community that lies north of the railroad tracks. A redevelopment study conducted over the past few fiscal periods is guiding the redevelopment in coordination with the SPLOST project in the area. The City allocated \$125,000 in Capital Project funds for the study in 2008; \$117,542 has been spent as of June 30, 2010. The allocated SPLOST project budget is \$1.3 million. Engineering and site acquisition negotiations were underway during FY2010. This thoroughfare in its existing condition does not facilitate a proper traffic flow and is a substandard road. Residential and possible commercial/retail development will become more of a reality for this area after the construction of the road. Coupled with the ever present green space that has been acquired throughout the years and the expansion of the Tanyard Creek Trail, this approximately 100 acres identified as a "redevelopment area" will prove to occur sooner rather than later. This will provide growth to the tax base for future tax revenue.

SPLOST- Infrastructure – As mentioned earlier, the City is the recipient of SPLOST proceeds that are primarily for road and infrastructure projects. During FY2010 construction for phase 1 of Senator Russell Avenue was began. The total project expenditures as of June 30, 2010 are \$513,033; of this amount \$215,242 was incurred in FY2010. The SPLOST budget for the Senator Russell projects is \$816,000 and is supplemented with \$560,000 in stimulus funds; of this amount \$176,071 was earned in FY 2010. This project was still underway at June 30, 2010. The Lemon Street storm drainage project was in construction phase at the fiscal year end. The construction costs incurred on this project during the fiscal year were \$83,417. The Northside Drive project along the railroad corridor incurred expenditures of \$70,210 in FY2010.

Confiscated Assets Fund – During the fiscal year, the police department was in receipt of \$35,149 as a result of local drug seizures and disbursements received as being part of a multi-jurisdictional task force. These funds and those carried over from prior years enabled the police department to purchase two vehicles totaling \$41,925 and several tasers at a total of \$21,788.

Contributions and Donations – During the year the City received donations from various sources for a variety of reasons. The police department received equipment donations of two scooters, a four-wheeler and a golf cart to assist in special events and operations. The Special Needs Program received benefit of the private donations and the covering the bases fundraiser coordinated by the police department to the tune of \$12,786. A private benefactor continued to sponsor the Expanding Horizons program which targets underprivileged youth with \$26,064. The City was honored to be a finalist in the All-America City Award program, which is discussed in further detail in *Awards and Acknowledgements*. The contingency sent for the presentation was funded through contributions and donations in the amount of \$41,546.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Acworth for its comprehensive annual financial report for the year ended December 31, 2008. This was the tenth consecutive year the City had received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The 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 GFOA to determine its eligibility for another certificate.

All-America City Designation - The All-America City award for the Acworth Community actually began nearly a decade ago and became noticeable about 4 to 5 years ago. It was only in the year 2010 that the City of Acworth was formally recognized as an All-America City as designated by the National Civic League.

In order to distinguish oneself from the tens of thousands of other municipalities across this great nation, a City must demonstrate some great quality or program that sets it apart from all others. It could be asserted that the Acworth Community never set out to "win" or receive this prestigious award, but it was merely out of doing the "right thing" that caused this honor to be bestowed upon the Community.

The City of Acworth submitted an application to the National Civic League in March of 2010 for consideration of All-America City. One month later, Acworth was chosen along with 20 other communities to compete in Kansas City, Missouri for the distinction of All-America City. The application consisted of 3 programs which highlight a community based approach of addressing concerns or problems in the community. The City of Acworth chose the Acworth Achievers, Expanding Horizon, and Horizon Field (Special Needs League) as their programs to highlight.

As alluded earlier, these 3 programs were not created out of the will of the City but rather through a concerted effort by the community over a decade ago to address issues that were pervasive in our community.

The preparation of this report is truly a joint effort involving all City staff, the independent auditors for the City and its component units, along with the cooperation of various elected officials and appointed management. Their dedication and contributions to the preparation of this report, along with the direction and support of the City Manager's Office, form the basis for responsible and progressive financial management in the City of Acworth.

The Mayor and Board of Aldermen should be acknowledged for their valuable contributions in the guidance of the financial affairs of the City. The Citizens of the City of Acworth are also thanked for their level of community involvement extending far beyond personal interest.

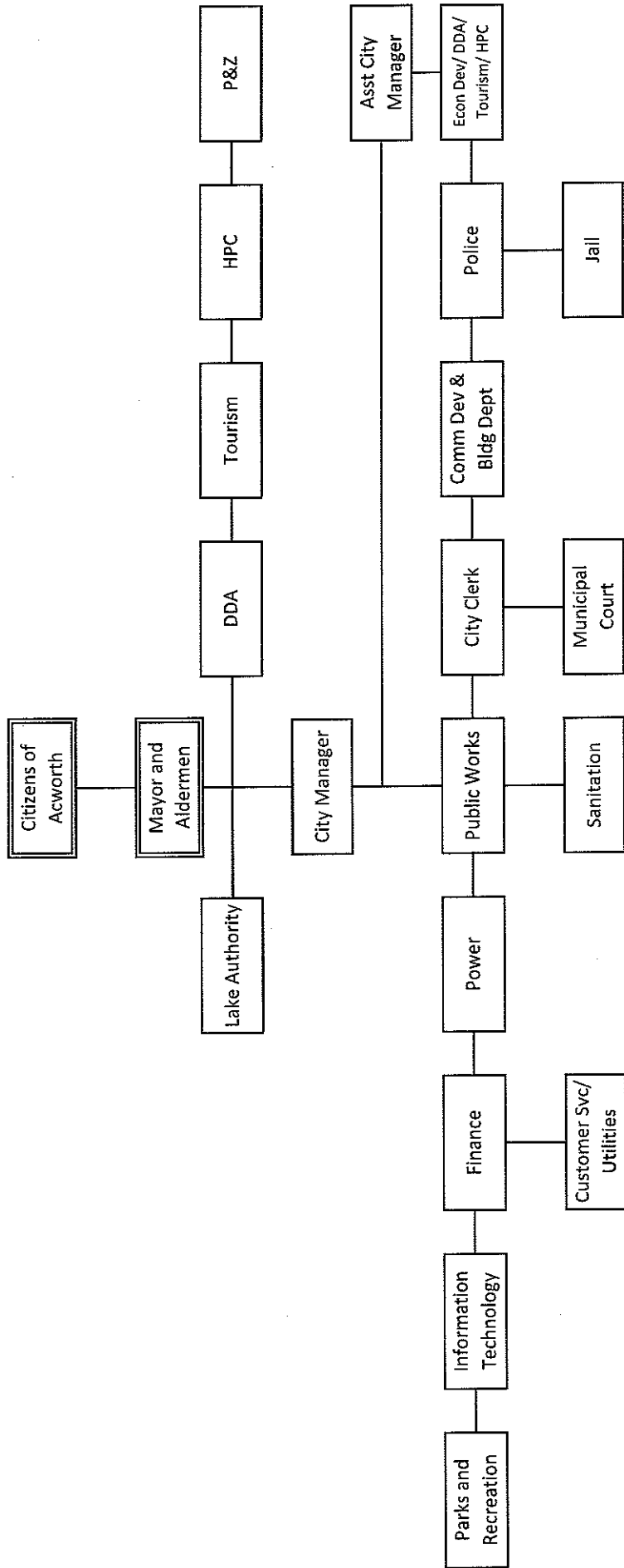
All of these components make Acworth an exciting place in which to live and work.

Respectfully submitted,



Sharron L. Burtz
City Treasurer
City of Acworth

City of Acworth Organizational Chart



CITY OF ACWORTH, GEORGIA
CITY OFFICIALS AND ADMINISTRATION
June 30, 2010

Thomas W. Allegood
Mayor

CITY ALDERMEN

Tim Houston
Albert L. Price
Gene Pugliese
Timothy Richardson
Robert M. Weatherford

CITY ADMINISTRATION

Brian M. Bulthuis
City Manager

Brandon Douglas
Regina R. Russell
Van R. Blackwood, Sr.
Sharron L. Burtz
Christine Dobbs
Loyd Fasselt
Mark Hipp
James Albright
Amanda Sutter
Michael G. Wilkie
Keith Wilson

Assistant City Manager
City Clerk
Electrical Superintendent
City Treasurer
Community Development Director
Building Official
Public Works and Sanitation Director
Director of Parks and Recreation
Downtown Development/Tourism Director
Chief of Police
Information Systems Manager

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INDEPENDENT AUDITOR'S REPORT

The Honorable Thomas W. Allegood, Mayor
Board of Aldermen
City of Acworth
Acworth, Georgia

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Acworth, Georgia, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Acworth, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010 on our consideration of the City of Acworth, Georgia's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable Thomas W. Allegood, Mayor
Board of Aldermen
City of Acworth
December 3, 2010
Page 2

The management's discussion and analysis on pages 3 through 16, the schedule of funding progress on page 56, and budgetary comparisons for the General Fund on pages 57-58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Acworth's basic financial statements. The accompanying supplementary information listed as the Introductory Section and the Combining and Individual Fund Statements and Schedules and Supplementary Information, Statistical Section, and the Special Reports Section in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the City of Acworth, Georgia. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The Combining and Individual Fund Statements and Schedules and Supplementary Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Moore & Cubbedge, LLP

December 3, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

As management of the City of Acworth, we offer readers of the City of Acworth's financial statements this narrative overview and analysis of the financial activities of the City of Acworth for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information in the letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The City's assets exceeded its liabilities by \$39 million (net assets) for the fiscal year reported. Of this amount, governmental activities have a deficit in unrestricted net assets of \$3,244,415. This deficit is the result of the debt associated with the tax allocation district for which a capital asset is not associated. Total net assets for business-type activities increased from \$1.9 million to \$2.5 million in FY2010.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt of \$38.8 million, includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - Net assets of \$7.0 million are restricted by constraints imposed from outside the City such as debt covenants, voter appropriation and future projects.
 - At the end of the current fiscal year, the City's General Fund fund balance increased from \$6.3 million to \$6.5 million. Unreserved undesignated fund balance for the General Fund increased from \$2,324,058 to \$2,553,979 and is approximately 25.1% to total General Fund expenditures (excluding transfers).
- The City's General Fund reserved fund balance at the end of this fiscal year totaled \$ 3,981,416 as a result of the following:
 - \$ 11,591 reserved for encumbrances,
 - \$ 104,133 reserved for projects,
 - \$ 611,697 reserved for debt service,
 - \$ 253,995 reserved for pre-paid items such as property and loss insurance,
 - \$ 3,000,000 reserved for voter appropriation.
- The City's governmental funds reported a total ending fund balance of \$10,244,863 at the end of this fiscal year. This compares to prior year ending fund balance of \$8,395,407, showing an increase of \$1,849,456 during the current year. The increase is the primary result of the receipt of charges for services during 2010 as well as General Fund revenues over expenditures.
- Debt outstanding for the governmental funds decreased by \$692,354 to \$11,142,716. Debt service principal payments due within one year are \$678,078 for governmental funds. Debt for business-type activities had a net decrease of \$414,426. During the year, the City retired two equipment leases with higher interest rates and obtained a new lease on a sanitation truck. Debt outstanding for business-type activities is \$9,197,462 at the end of the fiscal year; of this amount \$404,114 in principal is due within one year. The other changes are attributed to the normal amortization of the debt.
- Total liabilities of the City's Governmental type and Business-type funds outstanding at June 30, 2010, are \$13,848,686 and \$9,769,329 respectively. \$2,304,438 represents liabilities that are due in one year or less in the governmental funds and \$2,521,923 for business type funds.
- Overall, the City continues to maintain its financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Acworth's basic financial statements. The City of Acworth's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report contains other supplementary information, including combining statements for non-major funds, and a statistical section. Comparative data is presented as applicable. The City changed from a December 31 fiscal year end to a June 30 year end. The comparative data presented is the current fiscal year as compared to the interim reporting period covering January 01 to June 30, 2009. Therefore, when reviewing the comparative data, it is important to consider the prior period data is six months worth of operations with the current year being a full twelve month fiscal year. All applicable tables represent comparative data. Certain reclassifications have been made to prior year columns to conform to classifications used in the current year columns.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the fiscal year. All changes in net assets 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 the statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave). An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including public safety, public works, culture and recreation, economic development, general administration and the City's insurance internal service fund. Property taxes and franchise fees finance the majority of these activities.
- Business-type activities – The City charges a fee to customers to help recover all or most of the cost of certain services it provides. The City's electrical power system and solid waste sanitation system are reported here along with the City's customer service internal service fund and insurance internal service fund.
- Component units – The City has three separate legal entities in its report; the Acworth Downtown Development Authority, the Acworth Area Convention and Visitors Bureau and the Acworth Lake Authority.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds

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are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds are provided in the form of combining statements in a later section of the report.

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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government'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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance, provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten governmental funds. Information is presented separately in the governmental fund balance sheet, the governmental fund statement of revenues, and expenditures and changes in fund balance for the General Fund and the Special Purpose Local Option Sales Tax (SPLOST) fund. These are considered to be major funds. Data from the other funds is combined into a single, aggregate presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found beginning on page 18 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains two enterprise funds: Acworth Power and Acworth Sanitation. The City recognized a loss in 2005 when it sold its cable and high speed internet operations. The results of the sale and debt associated with the system are included within the statements for Acworth Power. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has two internal service funds. One internal service fund is used to account for its customer service activities associated with Acworth Power, Acworth Sanitation and occupational tax issuance. This service predominantly benefits business-type activities more than governmental functions, and is therefore included within the business-type activities in the government-wide financial statements. The City utilizes an internal service fund for the purpose of administering its workers compensation insurance as well as the employee medical insurance. This internal service fund has been included within governmental-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Acworth Power and Acworth Sanitation. The internal service funds of Customer Service and Insurance are presented in the proprietary fund section.

The basic proprietary funds financial statements are presented beginning on page 22 of this report.

Notes to the Basic Financial Statements

The financial statements include notes that explain some of the information in the financial statements and provide information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

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Budgetary Presentations

The City of Acworth adopts a budget for all funds it operates. Budgetary comparison schedules have been provided for the General Fund as required supplementary information. Budget to actual comparisons for other governmental-type funds are provided in individual schedules elsewhere in this report.

Supplementary Financial Information

The City reports major funds in the basic financial statements. Combining statements and individual fund schedules for non-major funds are presented following the notes to the financial statements and begin on page 53 of this report.

City-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$39.1 million at the close of the most recent fiscal year. The City has a high current ratio. The current ratio compares current assets to current liabilities and is an indicator of the city's ability to pay current obligations. The current ratio for governmental activities is 5.3 to 1 and 2.4 to 1 for business-type activities. The overall current ratio for the City is 3.81 to 1 which reflects the City's financial strength.

The following table provides a summary of the City's governmental and business-type net assets for the fiscal year.

Summary of Net Assets (Table 1)

	Governmental Activities		Business-type Activities		Total		Total % Change 2009 - 2010
	2009	2010	2009	2010	2009	2010	
Assets:							
Current and Other Assets	\$ 10,399,984	\$ 12,259,195	\$ 5,220,837	\$ 6,142,226	\$ 15,620,821	\$ 18,401,421	18%
Capital Assets	40,101,699	38,200,022	6,367,236	6,144,933	46,468,935	44,344,955	-5%
Total Assets	50,501,683	50,459,217	11,588,073	12,287,159	62,089,756	62,746,376	1%
Liabilities:							
Current Liabilities	2,225,222	2,304,438	2,270,146	2,521,923	4,495,368	4,826,361	7%
Long-term Liabilities	11,845,120	11,544,248	7,328,380	7,247,406	19,173,500	18,791,654	-2%
Total Liabilities	14,070,342	13,848,686	9,598,526	9,769,329	23,668,868	23,618,015	0%
Net Assets:							
Investment in capital assets, net of debt	34,171,629	32,822,306	6,095,349	5,956,187	40,266,978	38,778,493	-4%
Restricted	5,563,664	7,032,640	-	-	5,563,664	7,032,640	26%
Unrestricted	(3,303,952)	(3,244,415)	(4,105,802)	(3,438,357)	(7,409,754)	(6,682,772)	-10%
Total Net Assets	\$ 36,431,341	\$ 36,610,531	\$ 1,989,547	\$ 2,517,830	\$ 38,420,888	\$ 39,128,361	2%

During fiscal year 2010, current and other assets increased 18% from prior year. The bulk of the increase is associated with SPLOST receipts pending project completion. Governmental investment in capital assets (net of related debt) in the amount of \$32,822,306 is 89.7% of the total net assets. The unrestricted net assets for governmental activities are negative \$3.2 million. The City has debt outstanding associated with Tax Allocation District; from which the City does not recognize an asset. Business-type investment in capital assets (net of related debt) is \$5,956,187; while unrestricted net assets in business-type activities are

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a negative \$3.4 million. As mentioned previously, this is the result of the sale of the cable and high speed internet operations in 2005 and associated debt refinanced 2008. As a result, 99.1% of the City's total net assets are invested in capital assets.

Total liabilities saw negligible change. Total unrestricted net assets at the close of FY2010 were a deficit of \$6.7 million which is 10% less than the prior reporting period negative unrestricted net assets of \$7.4 million. The change from prior year deficit is a combination of power sales revenue for a full 12 month period in addition to increases in customer consumption.

The table below shows the summary of the changes in net assets during the year.

Summary of Changes in Net Assets (Table 2)
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total		Total % Change 2009 - 2010
	2009	2010	2009	2010	2009	2010	
Revenues:							
Program:							
Charges for services	\$ 870.8	\$ 1,831.8	\$ 5,605.6	\$ 12,406.2	\$ 6,476.4	\$ 14,238.0	120%
Operating Grants and Contributions	52.7	185.1	-	-	52.7	185.1	251%
Capital Grants and Contributions	1,117.0	2,631.9	9.5	2.1	1,126.5	2,634.0	134%
General:							
Property taxes	211.2	5,321.1	-	-	211.2	5,321.1	2419%
Insurance premium taxes	-	744.1	-	-	-	744.1	n/a
Alcohol taxes	222.4	434.4	-	-	222.4	434.4	95%
Hotel, motel taxes	49.3	109.6	-	-	49.3	109.6	122%
Franchise taxes	690.5	1,288.2	-	-	690.5	1,288.2	87%
Financial Institution tax	50.4	20.3	-	-	50.4	20.3	-60%
Business Taxes	0.8	401.5	-	-	0.8	401.5	50088%
Contributions not restricted	17.8	743.0	-	-	17.8	743.0	4074%
Operating Grants not restricted	-	369.5	-	-	-	369.5	n/a
Insurance proceeds	-	-	-	-	-	-	n/a
Unrestricted Interest	77.0	125.1	17.4	15.8	94.4	140.9	49%
Total Revenues	3,359.9	14,205.6	5,632.5	12,424.1	8,992.4	26,629.7	196%
Expenses:							
General Government	981.1	2,004.9	-	-	981.1	2,004.9	104%
Judicial	237.8	423.9	-	-	237.8	423.9	78%
Health and Welfare	1.4	1.7	-	-	1.4	1.7	21%
Public works	1,679.5	3,543.8	-	-	1,679.5	3,543.8	111%
Culture and Recreation	1,175.0	2,082.2	-	-	1,175.0	2,082.2	77%
Public safety	1,950.4	4,068.4	-	-	1,950.4	4,068.4	109%
Housing and Development	349.1	1,162.9	-	-	349.1	1,162.9	233%
Interest and fiscal charges on long-term debt	313.1	603.9	-	-	313.1	603.9	93%
Electric	-	-	5,243.3	10,650.3	5,243.3	10,650.3	103%
Sanitation	-	-	567.5	1,177.3	567.5	1,177.3	107%
Total Expenses	6,687.4	13,891.7	5,810.8	11,827.6	12,498.2	25,719.3	106%
Transfers	77.4	96.1	(77.4)	(96.1)	-	-	124%
Change in net assets	(3,250.1)	410.0	(255.7)	500.4	(3,505.8)	910.4	
Net assets - beginning, before restatement	39,681.4	36,431.3	2,245.2	1,989.5	41,926.6	38,420.8	-8%
Restatement	-	(230.7)	-	27.8	-	(202.9)	
Net Assets - beginning, after restatement	39,681.4	36,200.6	2,245.2	2,017.3	41,926.6	38,217.9	
Ending Net Assets	\$ 36,431.3	\$ 36,610.6	\$ 1,989.5	\$ 2,517.7	\$ 38,420.8	\$ 39,128.3	2%

Table 2 shows changes in net assets by comparing prior reporting period activity to current year activity. The change from prior year is greatly skewed since the prior reporting period is for six months of activity.

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Since many of the revenues are cyclical in nature; merely doubling the 2009 reporting period will not provide a meaningful comparison. As an example, property taxes are billed in August and due in October; the prior reporting period did not have large collections for property tax since the billing and due dates fell outside of the reporting period. The same is true for business and insurance premium taxes. The change in net assets for the current year is \$910,351 before restatement of \$202,880. The restatement is a result of recognizing debt associated with the agreement between the City and the Acworth Lake Authority for recreational facilities as well as the reclassification of the other post employment benefits liability. The net assets for FY 2010 ended at \$39.13 million. This is an increase of less than 2% from the prior year ending net assets of \$38.42 million.

It is also important to note that net transfers in 2009 were \$77,387 from business-type activities to government-type activities. During 2010, the net transfers were \$96,083 from business type activities to governmental activities. The net change of \$18,696 is predominantly pertaining to an increase in the transfer from the Electrical power and sanitation funds to the general fund for the acquisition of telecommunications equipment. It is expected that ongoing operations, as well as the amortization of the debt associated with the Tax Allocation District and CableNET will rebuild unrestricted net assets. Other changes from the prior year are discussed more specifically later on.

Governmental Activities. Comparison of the current year activities to the prior year activities are complicated since many of the activities are cyclical in nature. The City's governmental activities are heavily reliant on property taxes to support governmental operations. The governmental activities increased the City's net assets by \$313,792 before transfers. After net transfers in of \$96,083 the City's net assets had a total increase of \$409,875 before restatement mentioned previously. The change in net assets is up as a result of the current year's contribution of infrastructure from developers, an increase in property tax collections as well as in increase in police fines.

Governmental revenues totaled \$14,205,631 for the year. Property taxes are the most significant revenue source during the year. The tax digest approved in June 2009 by the Cobb County Board of Equalization is the digest on which the fiscal year 2010 tax revenues were realized since the billing occurred August 2009. During the prior reporting period, revenues for property taxes and occupational taxes were not seen as their levies fell outside of the reporting period. However, during the FY2010 period, an increase was noted in the property tax revenue as a result of both a small increase in the taxable digest and an increase in collectability from the prior levy period. Occupational taxes are based upon gross receipts of the business. As revenues for businesses have declined, so have the taxes collected for the occupational taxes. Insurance premium taxes are received annually in October; as values have decreased, the revenue collected decreased from the prior collection to \$744,158. Franchise taxes are collected from various utilities and are due at different times during the year; this attributed to the 87% increase from 2009 to FY2010. Total revenues in the Special Purpose Local Option Sales Tax (SPLOST) fund were \$2,189,349 in FY2010. Property taxes provide approximately 37.5% of the City's governmental revenues, excluding transfers. Investment earnings increased approximately 49% from the prior year due to length of time investments were held while interest rates declined. Capital grants and contributions totaled \$2,631,914. These are attributed to grant proceeds, infrastructure donation and SPLOST receipts.

Governmental expenses totaled \$13,891,839 for the year. The most significant expense for the City is Public Safety at \$4,068,427 which accounts for 29.3% of governmental expenses. These expenses are associated with the operation of the police department and jail facility for the City. Public Safety is offset by a minimal amount which is primarily from charges for service. Public Works is the second largest governmental activity at 25.5%, with expenses of \$3,543,776 which were offset by \$2,425,920 which is comprised of \$9,090 in charges for service and \$2,416,830 in capital grants and contributions.

Culture and recreation represents 15.0% of governmental expenses at \$2,082,237. User fees in the amount of \$353,160 offset culture and recreation. Capital grants consisting of community block development grant

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funds were received in the amount of \$168,773 for the continuation of a multi-purpose trail project throughout the City.

Judicial Activities for the operation of Court Services, is offset by municipal fines of \$1,061,228. Housing and development is offset by \$215,680 in charges for services which is primarily building code permits and other administrative fees.

General Government represents 14.4% of the governmental expenses; while interest and fiscal charges on long-term debt represents 4.4%. Aside from the difference in reporting periods, expenses increased from prior period due to: (1) increases in capital outlay purchases and tax collection fees for general government, (2) public works positions were filled and additional street lighting costs, (3) public safety saw increases in personnel costs and capital outlay for vehicles, (4) housing and development as a result in timing of payments of excess funds to other agencies as well as the reimbursement of redevelopment costs to the developer, and (5) all departments saw an increase in personnel costs during 2010 as a result of positions being filled and increased insurance costs. Culture and recreation costs saw a decreasing trend for a 12 month period as prior projects were completed.

