



City of Acworth Georgia



Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2011



Comprehensive Annual Financial Report
City of Acworth, Georgia

For the Fiscal Year Ended June 30, 2011

DEPARTMENT OF FINANCE
Sharron L. Burtz
City Treasurer

**CITY OF ACWORTH, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2011**

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INTRODUCTORY SECTION

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

4415 Senator Russell Avenue

Acworth, Georgia 30101

(770) 974-3112

www.acworth.org

November 2, 2011

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, 2011 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.

Georgia code requires an annual audit by independent certified public accounts. The city selected the accounting firm of Moore & Cubbedge, LLP to complete the audit of the 2011 fiscal year and the auditor's unqualified opinion has been included in 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Demographics

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 20,935 (Acworth Economic Development Department estimate).

Government Profile

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.

Economic Condition and Outlook

The local economy of Acworth is not immune from all misfortune as there has been an increase in unemployment as experienced in all communities. Although the City has been affected by the national economic recession of the past couple of years, Acworth has begun to see significant improvements and positive signs in its economic climate.

Population. The Economic Development Department estimates the population of the City of Acworth at 20,935 as of June 30, 2011. This is an increase of 2.4% from the 2010 census of 20,425. The 2000 census population of Acworth was 13,422. This shows an increase between the two censuses of 7,003.

Unemployment. As of June 30, 2011, the City's unemployment rate was 9.9%, while the state's rate was 9.9% and the national rate was 9.2%. 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 936 licensed businesses that employ over 6,000 workers; the top ten employers employ approximately 35.9% of this workforce; over 12% of the total employees are in the government sector.

Development. Acworth has an estimated 8,360 housing units, of which 7,656 (over 90%) are occupied. Acworth continues to encourage and recruit a diversified stock of residential and commercial development thereby enabling the tax base to also remain diversified. Although the reality of the economic climate has not been particularly encouraging among all sectors, Acworth has benefited from a sustainable repertoire of the aforementioned developments. This fiscal year has given way to positive growth in residential development as evident through the permitting process. Additionally, the City has continued to recruit and aid in the facilitation process of creating businesses. The City issued 29 building permits, representing approximately \$15,217,205 in new growth for the City. Included in this is a 118 unit multi-family development specifically for senior living.

Property Values. The 2010 tax digest of the City decreased 5.31% to a total assessed taxable value of \$665,996,712. The 2011 tax digest was approved by the Cobb County Board of Equalization at the end of June 2011. The 2011 digest had a decrease of 3.94%. The gross assessed value of residential property in the City was \$394,186,328 or 55.7% of the gross assessed digest. Fluctuations in the housing market affect the City's finances.

Foreclosures. The number of housing foreclosures is a pervasive issue for local governments; however, due to limited resources, it is difficult for Acworth to quantify the impact on its community. By virtue of its inclusion in the MSA of Atlanta and Cobb County, it can be concluded that the effects of pre-foreclosures and foreclosures in the Acworth area is something that can be attributed by the unsteady markets. Fortunately when Acworth was evaluated by Cobb County for purposes of implementing Neighborhood Stabilization Programs (NSP is a federal housing program through HUD), there was not a significant enough need to warrant the NSP funds in the City of Acworth.

Active Developments. The City of Acworth is fortunate to have witnessed positive signs in an environment that is seemingly wrought with daily announcements of negativity. Currently there are active developments in the City. A senior living apartment community is underway (as alluded to earlier) in which over 100 units will be built to house seniors. Also, single family detached housing is being continued in an upscale neighborhood development along Main Street. The historical way of viewing development does not provide an accurate depiction of the types of investments that have been made in Acworth during the year. Small

businesses continue to open in spite of the “tough” economy indicating willingness continues to exist for entrepreneurs to do business in their community.

Major Initiatives

Redevelopment Strategy. During, 2011 Acworth’s efforts over the past several years began coming to fruition. Once a vacated grocery store in downtown, it is now a redeveloped building that houses a group of physicians and other medical businesses. This initiative brought approximately 70 jobs to downtown. Another location on US Highway 41 (which was a vacant retail space) is now home to 5 different businesses after redevelopment parceled the interior into multiple business suites.

Property Acquisitions. The City acquired 10 properties for a total of \$664,277 for a road project funded by Special Purpose Local Option Sales Tax (SPLOST). An additional 3 properties were purchased using Capital Improvement funds in the amount of \$231,551; which are located in a redevelopment area that lies north of the railroad tracks in downtown.