The following table illustrates the costs of governmental expenses along with the net costs after the deduction of program revenues:

Governmental Activities (Table 3)

	FY 2010 Total Cost of Services	FY 2010 Net Cost of Services
General Government	\$2,004,955	(\$1,837,643)
Judicial	423,891	637,337
Health and Welfare	1,749	(1,749)
Public Works	3,543,776	(1,117,856)
Culture and Recreation	2,082,237	(1,455,742)
Public Safety	4,068,427	(3,916,295)
Housing and Development	1,162,929	(947,249)
Interest and Fiscal Charges	603,875	(603,875)
Total	\$13,891,839	(\$9,243,072)

Business-Type Activities. The City's business-type activities include Acworth Power and Acworth Sanitation. Net assets increased by \$596,559 before net transfers out of \$96,083. The net increase of \$500,476 is a result of the transfers from the General Fund to Acworth Power for debt service payments related to the CableNET system as well as an increase in charges for service in both Acworth Power and Acworth Sanitation. During 2005, expenses relating to the sale of the City's cable and high speed internet system (in which a loss was recognized) were reflected in the statements of Acworth Power. The sale consisted of installment payments along with a cash down-payment. During 2008, the City re-financed the \$13,455,000 of debt associated with the CableNET system. The debt was paid down and re-issued in the amount of \$9,645,000 with a maturity in 2028. Costs related to the re-financing are being amortized in the statements of Acworth Power.

Acworth Power's operating income of \$828,135 is higher than the prior year amount of a deficit \$38,259. This increase of \$866,394 is due to a combination difference in reporting period and increases in charges for service; as the monthly operating income is heavily reliant on seasonal changes. However, the costs of wholesale power increased due to market conditions. Operating revenues for operations were 123.9% higher than those in fiscal period 2009. Charges for service included a rate adjustment in April 2010 of which the last quarter of the fiscal year realized. Again, the period covering 2009 is a period in which the

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operating income is typically much lower; while a full 12 month period can portray the operations of the system more accurately. The average cost per kWh from January to June 2009 was 8.1365 cents per kWh, the average cost for the same period in 2010 was 7.4119 cents per kWh. This 8.9% decrease was the result of increased consumption while market fuel costs were lower. Actual kilowatt hours sold increased 129% to 95,696,511. Through continued efforts, bad debt associated with utility accounts has remained stable. Bad debt as a percentage of power sales was 0.76% during FY2010; while during 2009 the percent of sales was 0.64%. This increase can be associated with the timing of higher seasonal changes. The operating margin for FY2010 is 7.5% while the prior year's operating margin was a loss of 0.8%. Included in Acworth Power's non-operating expenses are items resulting from the amortization of deferred costs concerning refinancing of debt of Acworth CableNET (mentioned earlier).

Acworth Sanitation's operating income saw an increase from the prior year income of \$142,145 to \$263,252 in FY2010. The operating margin for FY2010 was 18.3% while the 2009 operating margin was 20.1%. Revenues and expenses in the Sanitation Fund are fairly constant. The largest change in the operating margin can be seen in increased personnel related costs. Current year operating revenues were 103.0% above those in fiscal period 2009 due to the rate adjustment of approximately 3% for half of the year and growth of the customer base. Operating expenses were 107.5% more than the prior year primarily due to an increase in personnel related costs, landfill fees and fuel costs. Depreciation also increased as a result of capital acquisitions.

Financial Analysis of the City's Funds

As noted earlier, the City of Acworth uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The comparison of the current fiscal year to the prior fiscal period is difficult since the 2009 reporting period was for a six-month period to adjust to a new fiscal year. Notable differences seen are noted in the analysis that follows.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,244,863. This is an increase of \$1,849,456 in comparison with the prior year. Approximately \$5.6 million of the combined fund balances consists of unreserved/undesignated funds, which are available for spending at the government's discretion. The remainder of fund balance (approximately \$4.6 million) is reserved to indicate it is not available for new spending because it has already been committed for the following: (1) \$660,676 to liquidate contracts and purchase orders of the prior period, (2) \$104,133 for completion of projects, (3) \$3,000,000 reserved from the sale of the water and sewer system in the 1980's and cannot be spent without voter referendum, (4) \$253,995 reserved for prepaid expenses such as property casualty and liability insurance, and (5) \$611,697 to pay debt service.

Major Governmental Funds. The General Fund is the primary operating fund of the City of Acworth. The fund balance of the General Fund increased to \$6.5 million during the fiscal year; of this amount, \$3.98 million is reserved for encumbrances, debt service, prepaid items, various projects and appropriation by voters. The fiscal year 2010 fund balance is \$196,938 higher than fiscal period 2009. During 2010, total revenues of \$10,470,420 included levies for property, occupational and insurance premium taxes while 2009 did not. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25.1% of the total fiscal year 2010 expenditures, while total fund balance is 64.2% of the same amount. During 2008, the City determined it would change the fiscal year from a December 31 year end to a June 30 year

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end. This enables the City to budget more effectively since the primary revenue source of property taxes are billed 1 month into the fiscal year instead of eight months.

Property taxes represent 52.6% of the revenues (excluding transfers in) for the General Fund. The FY2010 millage rate remained unchanged for the 2009 tax digest at 7.60. As mentioned previously, the tax revenues drastically increased from the 2009 reporting period as a result of FY2010 being a full twelve month cycle. The tax digest saw a small increase of 1.36%; this increase and the increase in the collections rate at the fiscal year end caused an excess to budgeted projections. Insurance premium taxes are based on ad valorem; while none were collected in the prior reporting period, it is expected to see a downward trend during these economic times. Occupational taxes are also seeing a downward trend since they are based on the gross receipts of the business. Occupational tax revenue for 2010 was \$401,509 while 2009 was \$823. The lower amount in the prior period is a result of interim certificate issuances. Financial institution taxes were \$20,287 which is 59.7% lower than prior period. The decrease is a result of an internal audit being conducted during the 2009 period that resulted in additional revenue from prior years. Alcohol Taxes for 2010 were \$434,368 which is 95.3% higher than prior year. A decline in the revenue trend may be noted due to a decrease in disposable income for consumers. Franchise tax fees increased by 86.5% to \$1,288,181 from the prior period. This is attributed to the bulk of the tax being paid periodically throughout the year; thus less revenue being recognized in the prior period. As the majority of franchise tax received is from electrical service providers, seasonal climate changes are a factor of the revenue collections. Licenses and permits increased 144.2% to \$217,691. The building code permit revenue has decreased over the years. However, the monthly trend has remained stable across the past two reporting periods. Licenses and permits represent 2.1% of the total General Fund revenues before transfers. Fines and forfeitures represent 10.1% of total General Fund revenues and show an increase from prior period. Part of the increase in fines is attributed in a new bond structure and the increase in cases. Charges for service increased by 149.2% from the prior period as a result of the timing of recreational program revenue collections. Additionally, the current year included \$91,408 in administrative fees related to the Tax Allocation District that were not received during the 2009 period. Interest revenues for investments increased approximately 58.2% due to the amount of time investments earned interest between the two periods. It is anticipated that interest earnings will not increase in fiscal year 2011 as the downward trend seen continues. However, this decrease is dependent on market rates which are out of the control of the City.

The largest component of the General Fund expenditures is for Public Safety, which represents 36.1%. Public Safety showed an increase from the prior year expenditures in the amount of \$1,996,116 (119.1%). An increase personnel costs police and insurance costs are the main cause of this increase. Another factor contributing to the increase are the costs associated with housing inmates; food costs and medical costs both increased as well. The second largest component of General Fund expenditures is Culture and recreation at 16.9%. The increase from prior year is \$751,274 (77.3%). The primary reasons for this increase are the clean-up costs associated with the September 2009 floods from which state and federal assistance was received as well as a property acquisition in the amount of \$120,000. Public Works costs increased approximately 121.8% from prior year and represents 9.1% of the General Fund expenditures; increases were seen in personnel and street lighting. Housing and Development costs increased 110.3% from prior year as a result of additional costs related to nuisance abatements and condemnations and personnel costs. Housing and Development represents 6.7% of the General Fund expenditures. General Government costs saw an increase of \$1,086,187 (121.5%). Part of the increase is related to expenditures incurred for being a nominee for the All America City award in the amount of \$33,925 (which was funded by private donations); capital outlay expenditures and personnel costs were also factors.

Debt service expenditures increased merely due to the timing on which debt service payments were required. The General Fund did not increase its debt service requirements. Actual debt service payments increased \$220,445 as the result of the timing issue. Debt service payments represent 7.5% of total expenditures in the General Fund in 2010 (excluding transfers out). Overall, expenditures within the General Fund increased in total by \$5,101,957 (100.6%). The primary source of this increase was inequity

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in the reporting periods mentioned earlier, capital expenditures, timing of debt service and increases in personnel costs. Additionally, costs were kept to a minimum during the transition period.

The special revenue funds of the City account for proceeds of specific revenues which are legally restricted and cannot be diverted to other uses. The City has six special revenue funds; Confiscated Asset Fund, Hotel Motel Tax Fund, Recreational Impact Fee Fund, Historic Preservation Fund, Tax Allocation District Fund and Veteran's Memorial Fund. The Confiscated Asset Fund had revenues in the amount of \$35,966 and expenditures in the amount of \$67,598 for equipment purchases. The Hotel Motel Tax Fund collected \$109,608 in taxes during FY2010. This 8% hotel motel tax levy is collected quarterly and was 122.5% higher than the prior period of 2009 (2 quarters of collections). These funds are used primarily for the promotion of tourism. The Recreational Impact Fee Fund accounts for impact fees imposed to finance public facilities to accommodate growth. During FY2010, charges for service revenue were \$19,000. This increase of 15.2% from prior period illustrates that there is a decreasing trend in the number of residential building permits being issued.

The Tax Allocation District fund is a special revenue fund that accounts for expenditures within the tax allocation district created in 2004. These expenditures for the remediation within the district are not considered assets of the City. The tax increments received as the result of the improvements within the district are collected in this fund and used to pay the debt service. During the year, tax increment in the amount of \$942,710 was received for this purpose. Expenditures in the amount of \$507,687 were made for debt service and fiscal charges. As part of the development agreement, the developer was eligible to receive reimbursement of redevelopment costs. Those costs were in the amount of \$91,408. Additionally, excess funds were available for disbursement to Cobb County Board of Commissioners and Cobb County Board of Education; these amounts were \$112,816 and \$227,316 respectively. It is important to note that the 2008 taxable digest for the Tax Allocation District was \$28,901,593 while the 2009 taxable digest was \$27,291,428; this 5.6% decrease is the result of appeals, re-assessments and decreases in personal property returns. While it is expected that the digest will again see a decrease, the increment will be adequate to fund the required debt service.

The capital project funds of the City reflect expenditures concerning the capital projects as approved by the governing body. The City operates three capital project funds; one for transportation enhancements (Transportation Improvement Fund), another for various major capital projects (Capital Improvements Fund) and a Special Purpose Local Option Sales Tax (SPLOST) fund.

The SPLOST fund is a major fund and its fund balance represents 29.4% of the total governmental fund balance. Revenues in the amount of \$2,189,349 were received during FY2010. Expenditures from the SPLOST fund included: (1) \$245,720 for Sen. Richard B. Russell Ave. project (grant funding in the amount of \$176,070 was received for this project), (2) \$123,232 for various storm drainage improvements, (3) \$70,210 the Northside Drive project, (4) \$70,116 the School Street project, and (5) \$14,954 for miscellaneous sidewalk projects throughout the City. At year end, encumbrances in the amount of \$520,101 were outstanding. During the 2010 fiscal year, Cobb County re-evaluated the revenue stream from the SPLOST and reduced each participating municipality's share accordingly. The original funding amount of \$14.2 has been reduced by \$879,968 to \$13.3 million in projects for the City.

During fiscal year 2010, the fund balance of the Capital Improvement Fund increased by \$161,632 to \$253,620. The reason for the increase is primarily due to the transfers in the amount of \$225,000 from the General Fund for future property acquisitions. At year end, the City had \$253,620 remaining in fund balance with \$222,712 allocated for the future property acquisitions. There is an additional \$31,161 in fund balance for the completion of smaller projects with \$7,080 of this amount undesignated. During fiscal year 2010, the City received Community Block Development Grant funds in the amount of \$168,773 for the continuation of the multi-purpose trail project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

The Transportation Improvement Fund has a fund balance of \$300,362. Revenues and other financing sources in 2010 totaled \$898. Expenditures of \$13,466 were for debt service related to joint resurfacing projects with Cobb County in prior years and are now paid off. Capital expenditures in the amount of \$28,517 include \$16,000 for a storm drainage system camera.

Proprietary Funds Overview. The City's proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The City operates an electrical power fund (Acworth Power) which provides electrical service to residential and commercial customers. Fund equity of this fund at the end of the year amounted to \$1,749,114. This is an increase from the prior reporting period year equity balance of \$1,472,576. The low fund equity is attributed to the sale of the CableNET system that is explained in notes to the financial statements in Note 8 of this report. The change in fund equity was \$325,340 before a restatement related to other post employment benefits that decreased equity in the amount of \$48,802. The ongoing operations of the power fund are expected to re-build the fund equity.

Acworth Power also receives contributions from developers to cover the installation of electrical infrastructure to developments. As development has slowed, so has the contribution from developers. During FY 2010; \$2,125 was received. The total cost of wholesale power increased approximately 104.9%. Aside from the increase resulting from the additional six months of costs; a trend of increased power consumption was seen when comparing the January to June months for both periods. This six month comparison showed that the wholesale power kilowatt hours (kWh) purchased increased 7.3% while the average cost per kWh decreased 8.9%. While these months are not typically high consumption months; the wholesale power kWh for the 2009 and 2010 six month periods compared were 46,975,889 and 50,410,522, respectively.

During FY2010, there was an increase in revenue for power sales by 127.2% from the prior period. Again comparing the same January to June periods show that power kWh sales were up approximately 7.8%. This increase can be attributed to the seasonal and customer usage changes. Charges for service increased 125.2% to 10,554,471. A rate adjustment was implemented the last quarter of FY2010 which contributed to a portion of the increase. Interest expense was \$652,928 which is 100.6% higher than prior year as a direct result of the prior period containing six months of data. No additional debt was added to Acworth Power.

The solid waste sanitation fund (Acworth Sanitation) provides disposal and recycling services to primarily residents of the City of Acworth, with a few commercial customers. The fund's equity at the end of the year amounted to \$656,352. This increased by \$89,153 during the year; before a restatement that increased fund equity by \$38,896 that is related to the liability for other post employment benefits. Each fiscal year the budget projects a growth in fund equity to raise reserves for future capital purchases to be made using cash. During FY2010, the City elected to pay off \$147,670 on two equipment leases that were at higher interest rates.

Other factors concerning the finances of these funds were discussed under business-type activities.

Internal service funds are utilized for two operations within the City. The Customer Service fund provides customer service support for customers of Acworth Power and Acworth Sanitation as well as occupational tax certificate holders. Meter Reading functions are also included within the Customer Service Fund. The City's workers compensation and employee medical insurance programs are combined in an internal service fund. These funds are presented in the Proprietary Fund financial statements. During the fiscal year, the City received increase notification for employee health insurance. At that time, additional quotes were obtained and the City implemented a Health Reimbursement Arrangement that assists employees with medical deductibles that were set in an effort to decrease costs. Additional information on the insurance is contained in Note 15 in the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City of Acworth. The City adopts the fiscal budget during June of the preceding fiscal year. During June 2009, the City adopted a General Fund budget of \$10,892,567 for General Fund expenditures for FY2010. At the end of the fiscal year, the final actual expenditures were \$11,275,996 (including transfers out) which was an increase of \$383,429 from the original adopted budget. The final amended budget expenditures were \$11,380,715. The board adopted a final budget to appropriate unreserved fund balance for various projects. However, actual activity did not require the use of the appropriated unreserved fund balance.

2010 General Fund Budget (Table 4)

	Original Budget	Final Amended Budget	Actual
Revenues and other financing sources	\$ 10,816,974	\$ 11,278,776	\$ 11,472,934
Expenditures and other financing uses	\$ 10,892,567	\$ 11,380,715	\$ 11,275,996

Actual expenditures were 0.9% below final amended budget and revenues were above the final budget by less than 1.7%. This resulted in an increase in fund balance for the General Fund. The primary budgeted expenditure increases were associated with transfers, capital outlay and overall personnel costs. Public Safety's budgeted expenditures decreased from the original budget due to the filling of open personnel positions. Budgeted transfers out had a net increase of \$372,804 from the original budget of \$729,113. The increase is associated with items such as future property acquisition projects and future debt service requirements for the now defunct CableNET system.

Capital Assets and Debt Administration

Capital Assets. The City of Acworth's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$32,822,306 and \$5,956,187 respectively. These are net of accumulated depreciation and related debt. This investment includes land, buildings, machinery and equipment as well as infrastructure.

**2010 Capital Assets (Table 5)
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Construction in Progress	\$ 1,493,798	\$ 883,765	\$ -	\$ -	\$ 1,493,798	\$ 883,765
Land	3,518,167	3,787,291	228,954	228,954	3,747,121	4,016,245
Buildings and improvements	5,028,021	4,893,933	468,357	430,881	5,496,378	5,324,814
Electrical System	-	-	4,810,546	4,649,277	4,810,546	4,649,277
Improvements other than buildings	6,101,008	6,047,130	-	-	6,101,008	6,047,130
Vehicles and Equipment	973,796	835,921	859,379	835,819	1,833,175	1,671,740
Infrastructure	22,986,909	21,751,982	-	-	22,986,909	21,751,982
Total	\$ 40,101,699	\$ 38,200,022	\$ 6,367,236	\$ 6,144,931	\$ 46,468,935	\$ 44,344,953

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

Major capital assets additions during the current fiscal year included the following:

Governmental activities:

- Infrastructure \$1,132,014
- Vehicles and Equipment \$214,925
- Police Cars \$126,540
- Building and Land \$341,465
- Improvements Other Than Buildings \$310,902

Business-type activities:

- Electrical System Improvements \$142,843
- Power Department Equipment \$14,693
- Sanitation Truck \$127,787
- Sanitation Containers \$11,385

The City intends to capitalize infrastructure assets and depreciate them over the estimated useful life.

Additional information on the City's capital assets can be found in Note 7 of this report.

Long-term Debt. At June 30, 2010, the City of Acworth had the following outstanding long-term debt:

- \$487,716 FY1998 Certificates of Participation for a General Government Building
- \$810,000 FY2008 Installment Sales Agreement with the Acworth Lake Authority for Recreational Facilities
- \$4,080,000 FY2003 Intergovernmental Agreement with Acworth Downtown Development Authority for construction of Acworth City Hall and expansion of Acworth Sports Complex
- \$5,765,000 FY2004 Tax Allocation District Bonds (Lakeside Project) for the remediation of the site within the district for a retail development from which the tax increment generated within is the source of the funds to re-pay the bonds
- \$9,015,000 FY2005 Intergovernmental Agreement with Acworth Downtown Development Authority for CableNET project that was sold in 2005 and is no longer in existence. Proceeds from the sale were applied to the outstanding principal balance when the debt was refinanced in 2008.
- \$114,069 capital lease funded through the City for Acworth Sanitation Fund for sanitation truck
- \$68,393 capital leases funded through the City for Acworth Power Fund for vehicles and equipment

The City's legal debt margin is 10% of the assessed value which equates to \$75,391,679. The \$250,396 of debt applicable to this limit leaves a balance of \$74,903,963. Additional information on the City's debt can be found in Note 8 of this report.

Economic Factors Affecting the City of Acworth

The Mayor and Board of Aldermen consider many factors when adopting the fiscal year ending June 30, 2011 budget. These factors have a significant effect on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund shows an appropriated use of fund balance in the amount of \$4,046. This use of fund balance is 0.04% of budgeted expenditures. The expected unreserved fund balance for the General Fund at the end of the FY2011 to be approximately \$2.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2010

City of Acworth, Georgia

-
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for fiscal year 2010 remained at 7.60. The adopted budget for FY 2011 has the millage rate remaining stable.
 - The tax base growth for gross real and personal property has slowed over the past years with growth from tax digest years 2008 to 2009 being 1.36%. Preliminary projections for the 2010 tax digest have indicated a decrease in the upcoming FY 2011. The budgeted is adopted in June and the approved digest is received shortly thereafter. The 2010 approved taxable digest decreased 5.0%. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development. Based on the current economy, activity in the construction industry and market value changes; the decrease seen was not as large as originally expected.
 - The 2010 population is estimated at 20,336 by the Acworth Economic Development Department. This is an increase of approximately 51.5% from the 2000 census of 13,422.
 - SPLOST Tax Proceeds to be received through a multi-year agreement with Cobb County was re-evaluated during fiscal year 2010. The decrease in receipts over the remaining years may be supplemented by grant funding based on availability for capital infrastructure improvements.
 - Sanitation residential rates will increase by 25 cents in the FY2011 budget to offset increased operating costs primarily associated with landfill fees and fuel costs.
 - Estimated costs of wholesale power in fiscal year 2011 are budgeted at \$8.0 million. This is primarily attributed to an increase in fuel costs associated with generation and forced generation plant outages that subjects the City to market pricing.
 - Debt Service FY2011 is budgeted for \$732,400 in the General Fund. The bulk of the General Fund's debt service payments are for facilities such as City Hall, Acworth Sports Complex, Acworth Industrial Drive and various recreation facilities.
 - Debt Service associated with the Tax Allocation District is paid from the tax increment generated within Acworth's Tax Allocation District. This is shown as a Special Revenue Fund. The debt associated with the Tax Allocation District has an outstanding principal amount of \$5,765,000 at 6.25% interest rate. Debt service payments are bi-annually; the debt will be paid off December 2029. The average annual debt service payments are \$504,743.
 - Debt Service payments associated with the intergovernmental agreement with the Acworth Downtown Development Authority concerning the CableNET Project will be made using transfers from the General Fund. The principal amount of this debt is \$9,015,000 with bi-annual interest payments. This debt has an interest rate 3.97%. Annual principal payments are made in July. This debt is scheduled to be paid off July 2028.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Acworth City Hall at 4415 Senator Richard B. Russell Avenue, Acworth, Georgia 30101.

CITY OF ACWORTH, GEORGIA
STATEMENT OF NET ASSETS
June 30, 2010

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Cash and cash equivalents	\$ 368,106	\$ 1,287,346	\$ 1,655,452	\$ 24,273
Investments	3,344,752	301,568	3,646,320	30,980
Receivables, net	294,268	1,950,611	2,244,879	-
Due from other governments	746,583	-	746,583	-
Due from primary government	-	-	-	109,566
Note receivable from primary government	-	-	-	810,000
Due from component unit	65	-	65	-
Internal balances	(266,618)	266,618	-	-
Inventories	-	747,160	747,160	-
Prepaid items	360,276	-	360,276	-
Other assets, net	166,589	150,033	316,622	36,000
Restricted assets	7,245,174	1,438,890	8,684,064	-
Capital assets, non depreciated	4,671,056	228,954	4,900,010	32,645
Capital assets, depreciated, net	33,528,966	5,915,979	39,444,945	21,914
Total assets	50,459,217	12,287,159	62,746,376	1,065,378
Liabilities:				
Accounts payable and other current liabilities	954,074	808,951	1,763,025	-
Due to primary government	-	-	-	65
Due to component unit	109,566	-	109,566	-
Due to other governments	11,925	-	11,925	-
Customer deposits	-	1,013,327	1,013,327	-
Unearned revenue	394,333	246,076	640,409	-
Noncurrent liabilities:				
Due within one year	834,540	453,569	1,288,109	90,000
Due in more than one year	11,544,248	7,247,406	18,791,654	720,000
Total liabilities	13,848,686	9,769,329	23,618,015	810,065
Net Assets				
Invested in capital assets, net of related debt	32,822,306	5,956,187	38,778,493	54,559
Restricted for:				
Debt service	611,697	-	611,697	121,720
Public works	3,292,786	-	3,292,786	-
Culture and recreation	6,141	-	6,141	-
Public safety	122,016	-	122,016	-
Voter appropriation	3,000,000	-	3,000,000	-
Unrestricted	(3,244,415)	(3,438,357)	(6,682,772)	79,034
Total net assets	\$ 36,610,531	\$ 2,517,830	\$ 39,128,361	\$ 255,313

**CITY OF ACWORTH, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Functions/Programs	Program Revenue			Capital Grants and Contributions			Net (Expense) Revenue and Change in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Total	Total	Total	
Primary Government											
Governmental activities:											
General government	\$ 2,004,955	\$ 167,312	\$ -	\$ -	\$ (1,837,643)	\$ -	\$ (1,837,643)	\$ -	\$ (1,837,643)		
Judicial	423,891	1,061,228	-	-	637,337	-	637,337	-	637,337		
Health and welfare	1,749	-	-	-	(1,749)	-	(1,749)	-	(1,749)		
Public works	3,543,776	9,090	-	2,416,830	(1,117,856)	-	(1,117,856)	-	(1,117,856)		
Culture and recreation	2,082,237	353,160	58,251	215,084	(1,455,742)	-	(1,455,742)	-	(1,455,742)		
Public safety	4,068,427	25,312	126,820	-	(3,916,295)	-	(3,916,295)	-	(3,916,295)		
Housing and development	1,162,929	215,680	-	-	(947,249)	-	(947,249)	-	(947,249)		
Interest & fiscal charges											
on long-term debt	603,875	-	-	-	(603,875)	-	(603,875)	-	(603,875)		
Total governmental activities	13,891,839	1,831,782	185,071	2,631,914	(9,243,072)	-	(9,243,072)	-	(9,243,072)		
Business-type activities:											
Electric	10,650,264	10,971,454	-	2,125	-	323,315	323,315	-	323,315		
Sanitation	1,177,329	1,434,760	-	-	-	257,431	257,431	-	257,431		
Total business-type activities	11,827,593	12,406,214	-	2,125	-	580,746	580,746	-	580,746		
Total Primary Government	\$ 25,719,432	\$ 14,237,996	\$ 185,071	\$ 2,634,039	(9,243,072)	580,746	(8,662,326)	-	(8,662,326)		
Component units	\$ 119,681	\$ -	\$ 41,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		(78,292)
General Revenues:											
Property taxes					5,321,112		5,321,112		5,321,112		
Insurance premium tax					744,158		744,158		744,158		
Alcohol taxes					434,368		434,368		434,368		
Hotel/motel tax					109,608		109,608		109,608		
Franchise taxes					1,288,181		1,288,181		1,288,181		
Financial institution tax					20,287		20,287		20,287		
Business taxes					401,509		401,509		401,509		
Contributions not restricted to a specific program					743,031		743,031		743,031		
Operating grants not restricted to a specific program					369,494		369,494		369,494		
Unrestricted investment earnings					125,116	15,813	140,929		140,929		
Transfers					96,083	(96,083)	-		-		
Total general revenues and transfers					9,652,947	(80,270)	9,572,677		9,572,677		
Change in net assets					409,875	500,476	910,351		910,351		(78,292)
Net assets - beginning, before restatement					36,431,341	1,989,547	38,420,888		38,420,888		333,605
Restatement					(230,685)	27,807	(202,878)		(202,878)		-
Net assets - beginning, after restatement					36,200,656	2,017,354	38,218,010		38,218,010		333,605
Net assets - ending					\$ 36,610,531	\$ 2,517,830	\$ 39,128,361		\$ 39,128,361		\$ 255,313

**CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 368,106	\$ -	\$ -	\$ 368,106
Investments	3,344,752	-	-	3,344,752
Restricted assets	4,081,592	2,715,425	448,157	7,245,174
Receivables, net	281,670	673	11,925	294,268
Prepaid items	253,995	-	1,250	255,245
Due from other funds	331,889	-	306,442	638,331
Due from component unit	65	-	-	65
Due from other governments	16,961	679,775	49,847	746,583
Total assets	\$ 8,679,030	\$ 3,395,873	\$ 817,621	\$12,892,524
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 583,352	\$ 74,119	\$ -	\$ 657,471
Retainage payable	-	29,564	8,333	37,897
Accrued liabilities	236,009	-	-	236,009
Due to other funds	629,419	275,458	95,985	1,000,862
Due to component unit	109,566	-	-	109,566
Due to other governments	-	-	11,925	11,925
Deferred revenue	585,289	-	8,642	593,931
Total liabilities	2,143,635	379,141	124,885	2,647,661
Fund Balances:				
Reserved for:				
Encumbrances	11,591	520,101	128,984	660,676
Appropriations	3,000,000	-	-	3,000,000
Prepays	253,995	-	-	253,995
Projects	104,133	-	-	104,133
Debt service	611,697	-	-	611,697
Unreserved, reported in:				
General fund	2,553,979	-	-	2,553,979
Capital project funds	-	2,496,631	466,550	2,963,181
Special revenue funds	-	-	97,202	97,202
Total fund balances	6,535,395	3,016,732	692,736	10,244,863
Total liabilities and fund balances	\$ 8,679,030	\$ 3,395,873	\$ 817,621	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	38,200,022
Property tax revenue earned but unavailable is not reported in the funds.	199,598
The Insurance Internal Service Fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	178,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Unmatured bonds, leases, and contracts	(11,142,716)
Unamortized bond issue costs	166,589
Accrued compensated absences	(156,462)
Net OPEB obligation	(986,184)
Net pension obligation	(93,426)
Net assets of governmental activities	\$ 36,610,531

CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$8,221,777	\$ -	\$ 309,291	\$ 8,531,068
Licenses and permits	217,691	-	-	217,691
Intergovernmental	260,412	2,176,630	933,360	3,370,402
Charges for services	470,637	-	20,488	491,125
Fines and forfeitures	1,061,228	-	13,589	1,074,817
Investment earnings	112,956	10,519	1,645	125,120
Contributions and donations	63,846	-	14,011	77,857
Other	61,873	2,200	-	64,073
Total revenues	10,470,420	2,189,349	1,292,384	13,952,153
Expenditures:				
Current:				
General government	1,980,437	-	-	1,980,437
Public safety	3,672,615	-	67,598	3,740,213
Public works	930,192	-	-	930,192
Health and welfare	1,749	-	-	1,749
Housing and development	686,779	-	435,040	1,121,819
Judicial	413,747	-	-	413,747
Culture and recreation	1,723,791	-	193,037	1,916,828
Capital projects	-	535,291	273,880	809,171
Debt service	764,772	-	521,153	1,285,925
Total expenditures	10,174,082	535,291	1,490,708	12,200,081
Excess (deficiency) of revenues over (under) expenditures	296,338	1,654,058	(198,324)	1,752,072
Other financing sources (uses):				
Transfers in	1,001,216	-	238,328	1,239,544
Transfers out	(1,101,917)	-	(41,544)	(1,143,461)
Sale of capital assets	1,301	-	-	1,301
Total other financing sources (uses)	(99,400)	-	196,784	97,384
Net change in fund balance	196,938	1,654,058	(1,540)	1,849,456
Fund balance at beginning of year	6,338,457	1,362,674	694,276	8,395,407
Fund balance at end of year	\$ 6,535,395	\$ 3,016,732	\$ 692,736	\$ 10,244,863

CITY OF ACWORTH, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds		\$ 1,849,456
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported in the governmental funds.		
Capital contributions		238,000
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. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss.		
Depreciation expense	(3,288,192)	
Capital outlays	1,160,484	
Loss on disposal of assets	<u>(11,969)</u>	(2,139,677)
The issuance of long-term debt provides current financial resources and the repayment of principal on long-term debt consumes current financial resources in the governmental funds.		
Matured principal on bonds payable	<u>692,354</u>	692,354
The net effect of revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		15,478
The Insurance Internal Service Fund is used by management to charge the cost of insurance to individual funds.		
		120,982
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 the governmental funds.		
Amortization of bond issuance costs	(10,304)	
Net pension obligation	32,554	
Net OPEB obligation	(381,955)	
Accrued compensated absences	<u>(7,013)</u>	<u>(366,718)</u>
Change in net assets of governmental activities		<u>\$ 409,875</u>

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 BALANCE SHEET
 JUNE 30, 2010**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
ASSETS				
Current assets:				
Cash	\$ 997,514	\$239,377	\$ 1,236,891	\$ 50,455
Investments	200,530	101,038	301,568	-
Restricted assets:				
Cash	1,268,476	170,414	1,438,890	-
Receivables, net				
Utility accounts	1,828,378	120,843	1,949,221	-
Other	-	356	356	1,034
Due from other funds	254,599	-	254,599	186,226
Inventory	747,160	-	747,160	-
Total current assets	5,296,657	632,028	5,928,685	342,746
Noncurrent assets:				
Property, plant and equipment, net	5,781,813	356,838	6,138,651	6,282
Other assets:				
Bond issue costs	150,033	-	150,033	-
Total noncurrent assets	5,931,846	356,838	6,288,684	6,282
Total assets	\$11,228,503	\$988,866	\$12,217,369	\$ 349,028
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 688,412	\$ -	\$ 688,412	\$ 24,007
Customer deposits	842,913	170,414	1,013,327	-
Accrued liabilities	84,172	20,795	104,967	14,262
Accrued compensated absences	26,378	12,572	38,950	10,505
Unearned revenue	246,076	-	246,076	-
Due to other funds	53,987	14,664	68,651	9,643
Capital leases - current	379,896	24,218	404,114	-
Total current liabilities	2,321,834	242,663	2,564,497	58,417
Long-term liabilities (net of current portion):				
Net OPEB obligation	246,546	-	246,546	-
Capital lease obligations	6,911,009	89,851	7,000,860	-
Total long-term liabilities	7,157,555	89,851	7,247,406	-
Total liabilities	9,479,389	332,514	9,811,903	58,417
Fund equity:				
Invested in capital assets, net of related debt	5,713,418	242,769	5,956,187	6,282
Unrestricted	(3,964,304)	413,583	(3,550,721)	284,329
Total fund equity	1,749,114	656,352	2,405,466	290,611
Total liabilities and fund equity	\$11,228,503	\$988,866		\$ 349,028
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			112,364	
Net assets of business-type activities			\$ 2,517,830	

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Operating revenues:				
Charges for services	\$10,554,471	\$1,434,760	\$11,989,231	\$ 1,611,144
Other	416,983	-	416,983	13,668
Total operating revenues	<u>10,971,454</u>	<u>1,434,760</u>	<u>12,406,214</u>	<u>1,624,812</u>
Operating expenses:				
Personal services	1,119,725	650,486	1,770,211	394,810
Operating	8,571,345	432,017	9,003,362	958,316
Depreciation	452,249	89,005	541,254	4,721
Total operating expenses	<u>10,143,319</u>	<u>1,171,508</u>	<u>11,314,827</u>	<u>1,357,847</u>
Operating income	<u>828,135</u>	<u>263,252</u>	<u>1,091,387</u>	<u>266,965</u>
Nonoperating revenues (expenses):				
Gain (loss) on sale of capital assets	-	(136)	(136)	-
Interest income	14,091	1,722	15,813	-
Interest expense	(652,928)	(5,685)	(658,613)	-
Total nonoperating revenues (expenses)	<u>(638,837)</u>	<u>(4,099)</u>	<u>(642,936)</u>	<u>-</u>
Income before contributions and transfers	<u>189,298</u>	<u>259,153</u>	<u>448,451</u>	<u>266,965</u>
Contributed capital from developers	2,125	-	2,125	-
Transfers in	863,917	-	863,917	-
Transfers out	(730,000)	(170,000)	(900,000)	(60,000)
Increase (decrease) in fund equity	<u>325,340</u>	<u>89,153</u>	<u>414,493</u>	<u>206,965</u>
Fund equity at beginning of year - before restatement	1,472,576	528,303		45,933
Restatement	(48,802)	38,896		37,713
Fund equity at beginning of year - after restatement	<u>1,423,774</u>	<u>567,199</u>		<u>83,646</u>
Fund equity at end of year	<u>\$ 1,749,114</u>	<u>\$ 656,352</u>		<u>\$ 290,611</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			85,983	
Change in net assets of business-type activities			<u>\$ 500,476</u>	

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Cash flows from (to) operating activities:				
Cash received from contributions and services provided	\$10,654,216	\$ 1,437,891	\$12,092,107	\$ 1,471,422
Cash payments for goods and services	(8,760,939)	(386,980)	(9,147,919)	(99,668)
Cash payments for benefits and claims	-	-	-	(872,764)
Cash payments for employee services and fringe benefits	(1,016,829)	(649,659)	(1,666,488)	(394,089)
Net cash from (to) operating activities	876,448	401,252	1,277,700	104,901
Cash flows from (to) noncapital financing activities:				
Transfers in	863,917	-	863,917	-
Transfers out	(730,000)	(170,000)	(900,000)	(60,000)
Net cash from (to) noncapital financing activities	133,917	(170,000)	(36,083)	(60,000)
Cash flows from (to) capital and related financing activities:				
Contributed capital	2,125	-	2,125	-
Interest paid	(375,425)	(5,685)	(381,110)	-
Payments for capital acquisitions	(157,657)	(166,151)	(323,808)	-
Principal payments on long-term obligations	(392,751)	(149,459)	(542,210)	-
Proceeds from capital leases	-	127,787	127,787	-
Net cash from (to) capital and related financing activities	(923,708)	(193,508)	(1,117,216)	-
Cash flows from (to) investing activities:				
Proceeds from investments	484,526	-	484,526	-
Investment purchases	-	(1,038)	(1,038)	-
Interest received from investments	14,091	1,722	15,813	-
Net cash from (to) investing activities	498,617	684	499,301	-
Net increase (decrease) in cash	585,274	38,428	623,702	44,901
Cash at beginning of year (including \$1,002,959 in restricted cash)	1,680,716	371,363	2,052,079	5,554
Cash at end of year (including \$1,438,890 in restricted cash)	\$ 2,265,990	\$ 409,791	\$ 2,675,781	\$ 50,455

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Enterprise Funds		Totals	Internal Service Funds
	Major			
	Electrical Power	Sanitation		
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 828,135	\$263,252	\$1,091,387	\$ 266,965
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	452,249	89,005	541,254	4,721
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(537,898)	(2,935)	(540,833)	(969)
(Increase) decrease in prepaid expenses	-	-	-	(24,072)
(Increase) decrease in inventory	49,009	-	49,009	-
(Increase) decrease in due from other funds	(70,534)	42,379	(28,155)	(152,421)
Increase (decrease) in net OPEB liability	95,489	-	95,489	-
Increase (decrease) in accounts payable	24,483	-	24,483	3,910
Increase (decrease) in accrued liabilities	7,407	827	8,234	721
Increase (decrease) in deferred revenue	220,786	-	220,786	-
Increase (decrease) in due to other funds	(192,552)	2,658	(189,894)	6,046
Increase (decrease) in customer deposits	(126)	6,066	5,940	-
Net cash from (to) operating activities	<u>\$ 876,448</u>	<u>\$401,252</u>	<u>\$1,277,700</u>	<u>\$ 104,901</u>
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	<u>\$ (375,425)</u>	<u>\$ (5,685)</u>	<u>\$ (381,110)</u>	<u>\$ -</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The accounting methods and procedures adopted by the City of Acworth, Georgia, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the City's Comprehensive Annual Financial Report.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was created in 1860 and operates under an elected Mayor/Council (Board of Aldermen) form of government. The City's major operations include public safety, culture-recreation, regulation and control of the electrical power system, highways and streets, sanitation, public improvements, planning and zoning, and general administrative services.

The financial statements of the reporting entity include those of the City of Acworth (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the financial relationship with the City.

In accordance with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards No. 14. "The Financial Reporting Entity", the financial statements of the City's component units have been included as discretely presented component units due to financial accountability. The component unit columns include the financial data for the City's component units. The fiscal year ended of the component units is June 30. Financial information of the component units is reported in separate columns from the City's financial information to emphasize that they are legally separate from the city. The component units do not issue separate Component Unit Financial Statements. A brief description of the City's potential component units is as follows:

Acworth Downtown Development Authority: The Acworth Downtown Development Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly on January 15, 1981. The purpose of the Authority is the redevelopment of the downtown Acworth district. The City Council appoints all members of the Authority and has provided a majority of the resources for current year expenditures of the Authority.

Acworth Lake Authority: The Acworth Lake Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly on February 19, 1951. The purpose of the Authority is to develop Lake Acworth shore and adjoining land areas as a public park, providing recreational facilities for citizens. The City Council appoints a majority of the members of the Authority and provided the resources for all of the expenditures of the Authority.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Acworth Area Convention and Visitors Bureau Authority: The Acworth Area Convention and Visitors Bureau Authority was created by the City of Acworth, pursuant to the resolution of the Georgia General Assembly. The purpose of the Authority is to promote tourism, conventions, and trade shows within the area.

The City Council appoints all members of the Authority and the City is able to impose its will on the Authority.

Related Organizations: The Acworth Housing Authority and the Special Needs Development Group are related organizations which have not been included in the reporting entity. The Authority, which is managed by the Marietta Housing Authority, provides low-income housing to eligible families in the City. The Development Group provides funding for special needs parks. The Authority's board consists of 5 members appointed by the City Council. The Development Group's board consists of 8 members of which 3 are appointed by the City. The City does not have the ability to impose its will or have a financial benefit or burden relationship with the organizations. The debts of the organizations are not secured by the City and deficits are not financed by the City. No budgetary or financial relationship exists between the City and the organizations.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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 the legally separate *component units* for which the primary government is financially accountable. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are 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*.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and proprietary funds. 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 Financial Statement 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 government considers all revenues except intergovernmental revenue to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue is considered available if it is collected within 6 months after year end. 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 a payment is due.

Property taxes, franchise taxes, licenses, and interest 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 government.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

SPLOST - The SPLOST fund is used to account for the proceeds of a 1 percent local option sales tax approved for various projects throughout the City.

The City reports the following major proprietary funds:

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

Electrical Power Fund - The Electrical Power Fund accounts for the operations of the City's electric distribution services.

Sanitation Fund -The Sanitation Fund accounts for the City's solid waste sanitation services.

Additionally, the City reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City's special revenue funds account for activity related to the acquisition and maintenance of recreational park areas, for tax allocation district redevelopment projects and debt service, for the promotion of tourism, for law enforcement expenditures, and for protection and enhancement of local historic and aesthetic areas within the City.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition, renovation, and construction of major capital assets.

Internal Service Funds - The Internal Service Funds account for services performed by a central service department for other departments or agencies of the governmental unit. The City has a Customer Service internal service fund which performs customer service functions relating to the Electrical Power fund, Sanitation fund, and General fund. The City also has an Insurance internal service fund which is used to charge the cost of workers' compensation and health insurance to the various City departments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's electric, sanitation and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(continued)

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 *nonoperating* 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. Operating expenses for enterprise funds and internal service funds 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 nonoperating revenues and expenses.

D. Budgets and Budgetary Accounting

An operating budget is legally adopted each fiscal year for the General Fund, Special Revenue Funds and Capital Projects Funds.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that certain capital outlay expenditures and capital lease proceeds were not budgeted for in the general fund, and certain revenues are not budgeted for in the Acworth Historical Preservation Commission Special Revenue Fund, Confiscated Assets Special Revenue Fund, Transportation Improvement Capital Projects Fund, and SPLOST Capital Projects Fund.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget including proposed expenditures and the means of financing them is submitted to the Board of Aldermen and the citizens by the City Manager by publication in the official Marietta Daily Journal newspaper.
2. A public hearing on the budget is held, giving notice thereof at least ten days in advance.
3. The budget is then revised and adopted or amended by the Board of Aldermen at the first regular meeting following the hearing.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting (continued)

4. The level of control (the level at which expenditures may not legally exceed appropriations) for each of the above adopted budgets is at the department level. The City's department heads may make transfers of appropriations within a department. Certain transfers of appropriations between departments require the approval of the Mayor and Board of Aldermen. The total budget so adopted may be revised during the year only by formal action of the Board of Aldermen in a regular meeting and no increase shall be made therein without provision also being made for financing the same. For a non-budgeted activity or item, or one which has a high likelihood of exceeding the budget appropriation, approval must come from the Mayor and Board of Aldermen.
5. Formal budgetary integration is employed as a management control device during the year for all funds.

Budgeted amounts reflected in the accompanying budget and actual comparisons are as originally adopted, or as amended, by the Board of Aldermen. Individual amendments were not material in relation to the original appropriations which were amended.

Unencumbered appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

E. Cash and Investments

The City'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. For the purpose of the statement of cash flows, cash and cash equivalents include restricted and unrestricted amounts in demand deposits.

Investments are stated at fair value. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Georgia obligations, obligations of other counties, municipal corporations and political subdivisions of the State of Georgia which are rated "AA" or better by Moody's Investors Service, Inc., non-negotiable certificates of deposit issued by any bank or trust company organized under the laws of any state of the United States of America or any national banking association, repurchase agreements when collateralized by U.S. Government or agency obligations, and pooled investment programs sponsored by the State of Georgia for the investment of local government funds.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments (continued)

The City's investments include Georgia Fund 1. Georgia Fund 1 is managed by the Office of the Treasury and Fiscal Services under the policies included in Georgia Law (O.C.G.A. 36-83-4). The entire portfolio, including the City's pro-rata portion, consists of collateralized certificates of deposit and government or governmental agency securities owned outright and under agreement to resell. The reported value of Georgia Fund 1 is the same as the fair value of the pool shares.

The City invests in an external investment pool, the Municipal Competitive Trust, which is administered by the Municipal Electric Authority of Georgia ("MEAG"), a governmental entity. The City is a beneficiary of this trust. The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, direct and general obligations of states, certain Federal agency discount notes and repurchase agreements collateralized by securities, which would otherwise be permissible under the laws of the State of Georgia. The fair value of the City's position in the pool changes with market conditions, and is calculated based on the fair market value of net assets held in the pool at the close of each business day.

F. Short-Term/Long-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds."

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

G. Inventories

Inventories are valued at the lower of average cost or market. Inventory in the Enterprise Funds consists of expendable supplies held for consumption and items needed for repairs or improvements to the utility system. The purchase method is used to account for inventories within the City's Enterprise Funds. There are no inventories in the Governmental Funds.

**CITY OF ACWORTH, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal period are recorded as prepaid items. The consumption method issued to account for prepaid items within the City's funds.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASBS No. 34 requires the City to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The City implemented the retroactive infrastructure provisions for all infrastructure assets.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The capitalization threshold for capital assets is \$2,500.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation has been calculated on an estimated useful life as follows:

	Electrical Power Fund	Sanitation Fund	Customer Service Fund	Governmental Activities
Buildings	10-22 years	--	--	5-40 years
Improvements other than buildings	--	--	--	7-30 years
Electrical utility system	25 years	--	--	--
Vehicles and equipment	3-10 years	2-10 years	2-5 years	2-15 years
Infrastructure	--	--	--	20-25 years

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Accumulated unpaid vacation pay amounts are accrued when incurred by the City in the government-wide and proprietary financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. A liability in the governmental funds is reported only if the benefit has matured.

Accumulated sick pay benefits for City employees have not been recorded as a liability because the payment of the benefits is contingent upon the future illness of an employee. It is not expected that any unrecorded sick pay benefits will exceed a normal year's accumulation.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary funds 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 statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances 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.

L. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or are legally segregated for a specific future use. Designations of fund balance represent tentative plans for future use of financial resources.

M. Use of Estimates

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

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(2) DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City reduces its exposure to custodial credit risk by requiring deposits to be collateralized in accordance with state law, which requires uninsured deposits to be collateralized at 110%. As of June 30, 2010, the City was not exposed to custodial credit risk.

Credit and interest rate risk - investments

In accordance with its investment policy, the City manages its exposure to the risk of declines in fair values by limiting the maturities of its investments to a maximum of five years for U.S. Treasury and agency obligations; obligations of the State of Georgia; obligations of other U.S. states; and obligations of other political subdivisions of the State of Georgia. All other securities, including certificates of deposit, banker's notes, and repurchase agreements are limited to maturities of one year or less. The City does not have a formal policy addressing credit risk.

As of June 30, 2010, the City had the following investments:

Type of Investment	Rating	Investment Maturities (in Years)				Total Fair Value
		Less than 1	1-5	6-10	More than 10	
Georgia Fund 1	AAAm	\$ 4,733,785	\$ -	\$ -	\$ -	\$ 4,733,785
Money market mutual funds	AAAm	237,344	-	-	-	237,344
Municipal Competitive Trust	not rated	1,107,389	-	-	-	1,107,389
Total		\$ 6,078,518	\$ -	\$ -	\$ -	\$ 6,078,518

See also Note 1 for disclosure of the types of investments authorized by legal provisions.

Concentration of credit risk

The City limits the amount that may be invested in any one issuer to 60% of the City's total portfolio.

(3) RECEIVABLES

Receivables at June 30, 2010 consist of the following:

	Taxes and Fines	Accrued Interest	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 249,851	\$ 27,746	\$ -	\$ 5,510	\$ (1,437)	\$ 281,670
SPLOST Fund	-	673	-	-	-	673
Electrical Power Fund	-	-	1,609,691	248,687	(30,000)	1,828,378
Sanitation Fund	-	356	120,843	-	-	121,199
Nonmajor Funds:						
Capital Projects Funds	-	-	-	11,925	-	11,925
Internal Service Funds	-	-	119	915	-	1,034
Total	\$ 249,851	\$ 28,775	\$ 1,730,653	\$ 267,037	\$ (31,437)	\$ 2,244,879

**CITY OF ACWORTH, GEORGIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2010 consist of the following:

	Cobb County, GA	Cobb County Tax Commissioner	State of Georgia Department of Transportation	Other	Total
General Fund	\$ -	\$ 16,837	\$ -	\$ 124	\$ 16,961
SPLOST Fund	463,512	-	216,263	-	679,775
Nonmajor Funds:					
Capital Projects Funds	49,847	-	-	-	49,847
	<u>\$ 513,359</u>	<u>\$ 16,837</u>	<u>\$ 216,263</u>	<u>\$ 124</u>	<u>\$ 746,583</u>

(5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund loans receivable are considered "available spendable resources". Such balances at June 30, 2010 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO				Total
	General Fund	Electrical Power Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 254,599	\$ 235,772	\$ 139,048	\$ 629,419
SPLOST Fund	204,788	-	70,670	-	275,458
Electrical Power Fund	12,051	-	-	41,936	53,987
Sanitation Fund	9,422	-	-	5,242	14,664
Internal Service Funds	9,643	-	-	-	9,643
Nonmajor Governmental Funds	95,985	-	-	-	95,985
Total	<u>\$ 331,889</u>	<u>\$ 254,599</u>	<u>\$ 306,442</u>	<u>\$ 186,226</u>	<u>\$ 1,079,156</u>

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds. Interfund loans receivable are considered "available spendable resources."

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Interfund transfers for the current year were as follows:

TRANSFER IN TO	TRANSFER OUT FROM					Total
	General Fund	Electrical Power Fund	Sanitation Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 730,000	\$ 170,000	\$ 41,216	\$ 60,000	\$ 1,001,216
Power Fund	863,917	-	-	-	-	863,917
Nonmajor Governmental Funds	238,000	-	-	328	-	238,328
Total	\$ 1,101,917	\$ 730,000	\$ 170,000	\$ 41,544	\$ 60,000	\$ 2,103,461

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

(6) RESTRICTED ASSETS

In the governmental funds, restricted assets include amounts restricted for debt service per the bond indenture; municipal court bond monies that are held until defendants appear before the court; drug seizure and asset forfeiture accounts that are restricted to certain public safety projects; funds that are restricted for maintenance of public safety communications equipment; funds that are held by the City on behalf of component units; and cash and investments that have accumulated in the special revenue funds that are restricted to use as per the fund description. In addition, proceeds from the sale of the water and sewer system have been restricted by enabling legislation which requires voter approval on the use of the funds before they can be appropriated.