Infrastructure. The first phase of the Senator Russell Avenue project was completed during the year. This SPLOST project was supplemented by American Recovery and Reinvestment Act funds. The project spanned several fiscal years at a cost of over \$1.2 million. FY2011 costs included streetscapes of \$113,149, hardscape enhancements of \$76,972, infrastructure of \$437,500 and \$36,760 for lighting. Grant revenue recognized related to this project in FY2011 was \$363,737. Stormwater and related paving improvements include: 1) Rayburn Street \$119,749; 2) Lemon Street \$161,133; and 3) Willis Street \$210,362.

Public Safety. The City’s public safety department includes police services and jail operations. During FY2011, the police department received Department of Justice Grants totaling \$49,616 to purchase radio equipment and a mobile license plate reader.

Electrical Power. The City is one of 49 members of Municipal Electrical Authority of Georgia (MEAG). During FY2011, construction of a third substation was completed. Additional of this substation provides the system with the ability to back up the existing 2 substations along with provides expansion capabilities. The substation was funded through MEAG for the Acworth Power System.

Community Involvement. The City of Acworth is fortunate to have dedicated citizen volunteers who contribute thousands of hours of community service hours throughout the year. There are several ways the volunteers impact the Acworth community throughout the year. The Horizon Field, a fully accessible sports facility for children and adults with special needs, offers high school students, faith-based organizations, and civic organizations an opportunity to serve as a buddy for children participating in the athletic programs taking place at the facility throughout the year. With the tremendous growth of the park system, volunteer based sports organizations, and the City’s special events over the last ten years volunteer service is critical to the success of these operations. Volunteers come from all segments of the Acworth community including, but not limited to faith-based organizations, civic organizations, scout troops, local public and private schools, private companies, volunteer based sports organizations and civic-minded individuals. The City’s public safety department organized fund raisers to benefit the Special Olympics and the Horizon League during the year. During these fund raisers, personnel and volunteers donate their time for these noble causes.

Financial Information

Financial Planning. Conservative budgeting and good business decisions have allowed the City to maintain the customer service expectations for government services while sustaining an unassigned fund balance of 3 months of expenditures in the General Fund. 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.

The economic slowdown has affected the City's SPLOST receipts, business taxes, license and permits. The expenditures have decreased as well in many areas since the economy has been slow. The City's finances are reviewed on a continual basis. Timely evaluation has allowed for quick response in the event a financial decision must be made. Communication has been crucial in maintaining the City's financial health and integrity.

Budget Controls. Budgetary control is essential for sound financial management and legal compliance. The City achieves and maintains budgetary control by operating under the same statutes of the State of Georgia, which require the City to adopt an annual balanced budget. 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. Operational control of departmental budgets is accomplished through a purchase order process in which funds are verified prior to purchases being made. Additional information concerning the budget may be found in Note 1 of the notes to the financial statements.

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

Cash Management. 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. During FY2011, the City's experienced a banking failure with its primary financial institute. However, due to the sound controls and measures being in place, the City did not experience any loss.

The City's investment program is managed in accordance with all applicable laws and the City's adopted Investment Policy. This policy provides the framework to foster prudent investment decisions. Investment objectives include planning the investments to mature when operationally needed, placement with different financial institutions to ensure safety, and safeguarding public funds through minimization of market and security risks while maximizing utilization of funds with respect to earnings. The total amount earned on all investments in all funds was \$79,247. This is a decrease of \$61,682 from FY2010 of \$140,929. The decrease is due to lower interest rates of the current economic environment.

Other Information

Risk Management. The City participates in the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self Insurance Workers Compensation Fund. As a member of these risk pools, the City cooperates with the pool's agents and attorneys, follows loss reduction procedures established by the pool, and reports incidents that may result in claims or loss, in a timely manner. The City has a \$2,500 deductible for property and liability loss and a \$25,000 deductible for workers compensation claims. Additional information may be found in Note 7 in the notes to the financial statements.

Independent Audit. 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, 2011. The independent auditor's report is located at the front of the financial section of this report.

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 June 30, 2010. This was the eleventh 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.