In the proprietary funds, customer deposits that will be refunded upon termination of service are restricted assets.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(6) RESTRICTED ASSETS (continued)

The City's restricted assets at June 30, 2010 consist of the following:

Governmental Funds	<u>Total</u>
General Fund:	
Current debt service requirements	\$ 652,343
Municipal court bonds	330,228
Public safety communications equipment	98,617
Proceeds from sale of water & sewer system	3,000,000
Other	404
	<u>4,081,592</u>
SPLOST Fund:	
Unspent SPLOST proceeds	<u>2,715,425</u>
Nonmajor governmental funds:	
Veteran's Memorial	475
Tax Allocation District	1
Recreational Impact Fee	4,042
Confiscated Assets	172,582
Historic Preservation Commission	198
Capital Improvement Fund	41,167
Transportation Improvement Fund	229,692
	<u>448,157</u>
Total governmental funds	<u>\$ 7,245,174</u>
Proprietary Funds	
Sanitation Fund:	
Security deposits	<u>\$ 170,414</u>
Power Fund:	
MEAG Trust	429,097
Security deposits	<u>839,379</u>
Total proprietary funds	<u>\$ 1,438,890</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(7) CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,518,167	\$ 269,124	\$ -	\$ 3,787,291
Construction in progress	1,493,798	400,653	(1,010,686)	883,765
Total capital assets not being depreciated	5,011,965	669,777	(1,010,686)	4,671,056
Capital assets, being depreciated:				
Buildings	6,688,707	72,341	(8,600)	6,752,448
Improvements other than buildings	7,602,839	310,902	-	7,913,741
Vehicles and equipment	3,844,848	224,136	(39,327)	4,029,657
Infrastructure (streets)	47,021,943	1,132,014	(68,746)	48,085,211
Total capital assets being depreciated	65,158,337	1,739,393	(116,673)	66,781,057
Less accumulated depreciation for:				
Buildings	(1,660,686)	(206,429)	8,600	(1,858,515)
Improvements other than buildings	(1,501,831)	(364,780)	-	(1,866,611)
Vehicles and equipment	(2,871,052)	(362,011)	39,327	(3,193,736)
Infrastructure	(24,035,034)	(2,354,972)	56,777	(26,333,229)
Total accumulated depreciation	(30,068,603)	(3,288,192)	104,704	(33,252,091)
Total capital assets being depreciated, net	35,089,734	(1,548,799)	(11,969)	33,528,966
Governmental activities capital assets, net	\$ 40,101,699	\$ (879,022)	\$ (1,022,655)	\$ 38,200,022
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 228,954	\$ -	\$ -	\$ 228,954
Capital assets, being depreciated:				
Buildings and improvements	787,541	-	-	787,541
Electrical system	8,422,358	142,965	-	8,565,323
Vehicles and equipment	3,218,659	180,843	(44,264)	3,355,238
Total capital assets being depreciated	12,428,558	323,808	(44,264)	12,708,102
Less accumulated depreciation for:				
Buildings and improvements	(319,184)	(37,476)	-	(356,660)
Electrical system	(3,611,812)	(304,233)	-	(3,916,045)
Vehicles and equipment	(2,359,280)	(204,266)	44,128	(2,519,418)
Total accumulated depreciation	(6,290,276)	(545,975)	44,128	(6,792,123)
Total capital assets being depreciated, net	6,138,282	(222,167)	(136)	5,915,979
Business-type activities capital assets, net	\$ 6,367,236	\$ (222,167)	\$ (136)	\$ 6,144,933

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(7) CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 170,809
Judicial	1,359
Public safety	295,912
Public works, including depreciation of general infrastructure	2,442,966
Housing and development	6,352
Culture and recreation	<u>370,794</u>
Total depreciation expense - governmental activities	<u>\$ 3,288,192</u>
Business-type activities:	
Electric	\$ 452,249
Sanitation	89,005
Capital assets held by the government's internal services fund are charged to the various functions based on their usage of the assets	<u>4,721</u>
Total depreciation expense - business-type activities	<u>\$ 545,975</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 4,354,803	\$ -	\$ (274,803)	\$ 4,080,000	\$ 250,000
Certificates of participation	666,801	-	(179,085)	487,716	188,078
Intergovernmental contracts	13,466	-	(13,466)	-	-
Note payable to component unit	895,000	-	(85,000)	810,000	90,000
Tax allocation district bonds	5,905,000	-	(140,000)	5,765,000	150,000
Net pension obligation	125,980	-	(32,554)	93,426	-
Net OPEB obligation	604,230	391,087	(9,133)	986,184	-
Compensated absences	149,449	189,556	(182,543)	156,462	156,462
Governmental activities long-term liabilities	<u>\$ 12,714,729</u>	<u>\$ 580,643</u>	<u>\$ (916,584)</u>	<u>\$ 12,378,788</u>	<u>\$ 834,540</u>
Business-type activities:					
Capital leases	\$ 9,611,888	\$ 127,787	\$ (542,211)	\$ 9,197,464	\$ 404,114
Less: deferred amounts on refunding	(2,048,561)	-	256,071	(1,792,490)	-
Net OPEB obligation	151,057	111,105	(15,616)	246,546	-
Compensated absences	56,738	73,240	(80,523)	49,455	49,455
Business-type activities long-term liabilities	<u>\$ 7,771,122</u>	<u>\$ 312,132</u>	<u>\$ (382,279)</u>	<u>\$ 7,700,975</u>	<u>\$ 453,569</u>

For Governmental Activities, compensated absences, pension and OPEB liabilities are typically liquidated in the General Fund.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Governmental activities:

Capital Leases

On April 1, 2003, the Acworth Downtown Development Authority issued \$5,580,000 in Series 2003 Revenue Bonds at a rate of 3.75% per annum with a final maturity date of April 1, 2023 for the purpose of providing funding for the cost of the acquisition, construction, equipping and installation of the City Hall and Sports Complex Projects. On the same date, the City and the Acworth Downtown Development Authority entered into an intergovernmental lease agreement which obligates the City to make lease payments directly to the Trustee for the purpose of paying the principal and interest on the outstanding balance of the 2003 Revenue Bonds issued by the Authority. The issue is secured by the full faith and credit of the City. This agreement enables the City to lease from the Authority the facilities constructed by the Authority. The lease is a direct financing lease in accordance with generally accepted accounting principles. The Authority has no obligation for the debt beyond the resources provided by the City under the lease agreement; therefore the obligation for the bonds is reported on the financial statements of the City. The lease will terminate upon final maturity and payment in full or defeasance of the bonds, or in any event the agreement will terminate absolutely by August 1, 2053. Prior to expiration of the lease upon payment in full of the bonds outstanding, the City may purchase the project from the Authority for \$1.

Capital lease debt service requirements to maturity for governmental activities are as follows:

Governmental - Capital Leases			
Year Ending June 30,	Principal	Interest	Total
2011	\$ 250,000	\$ 153,000	\$ 403,000
2012	260,000	143,626	403,626
2013	270,000	133,876	403,876
2014	280,000	123,751	403,751
2015	290,000	113,250	403,250
2016-2020	1,610,000	395,440	2,005,440
2021-2025	1,120,000	84,932	1,204,932
Total	<u>\$ 4,080,000</u>	<u>\$ 1,147,875</u>	<u>\$ 5,227,875</u>

The gross amount of Governmental Activities capital assets on the balance sheet by asset class recorded under capital leases and the installment purchase agreement is \$7,367,651 building and improvements, \$295,980 vehicles and equipment, and \$198,511 land. Accumulated depreciation related to these assets is \$2,042,636.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Governmental activities (continued):

Certificate of Participation

In June 1998, the Georgia Municipal Association (GMA) issued Certificates of Participation (COPs) in the amount of \$2,177,667 for the purpose of providing financing to the City of Acworth for the advance refunding of previously issued COPs and to finance renovations of the City's jail facility. Simultaneously with the issuance of the COPs, the City, as purchaser, entered into an Installment Sale Agreement with GMA, as seller, to purchase GMA's right, title and interest in the project. The Installment Sale Agreement obligates the City to make installment payments to a trustee assigned by GMA in an amount equal to the debt service requirements on the COPs issued by GMA. The agreement obligates the City to make installment payments through January 2013 at 4.93% provided that annual appropriations of funds are made by the City's governing body.

In the event of a default on the agreement, title to the project would revert back to GMA. The net proceeds from the advance refunding were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on principal and interest maturing in the years 1999 to 2003 at 6.625%. The advance refunding met the requirements of an in-substance debt defeasance; therefore, the refunded COPs are no longer included in the City's records. As a result of the advance refunding, the City reduced its total debt service requirements by \$70,971 which resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of \$27,901. There is no outstanding defeased debt.

On August 8, 2003, the City and GMA entered into a modification agreement whereby an additional \$510,000 was advanced to the City to provide funding for improvements to the 4400 building. This modification obligates the City to make installment payments on this advance through August 2008.

Certificates of participation debt service requirements to maturity for governmental activities are as follows:

Governmental - Certificates of Participation			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 188,078	\$ 20,619	\$ 208,697
2012	197,523	11,175	208,698
2013	102,115	2,232	104,347
Total	\$ 487,716	\$ 34,026	\$ 521,742

There are several financial covenants included in the installment purchase agreement relating to the jail facility. At June 30, 2010, the City was in compliance with all of these covenants.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Governmental activities (continued):

Note Payable to Component Unit

During 2008 the Acworth Lake Authority issued \$975,000 in Series 2008 Revenue Bonds for the purpose of financing the cost of acquiring, constructing, and installing parks, athletic fields, and other related recreation facilities. The Lake Authority and the City entered into an agreement whereby the Authority will sell the assets purchased and constructed with the bond proceeds to the City. The City has agreed to make payments relating to the bond in exchange for these assets. In the event the bond proceeds are not sufficient to complete the projects, the City has agreed to complete the projects with City funds. As of June 30, 2010, assets totaling \$975,000 have been purchased with bond proceeds and conveyed to the City.

Governmental - Note Payable to Component Unit

Year Ending June 30,	Principal	Interest	Total
2011	\$ 90,000	\$ 29,160	\$ 119,160
2012	90,000	25,920	115,920
2013	95,000	22,680	117,680
2014	100,000	19,260	119,260
2015	105,000	15,660	120,660
2016-2020	330,000	24,120	354,120
Total	<u>\$ 810,000</u>	<u>\$ 136,800</u>	<u>\$ 946,800</u>

Tax Allocation District Bonds

During 2004, the City issued \$6,050,000 in limited obligation term bonds to undertake certain redevelopment projects within a tax allocation district (Lakeside TAD) established by the City. The issuance is a limited obligation of the City, not secured by the full faith and credit of the City, but is secured solely by, and payable solely from, pledged revenues. The pledged revenues are defined as the tax allocation increments, the amount of property taxes generated within the district area which exceed the amount collected from the same area prior to development, from the City, Cobb County, and the Cobb County Board of Education. The property tax increments are pledged until the bonds are paid in full. The tax allocation increments are projected to produce 100% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid and total tax allocation increments were \$507,687 and \$942,714, respectively.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Governmental activities (continued):

Tax Allocation District Bonds (continued)

Revenue bond debt service requirements to maturity for governmental activities are as follows:

Governmental - TAD Bonds			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 150,000	\$ 355,625	\$ 505,625
2012	160,000	345,938	505,938
2013	170,000	335,625	505,625
2014	180,000	324,687	504,687
2015	190,000	313,125	503,125
2016-2020	1,165,000	1,362,972	2,527,972
2021-2025	1,585,000	936,720	2,521,720
2026-2030	2,165,000	355,468	2,520,468
Total	<u>\$ 5,765,000</u>	<u>\$ 4,330,160</u>	<u>\$ 10,095,160</u>

Business-type Activities:

Capital Leases

On August 1, 2000 the City and the Acworth Downtown Development Authority entered into an amended and restated intergovernmental contract. The contract obligated the City to make lease payments directly to a debt service fund custodian on the first day of each month for the purpose of paying the principal and interest on the outstanding balance of 1999 and 2000 Cable/Fiber Optic Project Revenue Bonds issued by the Authority. This contract enabled the City to lease from the Authority the hybrid fiber/coax broadband network constructed by the Authority with the bond proceeds.

On December 1, 2002, the Authority issued \$14,900,000 in Series 2002 Taxable Refunding Revenue Bonds (City of Acworth Cable Fiber Optic Project) for the purpose of refunding the Authority's 1999 and 2000 Cable/Fiber Optic Project Revenue Bonds. On December 2, 2005, the Authority issued \$14,325,000 in Series 2005 Taxable Refunding Revenue Bonds for the purpose of refunding the Series 2002 Taxable Refunding Revenue Bonds. In June 2008 the Authority issued \$9,645,000 in Series 2008 Refunding Revenue Bond (City of Acworth Cable Project) for the purpose of refunding the 2005 Taxable Refunding Revenue Bonds. As a result of the refunding, the City increased its total debt service requirements by \$200,000 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$958,903.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Business-type Activities (continued):

Capital Leases (continued)

On June 26, 2008, the City and the Acworth Downtown Development Authority entered into a new intergovernmental contract. The contract obligates the City to make lease payments directly to the Trustee for the purpose of paying the principal and interest on the outstanding balance of the 2008 Taxable Refunding Revenue Bonds issued by the Authority. The lease was originally recorded as a direct financing lease in accordance with generally accepted accounting principles in the City's CableNet Enterprise Fund. The Authority has no obligation for the debt beyond the resources provided by the City under the lease agreement; therefore the obligation for the bonds is reported on the financial statements of the City. The contract will not expire until full payment of the bonds.

As allowed in the intergovernmental contract, effective December 1, 2002, the City leased the project to UTI Holdings, LLC under the same terms and conditions as set forth in the City's lease agreement with the Authority. UTI was scheduled to begin making rental payments to the City beginning January 1, 2003 for the purpose of paying the principal and interest amounts due on the outstanding bonds. UTI was unable to make the scheduled payment due January 1, 2005. During 2005, the City took possession of the leased assets and was responsible for the daily operation of the CableNet Project until the CableNet project was resold in November 2005. The City received a cash payment of \$1,250,000 and a \$3,702,000 noninterest-bearing note receivable in consideration for the sale. During 2007, the entire note receivable and imputed interest were paid to the City.

Additionally, the City is obligated under multiple lease agreements covering equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", as applicable to governmental units, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

Capital lease debt service requirements to maturity for business-type activities are as follows:

Business-type - Capital Leases			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 404,114	\$ 363,656	\$ 767,770
2012	400,896	348,049	748,945
2013	403,813	332,376	736,189
2014	412,064	316,592	728,656
2015	416,577	300,440	717,017
2016-2020	2,300,000	1,246,580	3,546,580
2021-2024	2,840,000	748,941	3,588,941
2025-2029	2,020,000	162,570	2,182,570
Total	<u>\$ 9,197,464</u>	<u>\$ 3,819,204</u>	<u>\$ 13,016,668</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(8) LONG-TERM OBLIGATIONS (continued)

Business-type Activities (continued):

Capital Leases (continued)

The gross amount of Business-type Activities capital assets on the balance sheet recorded under capital leases is \$725,381, and the accumulated depreciation is \$416,851.

(9) COMMITMENTS AND CONTINGENCIES

Municipal Electric Authority of Georgia

The City has entered into a Power Sales Contract with the Municipal Electric Authority of Georgia (the "Authority"). Concurrently with this agreement, the City has agreed to assume the obligation to pay the costs for excess entitlements transferred from the City of Sylvania, Georgia. The contract requires the City to purchase from the Authority all of the City's bulk power supply. The Authority is authorized to establish rates and charges so as to produce revenues sufficient to cover its costs. The City's payment obligations are general obligations for the payment of which the City's full faith and credit and taxing powers are pledged. The City purchased bulk power totaling \$7,031,454 from the Authority during the period ended June 30, 2010.

Electric Cities of Georgia

The City is obligated under a Distribution Business Unit and Marketing Services Contract with the Electric Cities of Georgia. This contract provides for certain marketing, distribution, joint purchasing, training and safety, and technical support services.

(10) PROPERTY TAXES

Cobb County, Georgia bills and collects real and personal property taxes for the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in August of each year on the assessed valuation of property as of the preceding January 1 and are due within 60 days. Taxes levied on August 15 were due by October 15.

Liens may attach to property for unpaid taxes at any time within three years after the due date.

Assessed values are established by the Cobb County Tax Assessor's office and are currently calculated at 40% of the market value. The assessed values of real and personal property (excluding public utility franchise, motor vehicles, heavy duty equipment and mobile home taxes) at January 1, 2009 were \$651,850,182 and \$44,004,336, respectively.

Based on the 2009 digest millage levy of 7.60, a property tax owner would pay \$7.60 per \$1,000 of assessed valuation. Current tax collections of \$4,745,439 for the fiscal year ended June 30, 2010 were 97% of the levy.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(11) FUND BALANCE RESERVES AND DESIGNATIONS

The City maintains reserves in various funds for specific purposes or as required by bond ordinances. The nature and purpose of these reserves is explained below.

General Fund:	
Fund balance reserved for:	
Encumbrances	\$ 11,591
Prepaid expenditures	10,146
Prepaid insurance for 2010 coverage	243,849
Completion of projects	104,133
Debt service requirements	611,697
Proceeds from sale of water and sewer system; appropriation of funds requires voter approval	<u>3,000,000</u>
Total General Fund	<u>3,981,416</u>
SPLOST Fund:	
Fund balance reserved for encumbrances	<u>520,101</u>
Nonmajor Governmental Funds:	
Fund balances reserved for encumbrances	<u>128,984</u>
Total reserved fund balances	<u>\$ 4,630,501</u>

(12) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. For the year ended June 30, 2010, the City's payroll for employees covered by the System's defined benefit plan was \$5,488,765. The Plan also provides for death benefits for early retirees. The benefit provisions and all other requirements are established by the System and the Adoption Agreement executed by the City.

All full-time employees become eligible for the plan after one year of service; elected officials have no waiting period for eligibility. Beginning August 2002, benefits vest after completing five years of service. Employees who retire after age 65 with 5 years of services or after age 55 with 10 years of credited service are entitled to a retirement benefit. The monthly benefit is determined using a split benefit formula, incorporating the employees' highest average earnings for five consecutive years, years of service and rates of 1.0% and 1.75%.

The Plan was amended during 2007 to offer certain enhancements. During fiscal year ended December 31, 2007, all active employees were offered the option of acquiring an early retirement benefit under the "Rule of 80" with a minimum age of 52 (where age and credited years of service meet or exceed 80). Employees that meet the "Rule of 80" with a minimum age of 52 are entitled to early retirement benefits. Employees contribute 3% of their annual salary towards the additional costs of these benefits. Benefits vest after completing seven years of service. Elected officials have no waiting period for eligibility and are immediately vested. Elected officials are entitled to a benefit based on a set amount per years of service.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(12) EMPLOYEE RETIREMENT SYSTEM (Continued)

Employee benefits are determined using a benefit formula incorporating the employee's highest consecutive five years average earnings, years of service and a rate of 1.75%. All new employees are automatically covered by the new plan after meeting the eligibility requirement.

Total pension contributions for the year ended June 30, 2010 were \$398,032 (\$284,200 from the City and \$113,832 from employee contributions).

The net pension obligation was computed from information obtained from the actuarial valuation performed as of March 1, 2009. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 8.0% a year, (b) projected salary increases of 5% a year, attributed to inflation, (c) additional projected salary increases of .5%, attributable to seniority or merit, and (d) no post retirement benefit increases.

Contributions are determined under the projected unit credit actuarial cost method and the assets valuation method (roll forward prior years actuarial value with contributions, disbursements, and expected return on investments, plus 10% of investment gains (losses) during 10 prior years).

The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1982 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods, if applicable, are closed for this plan year.

Employer contributions represented 5.58% of current period covered payroll and were in accordance with actuarial recommendations. The normal contribution requirement was \$284,200.

Period Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Amount Contributed
12/31/2008	155,522	106%	73,604	164,888
6/30/2009	142,100	63%	125,980	88,816
6/30/2010	284,200	100%	124,037	284,200

The City's annual pension cost and net pension obligation for the period were as follows:

Required contribution	\$ 284,200
Interest on net pension obligation	10,078
Adjustment to required contribution	<u>(12,021)</u>
Pension cost	282,257
Contributions made	<u>(284,200)</u>
Increase (decrease) in net pension obligation	(1,943)
Net pension obligation, beginning of period	<u>125,980</u>
Net pension obligation, end of period	<u>\$ 124,037</u>

**CITY OF ACWORTH, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(12) EMPLOYEE RETIREMENT SYSTEM (Continued)

The net pension obligation has been recorded in the governmental activities statement of net assets.

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
01/01/10	3,846,121	4,496,989	650,868	85.5%	5,488,765	11.9%

The Schedule of Funding Progress presented as required supplemental information following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The Georgia Municipal Employee Benefit System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

Georgia Municipal Association
 Risk Management and Employee Benefit Service
 201 Pryor Street, SW
 Atlanta, Georgia 30303

(13) POST EMPLOYMENT HEALTHCARE PLAN

The City has implemented GASB 45 prospectively during the year ended December 31, 2008.

Plan Description - The City of Acworth OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Acworth. The City provides medical, prescription drug, dental, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree with the exception of life insurance. Substantially all of the City's employees may become eligible for those benefits if they retire on or after the age of 60, provided that the employee's age plus completed years of service with the City, at the time of the employee's retirement is equal to or greater than 85. As of March 1, 2008, there were 4 retirees and spouses eligible for the benefits, 4 retirees and spouses receiving benefits, and 124 current and active employees. The City has the authority to establish and amend benefit provisions.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(13) POST EMPLOYMENT HEALTHCARE PLAN (Continued)

Funding Policy - The contribution requirements are established and may be amended by the City. The required contribution was determined by an actuarial valuation. The plan is financed on a pay-as-you-go basis. During the year ending June 30, 2010, the City contributed \$24,684 to the plan. The cost of benefits for retirees is paid by the City. The City will pay 100% of the cost of benefits for the retiree's spouse if the employees retires after completing 30 years of service with the City, 75% if completed 25 years of service, 50% if completed 20 years of service, and 0% if less than 20 years of service.

Period Ended	OPEB Cost	Percentage Contributed	Net Pension Obligation	Amount Contributed
12/31/08	\$ 532,095	4%	\$ 509,441	\$ 22,654
6/30/09	266,048	4%	755,287	10,464
6/30/10	532,095	5%	1,232,730	24,684

The following is the funding status of the Plan as of the most recent valuation date:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
03/01/08	\$ -	\$ 3,317,637	\$ 3,317,637	0.0%	\$ 4,682,605	70.9%

Annual OPEB Cost and Net OPEB Obligation - The City's other postemployment benefit (OPEB) cost (expense) is calculated based on the required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period. The following table shows the components of the City's OPEB cost for the period, the amount actually contributed to the plan, and changes in the net OPEB obligation:

Required contribution	\$ 532,095
Interest on net OPEB obligation	30,211
Adjustment to required contribution	(60,179)
OPEB cost	502,127
Contributions made	(24,684)
Increase (decrease) in net OPEB obligation	477,443
Net OPEB obligation, beginning of period	755,287
Net OPEB obligation, end of period	<u>\$ 1,232,730</u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period.

**CITY OF ACWORTH, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(13) POST EMPLOYMENT HEALTHCARE PLAN (Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	3/1/2008
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	market value
Actuarial assumptions:	
Investment return	4%
Discount rate	4%
Inflation rate	3%
Medical and drug cost trend rate	9% graded to 5% over 8 years
Dental cost trend rate	7% graded to 5% over 4 years

(14) DEFINED CONTRIBUTION PLAN

The City of Acworth contributes to the City of Acworth's ICMA RC Governmental Money Purchase Plan, which is a defined contribution plan under Section 401(a) of the Internal Revenue Code. The Plan is administered by the ICMA-Retirement Corporation. At June 30, 2010, there were 118 plan members. Plan provisions and contribution requirements are established and amended by the City. The plan includes elected officials, all full-time employees, management employees and part-time permanent employees working more than 30 hours per week. The plan consists of employee contributions and an employer match. The employer match is up to 2.5% for qualifying regular and part-time employees and up to 5.5% for management employees and elected officials of the City. Such qualifying employees who have performed one (1) hour of service are eligible to participate in the plan.

The plan was amended in 2007 by the City to allow qualified employees and current elected officials hired/elected and enrolled prior to October 01, 2007 to be automatically vested. Employees hired after October 01, 2007 and/or those enrolling during subsequent open enrollment periods are required to meet a tiered seven (7) year vesting schedule. Elected officials participating after October 01, 2007 and/or those enrolling during subsequent open enrollment periods become fully vested after four (4) years of participation.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(14) DEFINED CONTRIBUTION PLAN (Continued)

A participant that leaves the employment of the City is entitled to their account balance for employee contributions and if vesting requirements are satisfied they are also entitled to the employer match portion. Any forfeiture are used to reduce future employer contributions, or if no contributions are required, forfeited amounts are allocated to participant accounts based on the ratio of each participant's earnings to total earnings for all participants. The balance in the forfeiture account as of June 30, 2010 was \$532. The City made actual contributions during the year of \$154,023. The participants made actual contributions during the year of \$155,264. The plan held no securities of the City or other related parties during the year.

(15) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City participates in a public entity risk pool managed by the Georgia Interlocal Risk Management Agency (GIRMA) whereby the risk is pooled with other entities. Participation in this pool allows the City to share liability, crime, motor vehicle and property damage risks. The retention of the pool is \$1,000,000 for property and \$500,000 for liability. Coverage is subject to a per occurrence deductible of \$2,500.

Chapter 85 of Title 36 of the Official Code of Georgia Annotated authorizes Georgia municipalities to form interlocal risk management agencies. GIRMA is a municipal interlocal risk management agency to function as an unincorporated nonprofit instrumentality of its member municipalities - GIRMA establishes and administers one or more group self insurance funds and a risk management service to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of municipal government. GIRMA is to defend and protect in accordance with the member government contract and related coverage descriptions any member of GIRMA against liability or loss.

The City must participate at all times in at least one fund which is established by GIRMA. Other responsibilities of the City are as follows:

- To pay all contributions, assessments or other sums due to GIRMA at such times and in such amounts as shall be established by GIRMA.
- To select a person to serve as a Member representative.
- To allow GIRMA and its agents reasonable access to all facilities of the City and all records, including but not limited to financial records, which relate to the purposes of GIRMA.
- To allow attorneys appointed by GIRMA to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the Fund or Funds established by GIRMA.
- To assist and cooperate in the defense and settlement of claims against the City.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(15) RISK MANAGEMENT (Continued)

- To furnish full cooperation to GIRMA's attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of GIRMA relating to the purpose of GIRMA.
- To follow all loss reduction and prevention procedures established by GIRMA.
- To furnish to GIRMA such budget, operating and underwriting information as may be requested.
- To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in GIRMA or any Fund established by GIRMA being required to pay claim for loss or injuries to municipal property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the City participates.

The City is also exposed to risks of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Group Self Insurance Workers' Compensation Fund whereby the risk is pooled with other entities. The policy is retrospectively rated and the retention of the pool is \$2,000,000. Yearly premiums are paid by the City which will pay for lost time exceeding the first seven days the employee is absent, and the first seven days if the employee is absent at least twenty-one days, up to statutory limits per occurrence. Beginning in 2006, coverage is subject to a per occurrence deductible of \$25,000.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the City became a member of the Georgia Municipal Association Workers' Compensation Self Insurance Fund. The liability of the fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability.

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

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is 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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(15) RISK MANAGEMENT (Continued)

In addition, the City is exposed to risks of loss resulting from providing health and dental benefits to employees and retirees. The City is responsible for premium payments and providing eligibility information. The City pays 95% of the employee premium and 75% of the dependent premium for the HMO plan. Employees electing the PPO plan must cover the additional premium associated with this plan selection. In addition to insurance benefits, the City has established a Health Reimbursement Arrangement (HRA) related to the medical insurance deductible. As part of the structure, the City will reimburse the employee and covered dependents for the deductible. The City has accrued a liability for estimated claims under the HRA that may have been incurred but not paid.

The City believes that coverage provided by these various insurance policies is adequate to cover any outstanding claims as detailed by the carrier. A liability for unpaid deductibles on claims outstanding at year end has been recorded for workers' compensation.

(16) JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the ten county Atlanta regions, is a member of the Atlanta Regional Commission (ARC). Membership in a RDC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC Board membership includes the officials of political subdivisions and private citizens representing districts with the Atlanta region. OCGA 50-8-39.1 provides that certain member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from Atlanta Regional Commission, 40 Courtland Street, NE, Atlanta, Georgia 30303.

(17) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the year ended June 30, 2010:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
Culture and Recreation			
Special Needs Programs	\$ 1,715	\$ 1,728	\$ 13
Special Events Activities	31,557	31,705	148

These over expenditures were funded by available fund balance.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(18) RESTATEMENT OF FUND BALANCES AND NET ASSETS

The City has made prior period adjustment to fund balances and net assets as previously stated at June 30, 2009:

	Governmental Activities	Business-Type Activities	Power Fund	Sanitation Fund	Customer Service Fund
Net Assets/Fund Balance as previously reported	\$ 36,431,341	\$ 1,989,547	\$ 1,472,576	\$ 528,303	\$ (11,332)
To properly record liability for OPEB	(27,806)	27,807	(48,802)	38,896	37,713
To properly reflect amount due from Component Unit	(202,879)	-	-	-	-
Net Assets/Fund Balance as adjusted	<u>\$ 36,200,656</u>	<u>\$ 2,017,354</u>	<u>\$ 1,423,774</u>	<u>\$ 567,199</u>	<u>\$ 26,381</u>

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**CITY OF ACWORTH, GEORGIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS**

Employee Retirement Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
03/01/06	\$ 2,754,532	\$ 2,497,804	\$ (256,728)	110.3%	\$ 3,600,879	-7.1%
03/01/07	3,004,492	2,566,132	(438,360)	117.1%	4,002,452	-11.0%
03/01/08	3,300,651	3,334,204	33,553	99.0%	4,518,179	0.7%
03/01/09	2,917,650	3,926,157	1,008,507	74.3%	5,091,295	19.8%
01/01/10	3,846,121	4,496,989	650,868	85.5%	5,488,765	11.9%

Post Employment Healthcare Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
03/01/08	\$ -	\$ 3,317,637	\$ 3,317,637	0.0%	\$ 4,682,605	70.9%

**CITY OF ACWORTH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 7,993,706	\$ 8,116,697	\$ 8,221,777	\$ 105,080
Licenses and Permits	229,500	210,830	217,691	6,861
Intergovernmental	5,945	293,962	260,412	(33,550)
Charges for Services	514,414	469,170	470,637	1,467
Fines and Forfeitures	885,000	985,000	1,061,228	76,228
Investment Earnings	110,000	85,000	112,956	27,956
Contributions and Donations	41,500	36,000	63,846	27,846
Other	67,600	79,600	61,873	(17,727)
Total Revenues	9,847,665	10,276,259	10,470,420	194,161
Expenditures:				
General Government				
Board of Aldermen	168,445	178,490	172,313	6,177
Administration - City Manager's Office	414,758	414,501	407,642	6,859
Elections	5,810	32	32	-
Financial Administration	429,300	438,433	430,656	7,777
Attorney/Legal Services	93,740	78,740	72,276	6,464
Information Systems	254,523	320,399	307,457	12,942
Former Employees	24,300	28,503	27,653	850
Insurance/Risk Management	335,000	330,000	316,790	13,210
External Auditors	26,000	22,500	20,215	2,285
Government Bldg - City Hall	92,600	100,900	98,935	1,965
Government Bldg - 4400 Acworth Ind Dr	106,500	92,500	87,228	5,272
Government Bldg - 4406 Acworth Ind Dr	9,000	8,650	8,172	478
Government Bldg - Other City Property	3,500	1,800	1,077	723
Government Bldg - Old Jail	4,800	8,150	7,273	877
Public Information	15,600	15,510	15,010	500
General Administration Fees	10,000	10,000	7,712	2,288
Judicial				
Municipal Court	421,103	457,225	413,747	43,478
Public Safety				
Police	3,324,084	3,226,264	3,088,914	137,350
Jail	659,512	636,390	583,704	52,686
Public Works				
Public Works Administration	262,313	259,514	257,408	2,106
Highways and Streets	498,196	508,683	489,750	18,933
Storm Drainage	16,815	10,315	5,180	5,135
Fleet Maintenance	112,107	114,082	108,461	5,621
Building Maintenance	62,718	61,701	57,397	4,304
Cemetery	13,900	12,658	11,992	666
Health and Welfare				
Mosquito Control	6,592	3,192	1,749	1,443

**CITY OF ACWORTH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Culture and Recreation				
Recreation	937,174	1,115,418	1,090,593	24,825
Athletics	70,990	75,071	74,487	584
Community Programs	56,387	49,980	47,991	1,989
Roberts School Rec Facility	20,125	24,812	24,276	536
Rosenwald Community Center	-	5,300	3,640	1,660
Neighborhood Playgrounds	1,850	1,850	1,810	40
Southshore Park and Beach	4,550	5,487	5,279	208
Dallas Landing Beach and Park	30,650	44,193	41,953	2,240
Proctor Landing Beach and Park	30,000	39,491	39,197	294
Acworth Sports Complex	96,290	125,490	121,958	3,532
Tanyard Creek Park	5,000	4,815	3,823	992
Bobby Van Newberry Park	19,805	21,350	17,767	3,583
Cauble Park Facilities	56,475	64,233	59,763	4,470
Logan Farm Park Facilities	18,875	23,657	20,933	2,724
Special Needs Programs	3,262	1,715	1,728	(13)
Summer Camp Operations	104,886	84,058	61,139	22,919
Special Events Activities	30,390	31,557	31,705	(148)
Concert	14,850	16,150	14,110	2,040
Senior Citizen Luncheon	13,250	12,465	11,065	1,400
Parks	4,800	3,429	3,214	215
Tree Commission	2,750	3,525	3,431	94
All America City Program	-	50,000	33,925	16,075
Transfer to Component Unit	10,000	10,000	10,000	-
Housing and Development				
Conservation / Soil Erosion	57,405	56,089	52,570	3,519
Protective Building Inspections	253,242	252,426	239,536	12,890
Planning and Zoning	165,897	164,812	148,045	16,767
Code Enforcement	61,651	61,952	56,032	5,920
Façade Grant Expenditures	17,548	5,623	3,075	2,548
Economic Development	178,387	177,629	172,519	5,110
Transfer to Component Unit	15,000	15,000	15,000	-
Debt Service	739,749	764,893	764,775	118
Total Expenditures	10,392,454	10,651,602	10,174,082	477,520
Excess (deficiency) of Revenues over Expenditures	(544,789)	(375,343)	296,338	(283,359)
Other Financing Sources (uses):				
Transfers In	969,309	1,001,216	1,001,216	-
Transfers Out	(500,113)	(729,113)	(1,101,917)	(372,804)
Sale of Capital Assets	-	1,301	1,301	-
Capital Lease Proceeds	-	-	-	-
Total Other Financing Sources (uses)	469,196	273,404	(99,400)	(372,804)
Net Change in Fund Balance	\$ (75,593)	\$ (101,939)	\$ 196,938	\$ (656,163)
Fund Balance at Beginning of Year - GAAP Basis			6,338,457	
Fund Balance at End of Year - GAAP Basis			<u>\$ 6,535,395</u>	

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**CITY OF ACWORTH, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Special Revenue Funds					Capital Projects Funds			Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Historical Preservation Commission	Tax Allocation District	Confiscated Assets	Transportation Improvement	Capital Improvement	
ASSETS									
Receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,925	\$ 11,925
Prepaid items	-	-	-	-	1,250	-	-	-	1,250
Due from other funds	-	1,624	-	9,148	-	-	70,670	225,000	306,442
Due from other governments	-	-	-	-	-	-	-	49,847	49,847
Restricted assets:									
Cash	-	475	4,027	198	1	172,582	220	41,164	218,667
Investments	-	-	15	-	-	-	229,472	3	229,490
Total assets	\$ -	\$ 2,099	\$ 4,042	\$ 9,346	\$ 1,251	\$ 172,582	\$ 300,362	\$ 327,939	\$817,621
LIABILITIES AND FUND BALANCES									
Liabilities:									
Retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,333	\$ 8,333
Due to other funds	-	-	-	-	-	41,924	-	54,061	95,985
Due to other governments	-	-	-	-	-	-	-	11,925	11,925
Deferred revenue	-	-	-	-	-	8,642	-	-	8,642
Total liabilities	-	-	-	-	-	50,566	-	74,319	124,885
Fund balances:									
Reserved for encumbrances	-	-	-	-	-	41,552	77,265	10,167	128,984
Unreserved - undesignated	-	2,099	4,042	9,346	1,251	80,464	223,097	243,453	563,752
Total fund balances	-	2,099	4,042	9,346	1,251	122,016	300,362	253,620	692,736
Total liabilities and fund balances	\$ -	\$ 2,099	\$ 4,042	\$ 9,346	\$ 1,251	\$ 172,582	\$ 300,362	\$ 327,939	\$817,621

**CITY OF ACWORTH, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Historical Preservation Commission	Tax Allocation District	Confiscated Assets	Transportation Improvement	Capital Improvement	
Revenues:									
Taxes	\$ 109,608	\$ -	\$ -	\$ -	\$ 199,683	\$ -	\$ -	\$ -	\$ 309,291
Charges for services	-	-	19,000	1,133	-	135	220	-	20,488
Fines and forfeitures	-	-	-	-	-	13,589	-	-	13,589
Intergovernmental	-	-	-	-	743,027	21,560	-	168,773	933,360
Investment earnings	-	-	177	-	-	682	678	108	1,645
Contributions and donations	-	1,225	-	-	-	-	-	12,786	14,011
Total revenues	109,608	1,225	19,177	1,133	942,710	35,966	898	181,667	1,292,384
Expenditures:									
Current:									
Public safety	-	-	-	-	-	67,598	-	-	67,598
Housing and development	-	-	-	-	435,040	-	-	-	435,040
Culture and recreation	68,505	1,645	118,103	4,784	-	-	-	-	193,037
Capital projects	-	-	-	-	-	-	28,517	245,363	273,880
Debt service	-	-	-	-	507,687	-	13,466	-	521,153
Total expenditures	68,505	1,645	118,103	4,784	942,727	67,598	41,983	245,363	1,490,708
Excess (deficiency) of revenues over (under) expenditures	41,103	(420)	(98,926)	(3,651)	(17)	(31,632)	(41,085)	(63,696)	(198,324)
Other financing sources (uses):									
Transfers in	-	-	12,000	1,000	-	-	-	225,328	238,328
Transfers out	(41,216)	-	(328)	-	-	-	-	-	(41,544)
Total other financing sources (uses)	(41,216)	-	11,672	1,000	-	-	-	225,328	196,784
Net change in fund balance	(113)	(420)	(87,254)	(2,651)	(17)	(31,632)	(41,085)	161,632	(1,540)
Fund balance at beginning of year	113	2,519	91,296	11,997	1,268	153,648	341,447	91,988	694,276
Fund balance at end of year	\$ -	\$ 2,099	\$ 4,042	\$ 9,346	\$ 1,251	\$ 122,016	\$ 300,362	\$ 253,620	\$ 692,736

**CITY OF ACWORTH, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	<u>\$109,608</u>	<u>\$109,608</u>	<u>\$ -</u>
Expenditures:			
Current:			
Culture and recreation	<u>68,505</u>	<u>68,505</u>	<u>-</u>
Excess of revenues over expenditures	<u>41,103</u>	<u>41,103</u>	<u>-</u>
Other financing sources (uses):			
Transfers out	<u>(41,216)</u>	<u>(41,216)</u>	<u>-</u>
Net change in fund balance	<u>\$ (113)</u>	<u>(113)</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>113</u>	
Fund balance at end of year		<u>\$ -</u>	

**CITY OF ACWORTH, GEORGIA
VETERAN'S MEMORIAL
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Contributions and donations	\$ 2,250	\$ 1,225	\$ (1,025)
Expenditures:			
Current:			
Culture and recreation	4,000	1,645	2,355
Net change in fund balance	<u>\$ (1,750)</u>	(420)	<u>\$ 1,330</u>
Fund balance at beginning of year		<u>2,519</u>	
Fund balance at end of year		<u>\$ 2,099</u>	

**CITY OF ACWORTH, GEORGIA
RECREATIONAL IMPACT FEE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Charges for services	\$ 18,500	\$ 19,000	\$ 500
Investment earnings	165	177	12
Total revenues	<u>18,665</u>	<u>19,177</u>	<u>512</u>
Expenditures:			
Current:			
Culture and recreation	<u>120,931</u>	<u>118,103</u>	<u>2,828</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(102,266)</u>	<u>(98,926)</u>	<u>3,340</u>
Other financing sources (uses):			
Transfers in	12,000	12,000	-
Transfers out	<u>(328)</u>	<u>(328)</u>	<u>-</u>
Total other financing sources (uses)	<u>11,672</u>	<u>11,672</u>	<u>-</u>
Net change in fund balance	<u>\$ (90,594)</u>	<u>(87,254)</u>	<u>\$ 3,340</u>
Fund balance at beginning of year		<u>91,296</u>	
Fund balance at end of year		<u>\$ 4,042</u>	

**CITY OF ACWORTH, GEORGIA
ACWORTH HISTORICAL PRESERVATION COMMISSION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Expenditures:			
Current:			
Culture and recreation	\$ 7,100	\$ 4,784	\$ 2,316
Excess (deficiency) of revenues over (under) expenditures	<u>(7,100)</u>	<u>(4,784)</u>	<u>2,316</u>
Other financing sources (uses):			
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,100)</u>	<u>(3,784)</u>	<u>\$ 2,316</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Charges for services		1,133	
Fund balance at beginning of year		<u>11,997</u>	
Fund balance at end of year		<u>\$ 9,346</u>	

**CITY OF ACWORTH, GEORGIA
TAX ALLOCATION DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 199,683	\$ 199,683	\$ -
Intergovernmental	743,421	743,027	(394)
Total revenues	<u>943,104</u>	<u>942,710</u>	<u>(394)</u>
Expenditures:			
Current:			
Housing and development	448,623	435,040	13,583
Debt service	510,000	507,687	2,313
Total expenditures	<u>958,623</u>	<u>942,727</u>	<u>15,896</u>
Net change in fund balance	<u>\$ (15,519)</u>	(17)	<u>\$ 15,502</u>
Fund balance at beginning of year		<u>1,268</u>	
Fund balance at end of year		<u>\$ 1,251</u>	

**CITY OF ACWORTH, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 540	\$ 13,589	\$ 13,049
Investment earnings	662	682	20
Total revenues	<u>1,202</u>	<u>14,271</u>	<u>13,069</u>
Expenditures:			
Current:			
Public safety	<u>88,270</u>	<u>67,598</u>	<u>20,672</u>
Total expenditures	<u>88,270</u>	<u>67,598</u>	<u>20,672</u>
Net change in fund balance	<u>\$ (87,068)</u>	<u>(53,327)</u>	<u>\$ 33,741</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Charges for services		135	
Intergovernmental		21,560	
Fund balance at beginning of year		<u>153,648</u>	
Fund balance at end of year		<u>\$ 122,016</u>	

**CITY OF ACWORTH, GEORGIA
TRANSPORTATION IMPROVEMENT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 5,000	\$ 220	\$ (4,780)
Expenditures:			
Capital projects	85,119	28,517	56,602
Debt service	13,466	13,466	-
Total expenditures	<u>98,585</u>	<u>41,983</u>	<u>56,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(93,585)</u>	<u>(41,763)</u>	<u>51,822</u>
Net change in fund balance	<u>\$ (93,585)</u>	<u>(41,763)</u>	<u>\$ 51,822</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Investment earnings		678	
Fund balance at beginning of year		<u>341,447</u>	
Fund balance at end of year		<u>\$ 300,362</u>	

**CITY OF ACWORTH, GEORGIA
CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 223,732	\$ 168,773	\$ (54,959)
Investment earnings	71	108	37
Contributions and donations	11,661	12,786	1,125
Total revenues	<u>235,464</u>	<u>181,667</u>	<u>(53,797)</u>
Expenditures:			
Capital projects	443,455	245,363	198,092
Excess (deficiency) of revenues over (under) expenditures	<u>(207,991)</u>	<u>(63,696)</u>	<u>144,295</u>
Other financing sources (uses):			
Transfers in	125,328	225,328	100,000
Total other financing sources (uses)	<u>125,328</u>	<u>225,328</u>	<u>100,000</u>
Net change in fund balance	<u>\$ (82,663)</u>	161,632	<u>\$ 244,295</u>
Fund balance at beginning of year		<u>91,988</u>	
Fund balance at end of year		<u>\$ 253,620</u>	

**CITY OF ACWORTH, GEORGIA
 SPLOST
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental	<u>\$ 1,740,156</u>	<u>\$ 2,176,630</u>	<u>\$ 436,474</u>
Expenditures:			
Capital projects	<u>1,409,329</u>	<u>535,291</u>	<u>874,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>330,827</u>	<u>1,641,339</u>	<u>1,310,512</u>
Net change in fund balance	<u>\$ 330,827</u>	<u>1,641,339</u>	<u>\$ 1,310,512</u>
Reconciliation to GAAP basis:			
Unbudgeted revenues:			
Investment earnings		10,519	
Other		2,200	
Fund balance at beginning of year		<u>1,362,674</u>	
Fund balance at end of year		<u>\$ 3,016,732</u>	

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**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Customer Service Fund	Insurance	Totals
ASSETS			
Current assets:			
Cash	\$ 50,455	\$ -	\$ 50,455
Accounts receivable	1,034	-	1,034
Prepaid items	-	105,031	105,031
Due from other funds	47,310	138,916	186,226
Total current assets	98,799	243,947	342,746
Property, plant and equipment, net	6,282	-	6,282
Total assets	\$ 105,081	\$ 243,947	\$ 349,028
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts and claims payable	\$ 1,310	\$ 22,697	\$ 24,007
Accrued liabilities	14,262	-	14,262
Accrued compensated absences	10,505	-	10,505
Due to other funds	9,643	-	9,643
Total current liabilities	35,720	22,697	58,417
Total liabilities	35,720	22,697	58,417
Fund equity (deficit):			
Invested in capital assets, net of related debt	6,282	-	6,282
Unrestricted	63,079	221,250	284,329
Total fund equity (deficit)	69,361	221,250	290,611
Total liabilities and fund equity	\$ 105,081	\$ 243,947	\$ 349,028

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Customer Service Fund	Insurance	Totals
Operating revenues:			
Charges for services	\$ 599,464	\$ 1,011,680	\$ 1,611,144
Other	13,668	-	13,668
Total operating revenues	<u>613,132</u>	<u>1,011,680</u>	<u>1,624,812</u>
Operating expenses:			
Personal services	394,810	-	394,810
Operating	110,621	847,695	958,316
Depreciation	4,721	-	4,721
Total operating expenses	<u>510,152</u>	<u>847,695</u>	<u>1,357,847</u>
Operating income (loss)	<u>102,980</u>	<u>163,985</u>	<u>266,965</u>
Income (loss) before transfers	<u>102,980</u>	<u>163,985</u>	<u>266,965</u>
Transfers out	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	<u>42,980</u>	<u>163,985</u>	<u>206,965</u>
Fund equity at beginning of year - before restatement	<u>(11,332)</u>	<u>57,265</u>	<u>45,933</u>
Restatement	<u>37,713</u>	<u>-</u>	<u>37,713</u>
Fund equity at beginning of year - after restatement	<u>26,381</u>	<u>57,265</u>	<u>83,646</u>
Fund equity at end of year	<u>\$ 69,361</u>	<u>\$ 221,250</u>	<u>\$ 290,611</u>

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Customer Service Fund	Insurance	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	\$ 598,658	\$ 872,764	\$ 1,471,422
Cash payments for goods and services	(99,668)	-	(99,668)
Cash payments for benefits and claims	-	(872,764)	(872,764)
Cash payments for employee services and fringe benefits	(394,089)	-	(394,089)
Net cash from (to) operating activities	104,901	-	104,901
Cash flows from (to) noncapital financing activities:			
Transfers out	(60,000)	-	(60,000)
Net cash from (to) noncapital financing activities	(60,000)	-	(60,000)
Net increase (decrease) in cash	44,901	-	44,901
Cash at beginning of year	5,554	-	5,554
Cash at end of year	\$ 50,455	\$ -	\$ 50,455
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	\$ 102,980	\$ 163,985	\$ 266,965
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	4,721	-	4,721
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(969)	-	(969)
(Increase) decrease in prepaid expenses	-	(24,072)	(24,072)
(Increase) decrease in due from other funds	(13,505)	(138,916)	(152,421)
Increase (decrease) in net OPEB liability	-	-	-
Increase (decrease) in accounts and claims payable	1,310	2,600	3,910
Increase (decrease) in accrued liabilities	721	-	721
Increase (decrease) in due to other funds	9,643	(3,597)	6,046
Net cash from (to) operating activities	\$ 104,901	\$ -	\$ 104,901

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**CITY OF ACWORTH, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Nonmajor			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
ASSETS				
Cash	\$ 18,119	\$ -	\$ 6,154	\$ 24,273
Investments	30,980	-	-	30,980
Due from primary government	11,532	2,564	95,470	109,566
Total assets	\$ 60,631	\$ 2,564	\$ 101,624	\$ 164,819
LIABILITIES AND EQUITY				
Liabilities:				
Due to primary government	\$ 65	\$ -	\$ -	\$ 65
Total liabilities	65	-	-	65
Equity:				
Fund balance:				
Reserved for encumbrances	-	83	17,481	17,564
Unreserved	60,566	2,481	84,143	147,190
Total equity	60,566	2,564	101,624	164,754
Amounts reported for the component units in the statement of net assets are different because:				
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	-	810,000	-	810,000
Capital assets used in the component units are not financial resources and, therefore, are not reported in the funds.	33,892	7,500	13,167	54,559
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Unmatured bonds	-	(810,000)	-	(810,000)
Unamortized bond issue costs	-	36,000	-	36,000
Net assets of component units	\$ 94,458	\$ 46,064	\$ 114,791	\$ 255,313

**CITY OF ACWORTH, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Non-major			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
Revenues:				
Intergovernmental	\$ 12,500	\$ 127,220	\$ 27,402	\$ 167,122
Investment earnings	93	26	1,230	1,349
Other	1,155	-	-	1,155
Total revenues	13,748	127,246	28,632	169,626
Expenditures:				
Culture and recreation	-	52,457	57,826	110,283
Housing and development	11,448	-	-	11,448
Debt service	-	117,220	-	117,220
Total expenditures	11,448	169,677	57,826	238,951
Excess (deficiency) of revenues over (under) expenditures	2,300	(42,431)	(29,194)	(69,325)
Net change in fund balance	2,300	(42,431)	(29,194)	(69,325)
Fund balance at beginning of year	58,266	44,995	130,818	234,079
Fund balance at end of year	\$ 60,566	\$ 2,564	\$ 101,624	\$ 164,754

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

Component units 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. When assets are sold or retired, the difference between the sales proceeds, if any, and the net book value of the assets is reported in the statement of activities as a gain or loss.