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Acworth
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

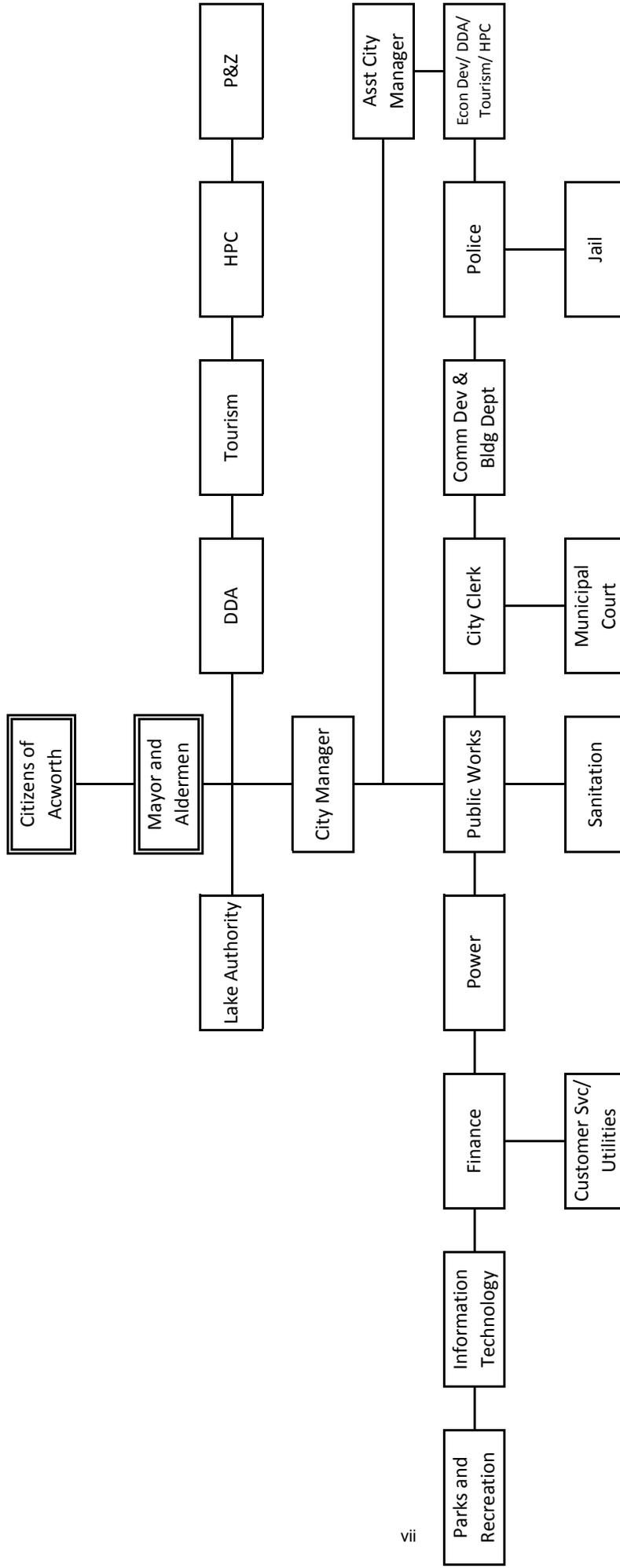
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Acworth Organizational Chart



**CITY OF ACWORTH, GEORGIA
CITY OFFICIALS AND ADMINISTRATION
June 30, 2011**

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

FINANCIAL SECTION

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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, 2011, 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 November 2, 2011 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 17, the schedule of funding progress on page 56, and budgetary comparisons for the General Fund on pages 57-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of 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.

A handwritten signature in blue ink that reads "Moore & Cubbedge, LLP". The signature is written in a cursive, flowing style.

Moore & Cubbedge, LLP

November 2, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

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, 2011. 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 \$40 million (net assets) for the fiscal year reported. Of this amount, governmental activities have a deficit in unrestricted net assets of \$2,696,525. 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 \$2.5 million to \$3.6 million in FY2011.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt of \$37.8 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 \$7.2 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 \$6.5 million to \$6.8 million. Unassigned fund balance for the General Fund increased from \$2,537,862 to \$2,720,302 and is approximately 27.4% to total General Fund expenditures (excluding transfers).
- The General Fund's fund balance at the end of this fiscal year totaled \$ 6,809,225 as a result of the following:
 - Nonspendable - \$269,441
 - Restricted - \$3,729,973 (includes \$3,000,000 which requires voter appropriation)
 - Committed - \$59,525
 - Assigned - \$29,984
 - Unassigned - \$2,720,302
- The City's governmental funds reported a total ending fund balance of \$11,074,018 at the end of this fiscal year. This compares to prior year ending fund balance of \$10,244,863, showing an increase of \$829,155 during the current year. The increase is the primary result of the decrease in expenditures in most departments in light of the decrease in revenues in the General Fund in FY2011.
- Debt outstanding for the governmental funds decreased by \$678,078 to \$10,464,638. Debt service principal payments due within one year are \$707,523 for governmental funds. Debt for business-type activities had a net decrease of \$407,817. Debt outstanding for business-type activities is \$8,789,645 at the end of the fiscal year; of this amount \$397,189 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, 2011, are \$13,103,422 and \$9,877,217 respectively. \$1,833,878 represents liabilities that are due in one year or less in the governmental funds and \$2,652,964 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.