Depreciation expense

\$ (404)	\$ (1,000)	\$ (3,063)	\$ (4,467)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures.

Amortization of bond issuance costs

-	(4,500)	-	(4,500)
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Net change in fund balance

2,300	(42,431)	(29,194)	(69,325)
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Change in net assets of component units on the statement of activities

\$ 1,896	\$ (47,931)	\$ (32,257)	\$ (78,292)
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**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
GENERAL LONG-TERM DEBT	10/1/2010	52,174	6,015	46,159
Refinance 4400 building & finance jail renovations	1/1/2011	52,174	5,446	46,728
6/1/98; \$2,177,667; 4.93%	4/1/2011	52,174	4,870	47,304
\$52,175 / Quarterly	7/1/2011	52,175	4,288	47,887
	10/1/2011	52,174	3,697	48,477
	1/1/2012	52,174	3,100	49,074
	4/1/2012	52,175	2,495	49,680
	7/1/2012	52,175	1,883	50,292
	10/1/2012	52,175	1,263	50,912
	1/1/2013	52,172	969	51,203
		<u>\$ 521,742</u>	<u>\$ 34,026</u>	<u>\$ 487,716</u>
City Hall and Sports Complex	10/1/2010	76,500	76,500	-
4/2/03 ; \$5,580,000 ;	4/1/2011	326,500	76,500	250,000
Interest payment semi-annual; Principal payment annually	10/1/2011	71,813	71,813	-
	4/1/2012	331,813	71,813	260,000
	10/1/2012	66,938	66,938	-
	4/1/2013	336,938	66,938	270,000
	10/1/2013	61,876	61,876	-
	4/1/2014	341,875	61,875	280,000
	10/1/2014	56,625	56,625	-
	4/1/2015	346,625	56,625	290,000
	10/1/2015	51,188	51,188	-
	4/1/2016	351,188	51,188	300,000
	10/1/2016	45,563	45,563	-
	4/1/2017	355,563	45,563	310,000
	10/1/2017	39,750	39,750	-
	4/1/2018	359,750	39,750	320,000
	10/1/2018	33,750	33,750	-
	4/1/2019	368,750	33,750	335,000
	10/1/2019	27,469	27,469	-
	4/1/2020	372,469	27,469	345,000
	10/1/2020	21,000	21,000	-
	4/1/2021	381,000	21,000	360,000
	10/1/2021	14,250	14,250	-
	4/1/2022	389,250	14,250	375,000
	10/1/2022	7,219	7,219	-
	4/1/2023	392,213	7,213	385,000
		<u>\$ 5,227,875</u>	<u>\$ 1,147,875</u>	<u>\$ 4,080,000</u>
Tax Allocation District Bonds	12/01/10	330,156	180,156	150,000
Lakeside Project Series 2004	06/01/11	175,469	175,469	-
bi-annual debt service; 6.25%	12/01/11	335,469	175,469	160,000
Debt service is paid from tax increment within district	06/01/12	170,469	170,469	-
	12/01/12	340,469	170,469	170,000
	06/01/13	165,156	165,156	-
	12/01/13	345,156	165,156	180,000
	06/01/14	159,531	159,531	-

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	12/01/14	349,531	159,531	190,000
	06/01/15	153,594	153,594	-
	12/01/15	358,594	153,594	205,000
	06/01/16	147,188	147,188	-
	12/01/16	367,188	147,188	220,000
	06/01/17	140,313	140,313	-
	12/01/17	370,313	140,313	230,000
	06/01/18	133,125	133,125	-
	12/01/18	378,125	133,125	245,000
	06/01/19	125,469	125,469	-
	12/01/19	390,469	125,469	265,000
	06/01/20	117,188	117,188	-
	12/01/20	397,188	117,188	280,000
	06/01/21	108,438	108,438	-
	12/01/21	403,438	108,438	295,000
	06/01/22	99,219	99,219	-
	12/01/22	414,219	99,219	315,000
	06/01/23	89,375	89,375	-
	12/01/23	424,375	89,375	335,000
	06/01/24	78,906	78,906	-
	12/01/24	438,906	78,906	360,000
	06/01/25	67,656	67,656	-
	12/01/25	447,656	67,656	380,000
	06/01/26	55,781	55,781	-
	12/01/26	460,781	55,781	405,000
	06/01/27	43,125	43,125	-
	12/01/27	473,125	43,125	430,000
	06/01/28	29,688	29,688	-
	12/01/28	489,688	29,688	460,000
	06/01/29	15,312	15,312	-
	12/01/29	505,312	15,312	490,000
		<u>\$ 10,095,160</u>	<u>\$ 4,330,160</u>	<u>\$ 5,765,000</u>
Recreation Facilities	1/1/2011	14,580	14,580	-
Installment Sales Agreement - Acworth Lake	7/1/2011	104,580	14,580	90,000
Authority revenue Bonds, Series 2008	1/1/2012	12,960	12,960	-
\$975,000 @ 3.6% interest rate	7/1/2012	102,960	12,960	90,000
	7/1/2018	11,340	11,340	-
	7/1/2013	106,340	11,340	95,000
	1/1/2014	9,630	9,630	-
	7/1/2014	109,630	9,630	100,000
	1/1/2015	7,830	7,830	-
	7/1/2015	112,830	7,830	105,000
	1/1/2016	5,940	5,940	-
	7/1/2016	110,940	5,940	105,000
	1/1/2017	4,050	4,050	-
	7/1/2017	114,050	4,050	110,000
	1/1/2018	2,070	2,070	-
	7/1/2018	117,070	2,070	115,000
		<u>\$ 946,800</u>	<u>\$ 136,800</u>	<u>\$ 810,000</u>

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
		<u>\$16,791,577</u>	<u>\$5,648,861</u>	<u>\$11,142,716</u>
Net pension obligation				93,426
Net OPEB obligation				986,184
Accrued compensated absences				<u>\$ 156,462</u>
TOTAL GENERAL LONG-TERM DEBT				<u>\$12,378,788</u>
ENTERPRISE FUNDS				
Electrical Power Fund				
CableNET Project Refunding Bonds; Series 2008	1/1/2011	178,948	178,948	-
\$9,645,000; Fixed Rate - 3.97%	7/1/2011	518,948	178,948	340,000
Mature - 07/01/2028	1/1/2012	172,199	172,199	-
	7/1/2012	527,199	172,199	355,000
	1/1/2013	165,152	165,152	-
	7/1/2013	535,152	165,152	370,000
	1/1/2014	157,808	157,808	-
	7/1/2014	542,808	157,808	385,000
	1/1/2015	150,166	150,166	-
	7/1/2015	555,166	150,166	405,000
	1/1/2016	142,126	142,126	-
	7/1/2016	562,126	142,126	420,000
	1/1/2017	133,789	133,789	-
	7/1/2017	573,789	133,789	440,000
	1/1/2018	125,055	125,055	-
	7/1/2018	585,055	125,055	460,000
	1/1/2019	115,924	115,924	-
	7/1/2019	595,924	115,924	480,000
	1/1/2020	106,396	106,396	-
	7/1/2020	606,396	106,396	500,000
	1/1/2021	96,471	96,471	-
	7/1/2021	616,471	96,471	520,000
	1/1/2022	86,149	86,149	-
	7/1/2022	631,149	86,149	545,000
	1/1/2023	75,331	75,331	-
	7/1/2023	640,331	75,331	565,000
	1/1/2024	64,116	64,116	-
	7/1/2024	654,116	64,116	590,000
	1/1/2025	52,404	52,404	-
	7/1/2025	672,404	52,404	620,000
	1/1/2026	40,097	40,097	-
	7/1/2026	685,097	40,097	645,000
	1/1/2027	27,279	27,279	-
	7/1/2027	702,279	27,279	675,000
	1/1/2028	13,909	13,909	-
	7/1/2028	713,909	13,909	700,000
		<u>\$ 12,821,635</u>	<u>\$ 3,806,635</u>	<u>\$ 9,015,000</u>

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
2007 Yanmar Skid Steer 07/09/2007; \$44,076; 4.860% \$829.61 / month	8/15/2010	830	77	753
	9/15/2010	830	74	756
	10/15/2010	830	71	759
	11/15/2010	830	68	762
	12/15/2010	830	64	766
	1/15/2011	830	61	769
	2/15/2011	830	58	772
	3/15/2011	830	55	775
	4/15/2011	830	52	778
	5/15/2011	830	49	781
	6/15/2011	830	46	784
	7/15/2011	830	42	788
	8/15/2011	830	39	791
	9/15/2011	830	36	794
	10/15/2011	830	33	797
	11/15/2011	830	30	800
	12/15/2011	830	26	804
	1/15/2012	830	23	807
	2/15/2012	830	20	810
	3/15/2012	830	17	813
4/15/2012	830	14	816	
5/15/2012	830	12	818	
6/15/2012	830	11	819	
7/15/2012	833	8	825	
		<u>\$ 19,923</u>	<u>\$ 986</u>	<u>\$ 18,937</u>
2008 Turrett Flat Bed trailer 02/06/2008; \$42,500; 3.660% \$779.27/ month	8/15/2010	780	72	708
	9/15/2010	779	70	709
	10/15/2010	779	68	711
	11/15/2010	779	66	713
	12/15/2010	780	64	716
	1/15/2011	779	62	717
	2/15/2011	779	59	720
	3/15/2011	780	57	723
	4/15/2011	779	55	724
	5/15/2011	779	53	726
	6/15/2011	779	51	728
	7/15/2011	780	48	732
	8/15/2011	779	46	733
	9/15/2011	779	44	735
	10/15/2011	779	42	737
	11/15/2011	780	39	741
	12/15/2011	779	37	742
1/15/2012	779	35	744	
2/15/2012	779	33	746	
3/15/2012	780	30	750	
4/15/2012	779	28	751	
5/15/2012	779	26	753	
6/15/2012	779	23	756	
7/15/2012	780	21	759	
8/15/2012	779	19	760	

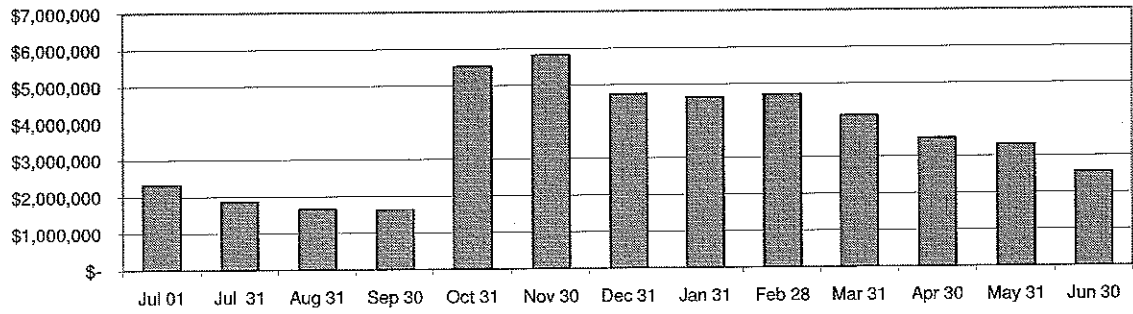
**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	9/15/2012	779	16	763
	10/15/2012	779	14	765
	11/15/2012	780	12	768
	12/15/2012	779	9	770
	1/15/2013	779	6	773
	2/15/2013	779	4	775
	3/15/2013	777	2	775
		<u>\$ 24,934</u>	<u>\$ 1,211</u>	<u>\$ 23,723</u>
2008 (2) Ford F-350 07/14/2008; \$74,052; 4.220% \$2,193.82/ month	8/15/2010	2,193	91	2,102
	9/15/2010	2,194	83	2,111
	10/15/2010	2,194	76	2,118
	11/15/2010	2,194	68	2,126
	12/15/2010	2,193	61	2,132
	1/15/2011	2,194	53	2,141
	2/15/2011	2,194	46	2,148
	3/15/2011	2,194	38	2,156
	4/15/2011	2,193	31	2,162
	5/15/2011	2,194	23	2,173
	6/15/2011	2,194	15	2,179
	7/15/2011	2,195	8	2,187
		<u>\$ 26,326</u>	<u>\$ 593</u>	<u>\$ 25,735</u>
Net OPEB Obligation				<u>\$ 246,546</u>
Total Electrical Power Fund				<u>\$ 9,329,941</u>
Sanitation Fund				
2010 Freightliner Leaf Vacuum; 12/04/2009; 3.71% \$2,336.71/monthly	8/4/2010	2,337	353	1,984
	9/4/2010	2,337	347	1,990
	10/4/2010	2,337	340	1,996
	11/4/2010	2,337	334	2,003
	12/4/2010	2,337	328	2,009
	1/4/2011	2,337	322	2,015
	2/4/2011	2,337	316	2,021
	3/4/2011	2,337	309	2,027
	4/4/2011	2,337	303	2,034
	5/4/2011	2,337	297	2,040
	6/4/2011	2,337	290	2,046
	7/4/2011	2,337	284	2,053
	8/4/2011	2,337	278	2,059
	9/4/2011	2,337	271	2,065
	10/4/2011	2,337	265	2,072
	11/4/2011	2,337	259	2,078
	12/4/2011	2,337	252	2,085
	1/4/2012	2,337	246	2,091
	2/4/2012	2,337	239	2,097
	3/4/2012	2,337	233	2,104

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	4/4/2012	2,337	226	2,110
	5/4/2012	2,337	220	2,117
	6/4/2012	2,337	213	2,123
	7/4/2012	2,337	207	2,130
	8/4/2012	2,337	200	2,137
	9/4/2012	2,337	193	2,143
	10/4/2012	2,337	187	2,150
	11/4/2012	2,337	180	2,157
	12/4/2012	2,337	174	2,163
	1/4/2013	2,337	167	2,170
	2/4/2013	2,337	160	2,177
	3/4/2013	2,337	153	2,183
	4/4/2013	2,337	147	2,190
	5/4/2013	2,337	140	2,197
	6/4/2013	2,337	133	2,204
	7/4/2013	2,337	126	2,210
	8/4/2013	2,337	119	2,217
	9/4/2013	2,337	113	2,224
	10/4/2013	2,337	106	2,231
	11/4/2013	2,337	99	2,238
	12/4/2013	2,337	92	2,245
	1/4/2014	2,337	85	2,252
	2/4/2014	2,337	78	2,259
	3/4/2014	2,337	71	2,266
	4/4/2014	2,337	64	2,273
	5/4/2014	2,337	57	2,280
	6/4/2014	2,337	50	2,287
	7/4/2014	2,337	43	2,294
	8/4/2014	2,337	36	2,301
	9/4/2014	2,337	29	2,308
	10/4/2014	2,337	22	2,315
	11/4/2014	2,337	14	2,322
	12/4/2014	2,337	8	2,329
		<u>\$ 123,846</u>	<u>\$ 9,777</u>	<u>\$ 114,069</u>
Total Solid Waste Sanitation Fund				<u>\$ 114,069</u>
TOTAL ENTERPRISE FUNDS				<u><u>\$ 9,444,010</u></u>

**CITY OF ACWORTH, GEORGIA
GENERAL FUND SCHEDULE OF UNRESERVED FUND BALANCE BY MONTH
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**



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STATISTICAL SECTION

This part of the City'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 City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	83 - 89
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue sources.	90 - 96
Debt Capacity These schedules present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	97 - 100
Demographic and Economic Information These schedules offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.	101, 102
Operating Information These schedules contain service and capital asset data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103 - 105

Except where noted, the information in these schedules is derived from the City's comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning that year.

CITY OF ACWORTH, GEORGIA
GOVERNMENT - WIDE NET ASSETS BY COMPONENT
 Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended December 31,								Fiscal Year Ended June 30,	
	2003	2004	2005	2006 (1)	2007	2008	2009 (2)	2010 (1)	2009 (2)	2010 (1)
Governmental Activities										
Invested in capital assets, net of related debt	\$ 3,064,348	\$ 6,554,354	\$ 6,958,996	\$ 34,190,775	\$ 34,345,532	\$ 33,985,948	\$ 34,171,629	\$ 32,822,306	5,563,664	7,032,640
Restricted	4,125,283	4,093,534	4,692,678	5,312,596	5,474,008	5,772,483	5,563,664	7,032,640	(3,303,952)	(3,244,415)
Unrestricted	6,484,722	3,935,142	(1,975,076)	(1,304,330)	(428,906)	(76,953)	36,431,341	36,610,531		
Subtotal Governmental Activities Net Assets	13,674,353	14,583,030	9,676,598	38,199,041	39,390,634	39,681,478	6,095,349	5,956,187	(4,105,802)	(3,438,357)
Business-Type Activities										
Invested in capital assets, net of related debt	5,889,350	6,121,002	6,192,330	6,271,552	6,369,610	6,246,611	6,095,349	5,956,187		
Restricted						500,000				
Unrestricted	4,180,812	(5,919,881)	(6,566,173)	(5,613,929)	(3,889,450)	(4,501,350)	(4,105,802)	(3,438,357)		
Subtotal Business-Type Activities Net Assets	10,070,162	201,121	(373,843)	657,623	2,500,160	2,245,261	1,989,547	2,517,830		
Primary Government										
Invested in capital assets, net of related debt	8,953,698	12,675,356	13,151,326	40,462,327	40,715,142	40,232,559	40,266,978	38,778,493		
Restricted	4,125,283	4,093,534	4,692,678	5,312,596	5,474,008	6,272,483	5,563,664	7,032,640		
Unrestricted	10,665,534	(1,984,739)	(8,541,249)	(6,918,259)	(4,298,356)	(4,578,303)	(7,409,754)	(6,682,772)		
Total Primary Government Net Assets	\$ 23,744,515	\$ 14,784,151	\$ 9,302,755	\$ 38,856,664	\$ 41,890,794	\$ 41,926,739	\$ 38,420,888	\$ 39,128,361		

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only eight years of government-wide financial data is presented.

(1) As restated.

(2) The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period ending June 30, 2009. Fiscal Year 2010 ends June 30.

CITY OF ACWORTH, GEORGIA
CHANGES IN NET ASSETS - TOTAL
 Last Eight Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended December 31,				Fiscal Year Ended June 30,			
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)	2010
Expenses:								
Governmental activities	\$ 6,598,191	\$ 7,233,554	\$ 13,372,854	\$ 10,894,977	\$ 13,331,013	\$ 13,909,175	\$ 6,687,448	\$ 13,891,839
Business-type activities	8,288,688	8,801,010	12,243,973	11,038,810	11,402,027	11,771,469	5,810,804	11,827,593
Total Expenses	14,886,879	16,034,564	25,616,827	21,933,787	24,733,040	25,680,644	12,498,252	25,719,432
Program Revenues:								
Governmental activities	1,938,741	1,774,456	1,748,322	7,444,743	4,929,542	3,967,669	2,040,549	4,648,767
Business-type activities	9,169,391	9,621,291	11,317,846	11,780,138	12,147,423	11,973,930	5,615,117	12,408,339
Total Program Revenues	11,108,132	11,395,747	13,066,168	19,224,881	17,076,965	15,941,599	7,655,666	17,057,106
Net (Expense) Revenue	(3,748,747)	(4,638,817)	(12,550,659)	(2,708,906)	(7,656,075)	(9,739,045)	(4,842,586)	(8,662,326)
General Revenues and Transfers:								
Governmental activities	5,592,633	6,367,775	6,718,100	7,971,250	9,593,064	10,232,350	1,396,762	9,652,947
Business-type activities	(645,258)	(10,689,322)	351,163	290,138	1,097,141	(457,360)	(60,027)	(80,270)
Total General Revenues and Transfers	4,947,375	(4,321,547)	7,069,263	8,261,388	10,690,205	9,774,990	1,336,735	9,572,677
Changes in Net Assets	\$ 1,198,628	\$ (8,960,364)	\$ (5,481,396)	\$ 5,552,482	\$ 3,034,130	\$ 35,945	\$ (3,505,851)	\$ 910,351

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only eight years of government-wide financial data is presented.

(1) - The City resumed operations of CableNET in July 2005 and sold the system December 2005. Fiscal year 2005 includes five months of operations.

(2) - The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 ends June 30.

CITY OF ACWORTH, GEORGIA
CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended December 31,						Fiscal Year Ended June 30,	
	2003	2004	2005	2006	2007	2008	2009 (1)	2010
Expenses:								
General government	\$ 1,867,237	\$ 1,160,285	\$ 1,950,194	\$ 1,863,653	\$ 1,990,437	\$ 1,749,087	\$ 981,054	\$ 2,004,955
Judicial	244,813	256,038	243,558	291,072	363,383	406,441	237,822	423,891
Health and welfare	2,871	1,550	2,566	13,517	2,393	3,112	1,456	1,749
Public works	501,308	454,355	507,716	2,975,825	3,385,142	3,408,553	1,679,483	3,543,776
Culture and recreation	664,497	1,580,227	1,363,873	1,400,126	1,833,692	2,379,781	1,174,998	2,082,237
Public safety	2,657,134	2,902,935	2,857,775	3,025,874	3,583,909	4,067,441	1,950,445	4,068,427
Housing and development	456,513	568,942	5,793,006	664,585	1,528,600	1,259,224	349,078	1,162,929
Interest and fiscal charges	203,818	369,222	654,166	660,325	843,457	635,536	313,112	603,875
Total Expenses	6,598,191	7,233,554	13,372,854	10,894,977	13,331,013	13,909,175	6,687,448	13,891,839
Program Revenues:								
Charges for Services:								
General government	401,585	375,042	140,928	188,993	193,933	180,197	71,358	187,312
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228
Public works	9,970	41,527	37,892	35,746	24,085	25,724	6,820	9,090
Culture and recreation	313,230	316,186	291,369	357,783	363,368	336,271	171,720	353,160
Public safety	87,909	136,303	113,146	47,943	64,367	27,246	11,401	25,312
Housing and development	388,694	342,062	386,137	439,748	423,272	302,367	70,775	215,680
Operating grants and contributions	-	5,600	7,549	4,769	2,855	41,629	52,761	185,071
Capital grants and contributions	302,583	23,042	229,308	5,792,213	3,011,179	2,201,668	1,116,991	2,631,914
Total Program Revenues	1,938,741	1,774,456	1,748,322	7,444,743	4,929,542	3,967,669	2,040,549	4,648,767
Net (Expense) Revenue	(4,659,450)	(5,459,098)	(11,624,532)	(3,450,234)	(8,401,471)	(9,941,506)	(4,646,899)	(9,243,072)
General Revenues and Transfers:								
General revenues:								
Property taxes	3,198,818	3,805,668	4,085,475	4,513,677	4,992,145	5,302,654	211,192	5,321,112
Insurance premium tax	576,543	624,816	672,221	703,311	733,632	751,205	-	744,158
Alcohol taxes	273,214	306,843	372,953	417,803	454,868	461,838	222,419	434,368
Hotel, motel tax	124,420	124,992	122,679	134,925	127,745	115,685	49,262	109,608
Franchise taxes	638,883	750,487	857,847	920,780	1,110,268	1,092,569	690,534	1,288,181
Financial institution tax	13,600	22,773	22,766	14,394	17,638	17,636	50,373	20,287
Business Taxes	-	-	276,886	373,889	436,204	436,024	823	401,509
Contributions not restricted to a specific program	-	-	176,364	236,852	791,847	789,745	17,767	743,031
Operating grants not restricted to a specific program	-	-	283,163	280,749	344,105	291,701	-	389,494
Insurance Proceeds	-	-	-	-	-	18,649	-	-
Unrestricted investment earnings	111,552	132,602	187,133	322,257	426,639	319,312	77,005	125,116
Gain (loss) on sale of capital assets	-	(1,214)	-	-	-	77,367	-	-
Transfers	655,803	800,803	(339,387)	52,593	157,973	635,332	-	96,093
Total General Revenues and Transfers	5,592,633	6,367,775	6,718,100	7,971,250	9,593,064	10,232,350	1,396,762	9,652,947
Change in Net Assets	\$ 933,183	\$ 908,677	\$ (4,906,432)	\$ 4,521,016	\$ 1,191,593	\$ 290,844	\$ (3,250,137)	\$ 409,875

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only eight years of government-wide financial data is presented.

(1) The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 ended June 30.

CITY OF ACWORTH, GEORGIA
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended December 31,						Fiscal Year Ended June 30,	
	2003	2004	2005	2006	2007	2008	2009 (1)	2010
Expenses:								
Electrical Power	\$ 7,369,634	\$ 7,787,647	\$ 8,294,405	\$ 9,954,942	\$ 10,270,097	\$ 10,544,317	\$ 5,243,322	\$ 10,650,264
CableNET (1)	-	-	1,885,541	-	-	-	-	-
Sanitation	889,054	1,013,363	1,064,027	1,083,968	1,131,930	1,227,152	567,482	1,177,329
Total Expenses	8,258,688	8,801,010	12,243,973	11,038,810	11,402,027	11,771,469	5,810,804	11,827,593
Program Revenues:								
Charges for Services:								
Electrical Power	7,836,726	8,092,595	9,103,403	10,283,881	10,721,339	10,551,010	4,898,922	10,971,454
CableNET (2)	-	-	717,159	-	-	-	-	-
Sanitation	1,082,360	1,155,524	1,221,948	1,227,557	1,297,819	1,387,511	706,664	1,434,750
Operating grants and contributions	192,024	209,399	207,012	-	-	-	-	-
Capital grants and contributions	58,281	163,773	68,324	268,700	128,265	35,409	9,531	2,125
Total Program Revenues	9,169,391	9,621,291	11,317,846	11,780,138	12,147,423	11,973,930	5,615,117	12,408,339
Net (Expense) Revenue	910,703	820,281	(926,127)	741,328	745,396	202,461	(195,687)	580,746
General Revenues and Transfers:								
Unrestricted investment earnings	10,401	11,481	11,776	342,731	1,255,114	177,972	17,360	15,813
Gain (loss) on Lease Receivable	-	(9,900,000)	-	-	-	-	-	-
Gain (loss) on sale of capital assets	144	-	-	-	-	-	-	-
Transfers	(655,803)	(800,803)	339,387	(52,593)	(157,973)	(635,332)	(77,387)	(96,083)
Total General Revenues and Transfers	(645,258)	(10,689,322)	351,163	290,138	1,097,141	(457,360)	(60,027)	(60,270)
Changes In Net Assets	\$ 265,445	\$ (9,869,041)	\$ (574,964)	\$ 1,031,466	\$ 1,842,537	\$ (254,899)	\$ (255,714)	\$ 500,475

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only eight years of government-wide financial data is presented.

(1) The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period ending June 30, 2009. Fiscal Year 2010 ends June 30.
(2) The City resumed operations of CableNET in July 2005 and sold the system December 2005. Fiscal year 2005 includes five months of operations.

CITY OF ACWORTH, GEORGIA
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Eight Fiscal Years
(accrual basis of accounting)

Program/Function	Fiscal Year Ended December 31,								Fiscal Year Ended June 30,	
	2003	2004	2005	2006	2007	2008	2009 (1)	2010	2009 (1)	2010
Governmental Activities										
General government	\$ 401,585	\$ 375,042	\$ 140,928	\$ 188,993	\$ 193,933	\$ 180,197	\$ 71,358	\$ 167,312	\$ 71,358	\$ 167,312
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228	538,723	1,061,228
Public works (2)	115,695	45,978	37,892	5,652,076	2,026,796	1,904,112	966,532	2,425,920	966,532	2,425,920
Culture and recreation	510,188	334,777	522,303	460,149	1,247,849	660,011	328,999	626,485	328,999	626,485
Public safety	87,909	136,303	119,069	126,229	191,209	68,415	64,162	152,132	64,162	152,132
Housing and development	388,694	347,062	386,137	439,748	423,272	302,367	70,775	215,680	70,775	215,680
Subtotal governmental activities	1,938,741	1,774,456	1,748,322	7,444,743	4,929,542	3,967,669	2,040,549	4,648,767	2,040,549	4,648,767
Business-type activities										
Electric	8,087,031	8,465,767	9,364,273	10,552,581	10,849,604	10,586,419	4,808,453	10,973,579	4,808,453	10,973,579
CableNET (3)	-	-	731,625	-	-	-	-	-	-	-
Sanitation	1,082,360	1,155,524	1,221,948	1,227,557	1,297,819	1,387,511	706,664	1,434,760	706,664	1,434,760
Subtotal business-type activities	9,169,391	9,621,291	11,317,846	11,780,138	12,147,423	11,973,930	5,615,117	12,408,339	5,615,117	12,408,339
Total Primary Government	\$ 11,108,132	\$ 11,395,747	\$ 13,066,168	\$ 19,224,881	\$ 17,076,965	\$ 15,941,599	\$ 7,655,666	\$ 17,057,106	\$ 7,655,666	\$ 17,057,106

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only eight years of government-wide financial data is presented.

(1) - The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period January 01 to June 30. Fiscal Year 2010 ends June 30.

(2) - Public Works 2006 and subsequent years are larger primarily as result of donated infrastructure and SPLOST funded projects.

(3) - The City resumed operations of CableNET in July 2005 and sold the system December 2005. Fiscal year 2005 includes five months of operations.

City of Acworth, Georgia
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007 (1)	2008	2009 (2)	2010
General Fund										
Reserved	\$ 3,376,985	\$ 3,406,463	\$ 3,711,543	\$ 9,653,592	\$ 3,790,647	\$ 3,831,239	\$ 3,808,080	\$ 3,808,585	\$ 4,014,399	\$ 3,981,416
Unreserved	2,958,987	3,466,992	3,523,527	3,777,187	3,875,748	4,273,039	4,644,759	4,951,812	2,324,058	2,553,979
Total General Fund	\$ 6,335,982	\$ 6,873,455	\$ 7,235,070	\$ 13,430,779	\$ 7,666,395	\$ 8,104,278	\$ 8,452,839	\$ 8,760,397	\$ 6,338,457	\$ 6,535,395
All Other Governmental Funds										
Reserved	\$ 301,638	\$ 105,624	\$ 130,864	\$ 128,497	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ 118,817
Special Revenue Funds	1,151,859	545,024	3,476,092	616,897	19,245	752,241	118,037	1,137,042	186,617	530,268
Capital Projects/Improvements										
Unreserved	33,535	-	-	-	696,906	666,154	381,377	361,116	260,841	97,202
Special Revenue Funds	-	-	-	(72,249)	430,695	521,819	1,806,940	924,119	1,609,492	2,963,181
Capital Projects/Improvements										
Total All Other Governmental Funds	\$ 1,487,032	\$ 650,648	\$ 3,606,956	\$ 673,145	\$ 1,146,846	\$ 1,943,214	\$ 2,306,354	\$ 2,422,277	\$ 2,056,950	\$ 3,709,468

NOTES:

- (1) FY2007 is restated due to the creation of a new special revenue fund to account for assets confiscated as a result of drug-related crimes.
- (2) The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 ends June 30.

City of Ancewath
 Changes in Fund Balance, Governmental Funds
 Last Ten Fiscal Years
 (modified account basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue										
Taxes										
Localities and permits	\$ 3,454,480	\$ 3,757,803	\$ 4,174,416	\$ 5,681,546	\$ 6,327,560	\$ 7,048,219	\$ 7,906,346	\$ 8,601,223	\$ 1,371,320	\$ 8,531,068
Intergovernmental	1,841,171	1,867,840	1,672,266	381,622	435,339	523,353	343,770	375,196	89,141	217,691
Charges for services	134,577	582,419	285,948	17,511	2,094,905	3,626,295	3,698,241	1,049,663	3,370,402	3,370,402
Culture and recreation	-	-	-	1,338,325	426,213	466,873	439,446	703,809	205,484	491,125
Parks and recreation	107,410	99,223	132,270	99,223	605,605	605,605	881,110	893,736	585,684	1,074,817
Investment earnings	583,097	488,837	444,601	532,507	444,601	322,276	426,679	319,312	77,805	125,120
Contributions and donations	272,163	183,574	111,551	132,601	187,153	57,075	98,746	115,709	96,781	77,857
Grant Revenue	-	11,250	-	11,495	19,340	-	-	-	-	-
Other	21,679	12,668	56,378	54,246	44,400	81,888	68,630	94,001	37,539	64,073
Total revenues	<u>6,415,077</u>	<u>7,603,593</u>	<u>8,977,430</u>	<u>8,119,853</u>	<u>8,728,518</u>	<u>11,199,827</u>	<u>13,791,022</u>	<u>13,411,227</u>	<u>3,512,617</u>	<u>13,952,153</u>
Expenditures										
Current:										
General Government	1,275,486	1,562,027	1,268,248	693,480	1,633,951	1,723,052	1,897,165	1,927,072	894,250	1,980,437
Public Safety	2,207,228	2,721,183	3,538,010	3,169,750	2,750,247	3,301,020	3,398,425	3,725,058	1,676,764	3,740,213
Public Works	749,174	788,806	603,581	703,800	657,873	796,544	872,367	932,068	419,362	930,192
Health and Welfare	-	-	2,871	1,928	2,566	13,317	2,393	13,172	486	1,749
Housing and development	-	-	444,551	631,888	5,786,621	628,716	1,842,516	1,214,084	326,972	1,211,819
Judicial	-	-	244,813	288,097	243,538	291,072	369,160	405,082	257,142	257,142
Culture and recreation	1,002,401	1,309,551	1,210,205	1,346,168	1,050,459	1,209,298	1,407,751	2,017,873	1,416,452	1,918,528
Capital Projects	119,892	1,144,939	3,684,266	3,278,872	418,628	877,733	2,449,295	2,537,676	1,308,536	809,171
Debt Service	200,791	213,538	333,211	523,752	532,242	536,741	545,461	703,244	449,331	678,889
Principal	103,924	92,991	317,180	428,574	635,094	642,295	625,427	625,559	307,961	607,936
Interest	5,808,896	7,832,234	10,736,936	11,636,239	13,682,441	10,920,888	13,350,340	14,161,788	6,626,626	12,200,081
Total Expenditures	<u>6,963,581</u>	<u>8,222,641</u>	<u>10,736,936</u>	<u>11,636,239</u>	<u>13,682,441</u>	<u>10,920,888</u>	<u>13,350,340</u>	<u>14,161,788</u>	<u>6,626,626</u>	<u>12,200,081</u>
Excess (deficiency) of revenues over expenditures	<u>(648,504)</u>	<u>(619,048)</u>	<u>(759,506)</u>	<u>(516,386)</u>	<u>(953,923)</u>	<u>1,278,939</u>	<u>440,682</u>	<u>(750,561)</u>	<u>(3,114,009)</u>	<u>1,752,072</u>
Other financing sources (uses):										
Transfers in	1,410,638	780,399	749,159	784,826	6,747,051	1,064,035	1,717,889	1,902,936	599,510	1,239,544
Transfers from component units	1,820	(138,595)	(93,346)	(775,503)	(7,086,438)	(1,011,442)	(1,559,916)	(1,267,624)	(522,123)	(1,143,461)
Transfers out	(84,092)	-	-	-	-	-	-	-	-	-
Payment to refunding agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refunding certificate of participation	-	-	-	-	-	-	-	-	-	-
Proceeds from debt	-	-	6,090,000	-	-	-	-	-	-	-
Debt issued	-	-	-	6,188,368	-	-	-	-	244,635	-
Capital lease proceeds	-	-	-	-	-	-	111,062	-	-	-
Sale of capital assets	1,507	7,053	-	613	2,237	3,119	1,984	11,225	4,730	1,301
Total other financing sources (uses)	<u>669,848</u>	<u>529,730</u>	<u>6,245,803</u>	<u>6,198,304</u>	<u>(337,160)</u>	<u>55,712</u>	<u>271,019</u>	<u>1,174,042</u>	<u>326,742</u>	<u>97,384</u>
Net change in fund balance	<u>1,276,429</u>	<u>(98,911)</u>	<u>2,886,297</u>	<u>3,261,898</u>	<u>(5,990,683)</u>	<u>1,234,251</u>	<u>711,701</u>	<u>423,481</u>	<u>(2,787,407)</u>	<u>1,849,566</u>
Fund Balance at beginning of year, before restatement	<u>6,446,585</u>	<u>7,623,014</u>	<u>7,534,103</u>	<u>10,842,026</u>	<u>14,103,324</u>	<u>8,813,241</u>	<u>10,047,492</u>	<u>10,759,193</u>	<u>11,182,674</u>	<u>8,395,407</u>
Restatement	-	-	431,626	-	-	-	-	-	-	-
Fund Balance at beginning of year, after restatement	<u>6,546,585</u>	<u>7,623,014</u>	<u>7,965,729</u>	<u>10,842,026</u>	<u>14,103,324</u>	<u>8,813,241</u>	<u>10,047,492</u>	<u>10,759,193</u>	<u>11,182,674</u>	<u>8,395,407</u>
Residual equity transfer out	(462)	-	-	-	-	-	-	-	-	-
Residual equity transfer in	462	-	-	-	-	-	-	-	-	-
Fund balance at end of year:										
Reserved	4,984,017	3,951,487	7,318,499	10,398,986	3,809,892	4,586,480	3,926,117	4,945,627	4,201,016	4,680,501
Unreserved	2,958,997	3,572,616	3,532,227	3,704,938	5,003,349	5,616,012	6,832,076	6,237,047	4,194,391	5,614,562
Total	<u>7,943,014</u>	<u>7,524,103</u>	<u>10,850,726</u>	<u>14,103,924</u>	<u>8,813,241</u>	<u>10,202,492</u>	<u>10,759,193</u>	<u>11,182,674</u>	<u>8,395,407</u>	<u>10,295,063</u>
Debt service as a percentage of noncapital expenditures	7.11%	5.16%	9.50%	12.89%	8.86%	13.75%	11.22%	12.01%	14.41%	10.94%

NOTE : The City changed Fiscal Years. Fiscal Years 2009 and prior and on December 31. Fiscal Year 2009 is an Interim (6 month) reporting period. Fiscal Year 2010 ended June 30.

CITY OF ACWORTH, GEORGIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

(1) Fiscal Year	(2) Property Tax	Insurance Premium Tax	Intangible Tax	Alcoholic Beverage Excise Tax	Hotel Motel Tax	Real Estate Transfer Tax	(3) Franchise Fees	(4) Other	Total
2001	2,504,114	487,541	61,216	223,962	152,635	25,012	-	-	3,454,480
2002	2,729,786	534,945	66,582	263,275	139,306	23,909	-	-	3,757,803
2003	3,073,135	576,543	89,475	273,214	124,672	37,375	-	-	4,174,414
2004	3,233,329	624,816	50,936	306,848	124,992	25,108	750,847	261,931	5,378,807
2005	3,969,739	672,221	53,349	372,953	122,731	24,068	857,846	299,704	6,372,611
2006	4,412,595	703,311	49,875	417,803	134,925	20,765	920,760	388,283	7,048,317
2007	4,967,959	733,632	46,741	454,828	127,745	11,290	1,110,268	453,883	7,906,346
2008	5,091,896	751,205	26,689	461,838	115,685	7,680	1,092,569	453,660	8,001,223
2009	*	*	*	*	*	*	*	*	*
2010	5,509,677	744,158	19,163	434,368	109,608	4,118	1,288,181	421,795	8,531,068

NOTE : Includes General and Special Revenue Funds. Special Purpose Local Option Sales Tax revenues are not included.

- (1) The City changed Fiscal Years. Fiscal Years 2000 to 2008 are ending December 31; Fiscal Year 2010 is ending June 30. The short reporting period for 2009 is not included since information would not reflect a trend.
- (2) 2007 - 2008 taxes were reduced by the Governor's Homeowners Tax Relief Grant that was included in years 2003 to 2008 and was not funded in fiscal year 2010.
- (3) 2004 - 2010 Includes franchise taxes previously classified as fees in prior years.
- (4) 2004 - 2010 Includes occupational taxes previously classified as fees in prior years. 2006 Differs from 2006 CAFR due to reclassification of Property Tax Penalties/Interest to Property Tax.

CITY OF ACWORTH, GEORGIA
 TAXABLE ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF PROPERTY
 Last Ten Digest Years

Digest Year	Amounts													Annual Percentage Change
	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Historical Property	Conservation Use Property	Public Utility	Motor Vehicles and Mobile Homes	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	
2000	176,759,839	20,550	36,442,578	1,740,436	354,808	97,891	7,661,323	24,367,527	14,086,510	4,008,836	257,423,126	7.800	643,557,815	19.0%
2001	205,706,989	20,550	37,867,799	2,298,300	354,808	97,891	5,731,905	30,357,193	20,921,063	17,564,842	285,731,656	7.732	714,929,140	11.0%
2002	261,340,916	-	64,030,374	2,675,596	354,808	166,864	5,953,185	34,857,048	16,038,263	34,227,990	351,189,064	7.500	877,972,660	22.9%
2003	296,812,603	-	80,028,385	2,734,487	488,100	127,384	6,714,501	40,063,878	18,771,457	34,566,331	411,174,484	7.450	1,027,936,160	17.1%
2004	322,296,299	-	107,822,361	2,223,237	488,100	-	8,535,129	41,526,213	21,400,160	35,906,878	468,386,623	7.370	1,170,966,558	13.9%
2005	355,698,897	-	130,781,314	3,117,644	406,086	-	8,951,809	39,650,450	26,073,882	46,099,646	518,590,236	7.870	1,296,475,590	10.7%
2006	392,765,384	-	161,532,031	3,247,472	893,300	-	9,137,752	40,369,366	27,024,454	52,660,065	582,999,704	7.688	1,455,999,260	12.3%
2007	416,206,024	-	192,355,562	5,022,272	910,156	-	9,616,216	44,171,989	43,643,482	57,047,114	654,878,587	7.600	1,637,196,468	12.4%
2008	426,810,777	-	216,720,909	6,349,052	-	-	8,769,920	45,294,528	43,567,048	53,711,754	693,900,480	7.600	1,794,751,200	6.0%
2009	426,874,961	-	218,636,819	6,338,402	-	-	9,819,691	48,217,353	44,029,568	50,601,899	703,314,895	7.600	1,768,287,238	1.4%

Note: 1 - All property is assessed at 40% of fair market value.
 2 - Tax Rates expressed in rate per \$1,000

Source: Tax Digest provided by the Cobb County Tax Commissioner's Office

CITY OF ACWORTH
Direct and Overlapping Property Tax rates
Last Ten Digest Years
(Per \$1,000 of Assessed Value)

Tax Digest Year	City Direct Rate	1 Underlying Rates			Total Underlying and Direct
		Cobb County	Cobb County Schools	State of Georgia	
2000	7.800	9.840	19.050	0.250	36.940
2001	7.732	9.720	20.050	0.250	37.752
2002	7.500	9.720	19.900	0.250	37.370
2003	7.450	9.720	19.900	0.250	37.320
2004	7.370	9.720	19.900	0.250	37.240
2005	7.870	9.720	19.900	0.250	37.740
2006	7.688	9.600	19.900	0.250	37.438
2007	7.600	9.600	18.900	0.250	36.350
2008	7.600	9.600	18.900	0.250	36.350
2009	7.600	9.600	18.900	0.250	36.350

Notes:

1 - Underlying rates are those of Cobb County, Cobb County School System and the State of Georgia that apply to property owners within the City of Acworth.

Source: Cobb County Tax Commissioner's Office

City of Acworth
Principal Property Tax Payers
Current Tax Digest Year and Nine Years Prior

	2009				2000			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	
WRI Lakeside Marketplace LLC	13,010,760	1	1.85%	BellSouth Telecommunications	3,337,737	1	1.21%	
Wal-Mart (3826 N Cobb Pkwy)	10,362,156	2	1.47%	Wingate Falls, L.P.	3,246,110	2	1.17%	
Wal-Mart (3105 N Cobb Pkwy)	9,594,550	3	1.36%	Home Federal Savings	2,419,200	3	0.88%	
Target	9,291,100	4	1.32%	Sembler Family Partners	1,727,358	4	0.63%	
Bellsouth Telecommunications	8,254,548	5	1.17%	Ingles Markets	1,619,910	5	0.59%	
Lowe's Home Centers Inc	7,399,012	6	1.05%	Atlanta Coca-Cola Bottling	1,414,745	6	0.51%	
Walden Ridge Apartments	6,549,439	7	0.93%	Seiz Printing	1,374,267	7	0.50%	
Home Depot Inc	6,260,845	8	0.89%	Realcor - Nora Partners, Ltd.	1,374,240	8	0.50%	
Stanton Place Apartments	6,251,680	9	0.89%	MediaOne Inc.	1,208,671	9	0.44%	
Kohls	5,273,188	10	0.75%	K Mart Corporation	1,182,619	10	0.43%	
Total Principal Taxpayers	82,247,278		11.69%		18,904,857		6.84%	
All Other Taxpayers	621,067,617		88.31%		257,423,126		93.16%	
Total	\$ 703,314,895		100.00%		\$ 276,327,983		100.00%	

Source: Cobb County Tax Commissioners Office

CITY OF ACWORTH
Property Tax Levies and Collections
Last Ten Years

Tax Digest Year	Taxes Levied		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Fiscal Years		Total Collections to Date	
	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy	Amount	Percentage of Levy
2000	1,758,769	97.12%	1,708,126	97.12%	48,306	99.87%	1,756,432	99.87%
2001	1,931,607	97.23%	1,878,078	97.23%	52,192	99.93%	1,930,270	99.93%
2002	2,329,346	94.97%	2,212,210	94.97%	115,774	99.94%	2,327,984	99.94%
2003	2,714,395	96.99%	2,632,820	96.99%	79,604	99.93%	2,712,424	99.93%
2004	3,083,583	96.91%	2,988,365	96.91%	94,352	99.97%	3,082,717	99.97%
2005	3,697,980	94.94%	3,510,790	94.94%	184,899	99.94%	3,695,689	99.94%
2006	4,095,880	94.22%	3,859,214	94.22%	232,962	99.91%	4,092,176	99.91%
2007	4,568,039	95.37%	4,356,677	95.37%	199,746	99.75%	4,556,423	99.75%
2008	4,862,105	87.72%	4,264,903	87.72%	544,573	98.92%	4,809,476	98.92%
2009	4,903,920	96.85%	4,749,622	96.85%	-	96.85%	4,749,622	96.85%

Source: Cobb County Tax Commissioners Office

NOTE: The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 ended June 30.

**City of Acworth, Georgia
Electric Rate History per Season
Last Ten Fiscal Years ***

Fiscal Year	Kilowatt Hours Sold All Customer Types	Summer (1)				Winter (2)			
		Base Rate	Tier 1 (3)	Tier 2 (4)	Tier 3 (5)	Base Rate	Tier 1 (3)	Tier 2 (4)	Tier 3 (5)
2001	75,758,285	\$ 7.00	\$ 0.0650	\$ 0.0780	\$ 0.0930	\$ 7.00	\$ 0.0650	\$ 0.0620	\$ 0.0560
2002	74,103,251	7.00	0.0650	0.0780	0.0930	7.00	0.0650	0.0620	0.0560
2003	80,526,832	7.00	0.0650	0.0780	0.0930	7.00	0.0650	0.0620	0.0560
2004	84,332,502	7.00	0.0650	0.0780	0.0930	7.00	0.0650	0.0620	0.0560
2005	89,184,099	7.45	0.0850	0.1125	n/a	7.45	0.0850	0.0620	n/a
2006	93,983,394	7.45	0.0850	0.1125	n/a	7.45	0.0850	0.0620	n/a
2007	99,502,778	7.45	0.0850	0.1125	n/a	7.45	0.0850	0.0620	n/a
2008	94,174,253	7.45	0.0863	0.1142	n/a	7.45	0.0863	0.0629	n/a
2009	41,699,223	7.45	0.0863	0.1142	n/a	7.45	0.0863	0.0629	n/a
2010	95,696,511	8.45	0.0900	0.1240	n/a	8.45	0.0900	0.0840	n/a

Source : City of Acworth Utility Billing

* The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 ends June 30.

NOTES:

The rate schedule shown is for the predominant customer base (residential) for Acworth Power.

* Information prior to 2001 not readily available.

- (1) Fiscal years 2001 to 2004 are June through September; Fiscal years 2005 to 2010 are June through October.
- (2) Fiscal years 2001 to 2004 are October through May; Fiscal years 2005 to 2010 are November through May.
- (3) Fiscal years 2001 to 2004 - cost per first 600 kilowatt hours; Fiscal years 2005 to 2010 - cost per first 900 kilowatt hours.
- (4) Fiscal years 2001 to 2004 - cost per next 400 kilowatt hours; Fiscal years 2005 to 2010 - cost per kilowatt hours over 900.
- (5) Fiscal years 2001 to 2004 - cost per kilowatt hours over 1800; Fiscal years 2005 to 2010 do not have a third tier.

City of Acworth
Principal Electric Revenue Customers (Unaudited)
June 30, 2010

		2010				2001			
Customer Name	Type of Business	Kilowatt Hours Billed	Rank	Percentage of Total Kilowatt Billable Hours Value	Customer Name	Type of Business	Kilowatt Hours Billed	Rank	Percentage of Total Kilowatt Billable Hours Value
Target Stores	Retail	4,013,400	1	4.19%	Ingles Market	Retail	3,846,569	1	5.08%
Ingles Market	Retail	3,782,263	2	3.95%	K Mart	Retail	1,870,366	2	2.47%
Bellsouth	Telecommunications	1,523,136	3	1.59%	Bellsouth	Telecommunications	1,181,266	3	1.56%
City of Acworth	Government	1,429,132	4	1.49%	City of Acworth	Government	1,097,163	4	1.45%
H and L Land's	Theater	1,374,813	5	1.44%	Day's Chevrolet	Retail	796,330	5	1.05%
Glenncoast Inc.	Manufacturing	925,520	6	0.97%	Bartles	Retail	748,320	6	0.99%
Cobb County Board of Ed.	School District	800,240	7	0.84%	Big Lots	Retail	729,000	7	0.96%
Sav A Lot	Retail	646,590	8	0.68%	Acworth Save A Lot	Retail	593,651	8	0.78%
Big Lots	Retail	635,700	9	0.66%	Acworth United Methodist	Church	502,511	9	0.66%
Cobb County	Government	634,838	10	0.66%	Cobb County Board of Ed.	School District	452,660	10	0.60%
	Total	15,763,632		16.47%			11,817,836		15.60%

Source : City of Acworth Utility Billing

The City changed Fiscal Years. Fiscal Year 2001 ended on December 31. Fiscal Year 2010 ended on June 30.