Overview of the Financial Statements

Acworth's financial reporting focuses on the City as a whole and on the major individual funds. Both reporting perspectives provide a comprehensive view of the City's financial activities and a broad basis for comparison from year to year. 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

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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 of Acworth adopted Governmental Accounting Standards Board Statement number 54 – Accounting for Fund Balance (GASB 54). As a result, the City re-evaluated the fund structure and has re-stated applicable funds in order to show prior year comparative data.

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 combines and consolidates the City's current financial resources with capital assets and long-term obligations. This statement provides 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 workers compensation 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 a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. Fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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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 20 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. 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, occupational tax certificate issuance and property tax collections. 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 23 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 27 of this report.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

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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 and individual fund statements and schedules for non-major funds are presented following the notes to the financial statements and begins on page 59 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position and an important determinant of its ability to finance services in the future. In the case of the City, assets exceeded liabilities by \$40,199,953 and \$39,128,361 at June 30, 2011 and 2010 respectively.

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

	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$ 12,735,180	\$ 12,259,195	\$ 7,713,138	\$ 6,142,226	\$ 20,448,318	\$ 18,401,421
Capital Assets	36,945,190	38,200,022	5,787,084	6,144,933	42,732,274	44,344,955
Total Assets	49,680,370	50,459,217	13,500,222	12,287,159	63,180,592	62,746,376
Liabilities:						
Current Liabilities	1,883,878	2,304,438	2,652,964	2,521,923	4,536,842	4,826,361
Long-term Liabilities	11,219,544	11,544,248	7,224,523	7,247,406	18,444,067	18,791,654
Total Liabilities	13,103,422	13,848,686	9,877,487	9,769,329	22,980,909	23,618,015
Net Assets:						
Investment in capital assets, net of debt	32,095,552	32,822,306	5,670,482	5,956,187	37,766,034	38,778,493
Restricted	7,177,921	7,032,640	-	-	7,177,921	7,032,640
Unrestricted	(2,696,525)	(3,244,415)	(2,047,477)	(3,438,357)	(4,744,002)	(6,682,772)
Total Net Assets	\$ 36,576,948	\$ 36,610,531	\$ 3,623,005	\$ 2,517,830	\$ 40,199,953	\$ 39,128,361

During fiscal year 2011, the City’s net assets increased \$1,071,592 (2.7%) from prior year. Net assets in the business type activities were the source of this increase due to the amortization of debt and an increase in electrical power consumption. Governmental investment in capital assets (net of related debt) in the amount of \$32,095,552 is 87.7% of the total net assets. The unrestricted net assets for governmental activities are negative \$2.7 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 \$5,670,482; while unrestricted net assets in business-type activities are a negative \$2.0 million. The largest portion of the City’s net assets 93.9% are invested in capital assets such as land, buildings, equipment and

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infrastructure; net of related debt. The City has debt outstanding associated with a no longer operating cable and high speed internet project from which the City does not recognize an asset.

Total liabilities saw a decrease of 2.7%. Total unrestricted net assets at the close of FY2011 were a deficit of \$4,744,002 million which is 29% less than the prior reporting period negative unrestricted net assets of \$6,682,772 million. The change from prior year deficit is a combination of power sales revenue increase with increases in customer consumption and a decrease in governmental expenses. The table below shows the summary of the changes in net assets during the year.