CITY OF ACWORTH, GEORGIA
 RATIOS OF OUTSTANDING DEBT BY TYPE AND GENERAL BONDED DEBT
 Last Ten Fiscal Years

Fiscal Year (1)	Governmental Activities				Business-type Activities			
	(2) Capital Leases	(3) Tax Allocation Bonds	(4) Total Governmental Activities	(5) Total Business-type Activities	(6) Capital Leases	(7) Loans Payable	(8) Total Business-type Activities	(9) Total Business-type Activities
2001	111,811	-	1,763,478	1,875,289	-	-	12,816,221	12,816,221
2002	22,284	-	1,661,751	1,684,035	-	-	6,477,623	6,477,623
2003	5,890,000	-	1,995,560	7,885,560	-	-	3,781,003	15,547,623
2004	5,477,088	306,052	1,763,268	7,546,408	-	-	6,653,069	15,547,623
2005	5,251,446	255,872	1,570,539	7,077,857	-	-	4,827,807	15,547,623
2006	5,023,174	202,004	1,265,935	6,491,113	-	-	297,728	14,622,728
2007	4,881,443	148,136	1,001,915	5,031,494	-	-	312,854	14,232,854
2008	5,855,895	94,268	753,106	6,703,269	-	-	312,854	9,976,428
2009 (1)	5,240,803	40,400	666,891	5,948,094	-	-	283,817	9,623,817
2010	4,890,000	13,466	487,716	5,391,182	-	-	182,462	9,197,462

Fiscal Year (1)	General Bonded Debt				Total Outstanding Debt			
	(2) Governmental Activities	(3) Business-type Activities	(4) Total Primary Government	(5) Total Business-type Activities	(6) Total Primary Government	(7) Total Business-type Activities	(8) Total Outstanding Debt	(9) Total Outstanding Debt
2001	1,875,289	12,816,221	14,691,510	14,691,510	14,691,510	14,691,510	29,383,020	29,383,020
2002	1,694,035	15,547,623	17,241,658	17,241,658	17,241,658	17,241,658	34,483,316	34,483,316
2003	7,881,612	15,778,003	23,659,615	23,659,615	23,659,615	23,659,615	47,319,230	47,319,230
2004	13,546,228	15,565,069	29,111,297	29,111,297	29,111,297	29,111,297	56,222,534	56,222,534
2005	13,023,989	14,814,807	27,838,796	27,838,796	27,838,796	27,838,796	55,677,592	55,677,592
2006	12,487,245	14,622,728	27,109,973	27,109,973	27,109,973	27,109,973	54,219,946	54,219,946
2007	12,012,646	14,232,854	26,245,500	26,245,500	26,245,500	26,245,500	52,491,000	52,491,000
2008	12,284,402	9,976,428	22,260,830	22,260,830	22,260,830	22,260,830	44,521,660	44,521,660
2009 (1)	11,833,070	9,623,817	21,456,887	21,456,887	21,456,887	21,456,887	42,913,774	42,913,774
2010	11,142,716	9,197,462	20,340,178	20,340,178	20,340,178	20,340,178	40,680,356	40,680,356

Fiscal Year (1)	Governmental Activities	Business-type Activities	Total Primary Government	Total Business-type Activities	Total Primary Government	Total Business-type Activities	Total Outstanding Debt	Percentage of Personal Income	Percentage of Personal Income	Population	Resources Restricted for Repayment of Debt	Net Primary Government	Estimated Actual Value of Taxable Property	Percentage of Estimated Actual Value of Taxable Property	Per Capita
2001	1,875,289	12,816,221	14,691,510	14,691,510	14,691,510	14,691,510	29,383,020	4.20%	4.20%	15,696	243,176	13,832,113	714,329,140	1.94%	886
2002	1,694,035	15,547,623	17,241,658	17,241,658	17,241,658	17,241,658	34,483,316	4.72%	4.72%	16,630	243,192	15,335,843	877,072,660	1.86%	982
2003	7,881,612	15,778,003	23,659,615	23,659,615	23,659,615	23,659,615	47,319,230	5.25%	5.25%	18,057	609,488	22,271,924	1,037,036,160	2.17%	1,233
2004	13,546,228	15,565,069	29,111,297	29,111,297	29,111,297	29,111,297	56,222,534	6.16%	6.16%	18,738	1,229,056	21,165,172	1,170,966,558	1.81%	1,130
2005	13,023,989	14,814,807	27,838,796	27,838,796	27,838,796	27,838,796	55,677,592	5.62%	5.62%	19,220	976,345	20,326,604	1,206,475,990	1.57%	1,057
2006	12,487,245	14,622,728	27,109,973	27,109,973	27,109,973	27,109,973	54,219,946	5.34%	5.34%	19,659	741,873	20,020,572	1,455,992,260	1.17%	1,019
2007	12,012,646	14,232,854	26,245,500	26,245,500	26,245,500	26,245,500	52,491,000	4.80%	4.80%	20,714	644,639	19,233,007	1,637,196,468	1.17%	929
2008	12,284,402	9,976,428	22,260,830	22,260,830	22,260,830	22,260,830	44,521,660	3.91%	3.91%	21,059	657,445	15,367,357	1,734,751,260	0.89%	700
2009 (1)	11,833,070	9,623,817	21,456,887	21,456,887	21,456,887	21,456,887	42,913,774	3.96%	3.96%	20,260	655,294	14,616,776	1,786,267,238	N/A	721
2010	11,142,716	9,197,462	20,340,178	20,340,178	20,340,178	20,340,178	40,680,356	3.51%	3.51%	20,436	652,343	13,746,373	1,786,267,238	0.78%	678

NOTE:
 (1) - The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 and subsequent years end June 30.
 (2) - Includes governmental activities capital leases and the intergovernment agreement (capital lease) with the Downtown Development Authority concerning bonds for the City Hall and Sports Complex.
 (3) - Tax Allocation Bonds - Debt Service is paid by the tax increment received from within the tax allocation district.
 (4) - Intergovernment agreement (capital lease) with the Downtown Development Authority concerning bonds for the Calhoun Project which was sold in 2005.
 (5) - See economic and demographic schedule for population and personal income information.
 (6) - See taxable assessed value schedule for estimated actual value.

CITY OF ACWORTH, GEORGIA
DIRECT, OVERLAPPING AND GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt:			
Debt repaid with property taxes			
Cobb County General Obligation Debt (Including Tax Anticipation Notes)	\$ 166,980,000	2.54%	\$ 4,248,462
Cobb County Board of Education	-	2.54%	-
Other Debt			
Cobb County Recreation Authority	\$ 2,125,000	2.54%	54,066
Cobb Administration Building Project - DMDA	2,390,000	2.54%	60,809
Cobb-Marietta Coliseum and Exhibit Hall Authority	5,092,000	2.54%	129,555
Cobb County Solid Waste Management Authority	10,030,000	2.54%	255,193
Acworth Lake Authority - ISA	810,000	100.00%	810,000
Acworth DDA - City Hall and Sports Complex	4,080,000	100.00%	4,080,000
Subtotal, overlapping debt			9,638,085
City direct debt:			
Direct Governmental Activities Debt (2)			5,765,000
Total direct and overlapping debt			<u>\$ 15,403,085</u>

Sources: Assessed value data used to determine applicable percentages provided by the Cobb County Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

NOTES: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Acworth. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden of the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of another government unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

(2) Direct Governmental Activities Debt includes Tax Allocation Bonds (which are to be repaid in part with shared intergovernmental tax revenues), Certificates of Participation, intergovernmental contracts, and capital lease obligations (not including conduit debt arrangements with Acworth DDA and Installment Sale Agreement with Acworth Lake Authority).

CITY OF ACWORTH, GEORGIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Digest Years

Digest Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Gross Assessed Value	\$ 261,431,462	\$ 303,295,498	\$ 385,417,054	\$ 445,740,795	\$ 504,293,499	\$ 564,680,082	\$ 635,059,769	\$ 711,925,701	\$ 747,612,234	\$ 753,916,794
Legal Debt Margin										
Debt Limit: 10 percent of assessed value	26,143,146	30,329,650	38,541,705	44,574,080	50,429,350	56,466,008	63,505,977	71,192,570	74,761,223	75,391,679
Total net debt applicable to limit (1)	1,647,609	1,520,302	1,414,559	1,786,674	1,553,333	1,305,777	1,043,037	768,189	515,786	250,396
Legal Debt Margin	\$ 24,495,537	\$ 28,809,348	\$ 37,127,146	\$ 42,787,406	\$ 48,876,017	\$ 55,162,231	\$ 62,462,940	\$ 70,424,381	\$ 74,245,437	\$ 75,141,283
Total net debt applicable to the limit as a percentage of debt limit	6.30%	5.01%	3.67%	4.01%	3.08%	2.31%	1.64%	1.08%	0.69%	0.33%

Notes: Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed valuation of taxable property within the City.

(1) Certificates of Participation (net of funds held for debt service) only are listed.

Sources: Tax Digest provided by the Cobb County Tax Commissioner's Office.

Legal Debt Margin Calculation for Fiscal Year 2010

Total Taxable Assessed Value	\$ 703,314,895
Add back: exempt real property	50,601,899
Total assessed value	\$ 753,916,794
Debt limit (10% of total assessed value)	75,391,679
Debt applicable to limit:	
Certificates of Participation	487,716
Less: Resources restricted to paying principal	237,320
	250,396
Legal debt margin	\$ 74,909,963

CITY OF ACWORTH, GEORGIA
 PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year (1)	Tax Allocation Bonds					Debt Service Coverage
	Tax Increment Revenue (2)	Less: Operating Expenses (3)	Net Available Revenue	Principal	Interest	
2001	\$ -	\$ -	\$ -	-	\$ -	N/A
2002	-	-	-	-	-	N/A
2003	-	-	-	-	-	N/A
2004	16,648	-	16,648	-	-	N/A
2005	273,138	-	273,138	-	355,017	77%
2006	335,745	3,000	332,745	-	378,125	88%
2007	967,597	3,016	964,581	15,000	378,125	245%
2008	1,011,485	3,248	1,008,237	130,000	377,189	199%
2009	119	1,500	(1,381)	-	184,531	-1%
2010	942,710	6,500	936,210	140,000	364,688	186%

Notes:

- 1 - The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period ending June 30, 2009. Fiscal Year 2010 ends June 30.
- 2 - Includes interest income
- 3 - Excludes disbursement of Bond Proceeds to Tax Allocation District and distribution of excess funds.

**CITY OF ACWORTH, GEORGIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(2) Personal Income (amounts expressed in thousands)	(3) Per Capita Personal Income	(4) School Enrollment	Education Level in Years of Schooling	(5) Median Age	(6) Unemployment Rate
2001	15,606	342,645	21,956	1,022	*	*	2.9%
2002	16,639	365,326	21,956	951	*	*	4.0%
2003	18,057	450,775	24,964	6,051	*	*	3.6%
2004	18,738	472,572	25,220	5,825	*	*	3.6%
2005	19,220	495,146	25,762	6,170	*	*	3.4%
2006	19,639	508,041	25,869	6,478	*	*	3.1%
2007	20,714	546,477	26,382	6,647	*	32	2.9%
2008	21,959	569,704	25,944	6,640	*	33	5.0%
2009	20,260	541,955	26,750	6,426	*	33	*
2010	20,336	574,492	28,250	6,463	*	34	9.5%

* Information not available

Notes:

- (1) 2000 Population data from U S Census Bureau. All other years are Acworth Community Development Department Estimates.
- (2) Personal Income is derived by multiplying population statistics by Per Capita Income.
- (3) Per Capita Personal Income for 2000 from U S Census Bureau. Years 2001 and 2002 were not available so Census Data is used for those years. All other years provided by Cobb Chamber of Commerce.
- (4) Source : Cobb County Board of Education and North Cobb Christian School. Annexations in 2003 increased enrollment.
- (5) 2000 data from U S Census Bureau. All other years are from Cobb Chamber of Commerce.
- (6) Source : Georgia Department of Labor (2001 - 2008); Acworth Economic Development Estimates (2009 to 2010)

City of Acworth
Principal Employers
2010 and 2001

2010		2001					
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment
Cobb County School System	466	1	7.54%	North Cobb Christian School	153	1	7.76%
Wai-Mart Supercenter #3748	306	2	4.95%	City of Acworth	117	2	5.94%
Wai-Mart #3471	264	3	4.27%	Publix Super Markets	89	3	4.52%
Target Store T-2091	212	4	3.43%	Seiz Printing Inc	84	4	4.26%
Home Depot #156	149	5	2.41%	US Post Office	79	5	4.01%
City of Acworth	145	6	2.35%	UPS	68	6	3.45%
Kohl's Department Store #441	140	7	2.27%	Ingle's Super Markets	67	7	3.40%
Cobb Pediatric Therapy	135	8	2.27%	Day's Chevrolet	65	8	3.30%
North Cobb Christian School	133	9	2.15%	Cobb County School System	60	9	3.04%
United State Postal Service	130	10	2.10%	McDonald's	41	10	2.08%
Total Principal Employers	2,080		33.67%		823		41.76%
Other Employers	4,097		66.33%		1,148		58.24%
Total Employers	6,177		100.00%		1,971		100.00%

Source: City Occupational Tax Department

City of Acworth
Full Time City Employees by Function/Program
Last Ten fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Board of Aldermen	5	5	5	5	5	5	5	5	5	5
Mayor	1	1	1	1	1	1	1	1	1	1
Administration	5	5	4	5	5	5	5	5	5	5
Finance	3	3	4	4	4	4	4	4	4	4
Information Systems	2	2	3	3	3	3	3	3	3	3
Customer Service	5	5	5	5	6	6	9	9	9	9
Total General Government	21	21	22	23	24	24	27	27	27	27
Judicial										
Municipal Court	2	2	2	2	2	2	2	3	3	3
Public Safety										
Police	28	26	34	32	32	32	38	39	41	43
Detention/Jail	6	7	8	9	9	9	9	10	10	10
Dispatch	4	5	5	5	6	6	0	0	0	0
Total Public Safety	38	38	47	46	47	47	47	49	51	53
Public Works										
Public Works	12	12	12	12	12	12	12	12	12	12
Culture & Recreation										
Culture and Recreation	5	9	8	9	9	9	12	13	13	13
Housing and Development										
Economic Development	1	1	1	1	1	1	1	2	2	2
Community Development	0	0	0	0	0	0	0	1	1	1
Zoning	0	1	1	1	1	1	1	1	1	0
Soil Erosion	1	1	1	1	1	1	1	1	1	1
Building	5	5	5	5	5	5	5	4	4	4
Code Compliance	0	0	1	1	1	1	1	1	1	0
Total Housing and Development	7	8	9	9	9	9	9	10	10	8
Electrical Power										
Electrical Power	15	15	15	17	17	17	17	15	14	13
Sanitation										
Sanitation	11	11	11	13	16	16	16	16	16	16
CableNET										
CableNET	6	0	0	0	0	0	0	0	0	0
Total	117	116	126	131	136	136	142	145	146	145

Source : City Payroll Department

NOTE: The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an interim (6 month) reporting period. Fiscal Year 2010 and subsequent years end June 30.

City of Acworth
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009 (4)	2010
General Government										
Business Licenses Issued (1)	479	567	630	708	927	1,078	860	1,102	*	788
Purchase Orders Issued	2,704	2,844	2,486	2,326	2,094	2,478	2,270	2,074	1,050	2,010
Public Safety										
Physical arrests	867	1,009	1,083	1,356	1,187	1,327	1,760	1,594	809	1,441
Parking violations	2	58	14	16	77	20	27	44	5	103
Traffic violations (2)	3,255	3,471	3,456	4,101	4,569	7,010	6,138	5,834	3,349	7,041
Parks and Recreation										
Summer Camp Participant Capacity (5)	110	110	110	110	120	120	120	110	110	100
Concerts / Movies	4	4	4	4	4	3	3	3	1	3
Youth Basketball Participants	-	-	-	-	-	-	398	398	-	400
Housing and Development										
Building Code Permits Issued (3)	558	529	468	244	428	289	276	104	61	110
Other Code Permits Issued	1,590	1,493	1,533	775	1,098	1,187	837	685	300	606
Total Code Inspections Conducted	6,128	*	6,629	9,743	7,597	5,612	3,946	2,512	1,160	4,286
Plan Reviews Conducted	*	*	*	23	27	24	31	33	6	3
Sanitation										
Refuse collected (tons)	*	5,724	6,730	7,689	8,680	8,437	8,316	8,596	3,963	8,886
Sanitation Customers - Residential	5,360	5,811	5,840	6,106	6,260	6,083	6,294	6,312	6,279	6,382
Power										
Kilowatt hours sold (3)	75,758,285	74,103,251	80,526,832	84,332,502	89,184,099	93,983,394	99,502,778	94,174,253	41,699,223	95,696,511
Electrical Power Customers	5,792	5,777	5,994	6,250	6,242	6,280	6,299	6,289	6,252	6,283

Sources: Various City Departments

* Information not available

(1) Several Homebased businesses did not renew during FY2007 and FY2010.

(2) Traffic Violations for 2007 differs from FY2007 issued report due to additional historical review being conducted.

(3) A historical review was conducted and yielded the following differences from prior reports: a) Kilowatt hours sold for years 2000 to 2006 . b) Building Code Permits for 2008.

(4) The City changed fiscal years. Therefore, the Fiscal Year 2009 is for the reporting period January 01, 2009 to June 30, 2009.

(5) Summer Camp varies from prior reports as years 2006 and 2007 were updated to show capacity.

CITY OF ACWORTH, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	21	22	23	22	24	31	37	38	43	44
Sanitation										
Collection trucks	4	4	5	5	5	5	5	5	5	5
Highways and streets										
Streets (miles)	160	160	165	167	177	177	180	180	180	180
Streetlights	975	1,002	1,059	1,101	1,194	1,223	1,241	1,271	1,271	1,384
Culture and recreation										
Park acreage	246.25	282.25	364.25	446.25	528.25	528.25	528.25	540.25	540.25	542.25
Parks	11	12	13	14	15	15	15	15	15	15
Beaches	1	2	3	4	4	4	4	4	4	4
Football Fields	1	1	1	2	2	2	2	2	2	2
Baseball Fields	6	6	6	9	9	9	9	9	9	11
Community centers	-	1	1	1	1	1	1	1	1	1
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	2
Miles of service lines	80.6	82.4	85.7	88.1	91.4	93.3	94.1	94.1	94.1	94.1

NOTE:
The City changed Fiscal Years. Fiscal Years 2008 and prior end on December 31. Fiscal Year 2009 is an Interim (6 month) reporting period. Fiscal Year 2010 and subsequent years end June 30.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

The Honorable Thomas W. Allegood, Mayor
Board of Aldermen
City of Acworth
Acworth, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Acworth, Georgia as of and for the year ended June 30, 2010, which collectively comprise the City of Acworth, Georgia's basic financial statements and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

December 3, 2010



INDEPENDENT AUDITOR'S REPORT ON HOTEL/MOTEL TAX SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED

City of Acworth
Acworth, Georgia

We have audited the accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred for the City of Acworth, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Acworth's management. Our responsibility is to express an opinion on the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-13-51 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Acworth's revenues and expenses.

In our opinion, the Hotel/Motel Tax Schedule of Revenue Received and Expenditures Incurred referred to above presents fairly, in all material respects, the revenues and expenditures in the City of Acworth's resolution or ordinance calling for the tax for the year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Moore & Cubbedge, LLP'.

Moore & Cubbedge, LLP

December 3, 2010

City of Acworth, Georgia
Hotel/Motel Tax
Schedule of Revenue Received and Expenditures Incurred
For the Fiscal Year Ended June 30, 2010

Revenues			Expenditures		
Prior Years	Current Year	Total	Prior Years	Current Year	Total
\$1,751,546	\$109,608	\$1,861,154	\$1,751,546	\$109,608	\$1,861,154

* Expended in Hotel/Motel Tax and Acworth Historical Preservation Commission Special Revenue Funds, and Acworth Downtown Development Authority and Acworth Area Convention and Visitors Bureau Component Units.



INDEPENDENT AUDITOR'S REPORT ON DEVELOPMENT IMPACT FEES

City of Acworth
Acworth, Georgia

We have audited the accompanying Schedule of Development Impact Fees for the City of Acworth, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Acworth's management. Our responsibility is to express an opinion on the Schedule of Development Impact Fees based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Development Impact Fees is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Development Impact Fees. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Development Impact Fees. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedule of Development Impact Fees was prepared for the purpose of complying with the Official Code of Georgia Annotated, 36-71-8 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Acworth's revenues and expenses.

In our opinion, the Schedule of Development Impact Fees referred to above presents fairly, in all material respects, the collections and uses for each project for the year ended June 30, 2010 in conformity with accounting principles generally accepted in the United States of America.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

December 3, 2010

**CITY OF ACWORTH, GEORGIA
RECREATION IMPACT FEE
SCHEDULE OF COLLECTIONS, ENCUMBRANCES, AND FEES
AS OF JUNE 30, 2010**

	Anticipated Project Expenditures	Collections			Uses			Fees		
		Prior Year	Current Year	Reclassifies	Total	Prior Year	Current Year	Total	Encumbered	
Repayment of Capital Improvements Element	\$ 9,290	\$ 9,290	\$ -	\$ -	\$ 9,290	\$ 9,290	\$ -	\$ 9,290	\$ -	
Caubie Park Gazebo	123,088	123,088	-	-	123,088	123,088	-	123,088	-	
Logan Road Property	150,000	150,000	-	-	150,000	150,000	-	150,000	-	
Recreation Master Plan	9,000	9,000	-	-	9,000	9,000	-	9,000	-	
Logan Road Farm Park	608,848	608,848	-	-	608,848	608,848	-	608,848	-	
Logan Farm Farmhouse	7,472	7,472	-	-	7,472	7,472	-	7,472	-	
Caubie Park Boardwalk	56,530	56,530	-	-	56,530	56,530	-	56,530	-	
Southshore Park	7,757	7,757	-	-	7,757	7,757	-	7,757	-	
Acworth Sports Complex	198,112	183,240	-	-	183,240	197,784	328	198,112	-	
Cowan Road	5,450	5,450	-	-	5,450	5,450	-	5,450	-	
Amos Durr Field	6,004	6,004	-	-	6,004	6,004	-	6,004	-	
Recreation Office-Logan	131,192	131,192	-	-	131,192	131,192	-	131,192	-	
School Street Property	3,847	3,847	-	-	3,847	3,847	-	3,847	-	
Cowan Trail	17,300	17,300	-	-	17,300	17,300	-	17,300	-	
Rosenwald School	10,066	-	-	-	-	-	10,066	10,066	-	
Multi Use Lake Trail	166,147	166,147	-	-	166,147	166,147	-	166,147	-	
Facility Needs Assessment	20,683	20,683	-	-	20,683	20,683	-	20,683	-	
Park Land Acquisition	110,740	2,703	19,000	35,459	57,162	2,703	108,037	110,740	-	
Undetermined Projects	-	35,459	-	(35,459)	-	-	-	-	-	
Total	\$ 1,641,526	\$ 1,544,010	\$ 19,000	\$ -	\$ 1,563,010	\$ 1,523,095	\$ 118,431	\$ 1,641,526	\$ -	

NOTE: Additional funding from grants, interest earnings and local government contributions supplement the uses that are shown at gross.



INDEPENDENT AUDITOR'S REPORT ON 1 PERCENT SALES TAX SCHEDULE OF
PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS

City of Acworth
Acworth, Georgia

We have audited the accompanying 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds for the City of Acworth, Georgia for the year ended June 30, 2010. This schedule is the responsibility of the City of Acworth's management. Our responsibility is to express an opinion on the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds. We believe that our audit provides a reasonable basis for our opinion.

The accompanying 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds was prepared for the purpose of complying with the Official Code of Georgia Annotated, 48-8-121 using the modified accrual basis of accounting and is not intended to be a complete presentation of the City of Acworth's revenues and expenses.

In our opinion, the 1 Percent Sales Tax Schedule of Projects Constructed with Special Sales Tax Proceeds referred to above presents fairly, in all material respects, the original estimated cost, the revised estimated cost, and the current and prior year expenditures for each project in the City of Acworth's resolution or ordinance calling for the tax for the year ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

Moore & Cubbedge, LLP

Moore & Cubbedge, LLP

December 3, 2010

City of Acworth, Georgia
1 Percent Sales Tax
Schedule of Projects Constructed with Special Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2010

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years	Current Year	Total	
2005 SPLOST Program:						
800 MHz Radios	\$ 208,736	\$ 229,395	\$ 227,293	\$ -	\$ 227,293	99.08%
Road Improvement Program (1) (2)	11,090,749	10,731,781	4,588,006	535,290	5,123,296	47.74%
	<u>\$ 11,299,485</u>	<u>\$ 10,961,176</u>	<u>\$ 4,815,299</u>	<u>\$ 535,290</u>	<u>\$ 5,350,589</u>	

(1) - Projects totaling \$3,123,000 were omitted since they will be sponsored by Cobb County.

(2) - Projects totaling \$879,968 were omitted in 2010 since projected tax collections were reduced.