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	\$ 1,978,000	\$ 1,831,782	\$ 13,683,621	\$ 12,406,214	\$ 15,661,621	\$ 14,237,996
Operating Grants and Contributions	23,349	185,071	-	-	23,349	185,071
Capital Grants and Contributions	2,194,571	2,631,914	9,025	2,125	2,203,596	2,634,039
General:						
Property taxes	5,122,901	5,321,112	-	-	5,122,901	5,321,112
Insurance premium taxes	722,530	744,158	-	-	722,530	744,158
Alcohol taxes	430,223	434,368	-	-	430,223	434,368
Hotel, motel taxes	115,272	109,608	-	-	115,272	109,608
Franchise taxes	1,381,657	1,288,181	-	-	1,381,657	1,288,181
Financial Institution tax	29,702	20,287	-	-	29,702	20,287
Business Taxes	392,470	401,509	-	-	392,470	401,509
Contributions not restricted	663,575	743,031	-	-	663,575	743,031
Operating Grants not restricted	247,293	369,494	-	-	247,293	369,494
Unrestricted Interest	64,460	125,116	14,787	15,813	79,247	140,929
Total Revenues	13,366,003	14,205,631	13,707,433	12,424,152	27,073,436	26,629,783
Expenses:						
General Government	1,842,027	2,004,955	-	-	1,842,027	2,004,955
Judicial	371,570	423,891	-	-	371,570	423,891
Health and Welfare	1,052	1,749	-	-	1,052	1,749
Public works	3,666,566	3,543,776	-	-	3,666,566	3,543,776
Culture and Recreation	2,124,868	2,082,237	-	-	2,124,868	2,082,237
Public safety	4,122,196	4,068,427	-	-	4,122,196	4,068,427
Housing and Development	945,222	1,162,929	-	-	945,222	1,162,929
Interest and fiscal charges on long-term debt	573,085	603,875	-	-	573,085	603,875
Electric	-	-	11,163,078	10,650,264	11,163,078	10,650,264
Sanitation	-	-	1,192,180	1,177,329	1,192,180	1,177,329
Total Expenses	13,646,586	13,891,839	12,355,258	11,827,593	26,001,844	25,719,432
Change in Net Assets before Transfers	(280,583)	313,792	1,352,175	596,559	1,071,592	910,351
Transfers	247,000	96,083	(247,000)	(96,083)	-	-
Change in net assets	(33,583)	409,875	1,105,175	500,476	1,071,592	910,351
Net assets - beginning, before restatement	36,610,531	36,431,341	2,517,830	1,989,547	39,128,361	38,420,888
Restatement	-	(230,685)	-	27,807	-	(202,878)
Net Assets - beginning, after restatement	36,610,531	36,200,656	2,517,830	2,017,354	39,128,361	38,218,010
Ending Net Assets	36,576,948	36,610,531	3,623,005	2,517,830	40,199,953	39,128,361

The table Summary of Changes in Net Assets shows changes in net assets by comparing prior reporting period activity to current year activity. The net assets for FY 2011 ended at \$40,199,953. This is an increase of less than 3% from the prior year ending net assets of \$39,128,361.

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It is also important to note that net transfers in 2011 increased by 257% to \$247,000 from business-type activities to government-type activities. The net change of \$150,917 is predominantly pertaining to a decrease in the transfer from the General Fund for the debt service of the cable system in the Electrical Power fund. 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 as noted in comparing 2010 to 2011. Other changes from the prior year are discussed more specifically later on.

Governmental Activities. The City's governmental activities are heavily reliant on property taxes to support governmental operations. The governmental activities decreased the City's net assets by \$280,583 before transfers. After net transfers in of \$247,000 the City's net assets had a total decrease of \$33,583. This decrease is attributed to decreases in governmental revenues such as Capital Grants and Contributions along with Property taxes.

Governmental revenues totaled \$13,366,003 for the year. Property taxes are the most significant revenue source during the year and represent 38% of revenues. During the FY2011 period, a decrease was noted in the property tax revenue as a result of the decrease in the assessed taxable value of real and personal property. As revenues for businesses have declined, so have the taxes collected for the occupational taxes which have decreased 2.2% from prior year. Insurance premium taxes are received annually in October; as values have decreased, the revenue collected decreased from the prior collection to \$722,530. The warmer summer temperatures increased electrical power consumption which in turn increased electrical power franchise fees by 10%. Total revenues in the Special Purpose Local Option Sales Tax (SPLOST) fund were \$2,116,884 in FY2011 and accounts for the majority of the \$2,194,571 in Capital grants and Contributions. Grant revenues were received to offset SPLOST projects while the SPLOST collections decreased. Investment earnings decreased approximately 48% from the prior year due to the decline in the interest rate market.

Governmental expenses totaled \$13,646,586 for the year. This was a decrease of approximately 2% from prior year. The most significant expense for the City is Public Safety at \$4,122,196 which accounts for 31% 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 27%, with expenses of \$3,666,566 which were offset by \$2,116,463 and \$26,793 which is capital grants and contributions and charges for service, respectively.

Culture and recreation represents 16% of governmental expenses at \$2,124,868. User fees in the amount of \$457,073 offset culture and recreation. Grant and contributions were received in the amount of \$29,742 for various culture and recreation programs throughout the City.

Judicial Activities for the operation of Court Services, is offset by municipal fines of \$1,156,300. Housing and development is offset by \$125,153 in charges for services which is primarily building code permits and other administrative fees. General Government represents 13% of the governmental expenses; while interest and fiscal charges on long-term debt represents 4%.

Total expenses decreased from prior period due to decreases in capital outlay purchases, re-organization in personnel and the billing of property city taxes being done by the City now instead of Cobb County. Increases were seen in Public Works (3%), Culture and Recreation (2%) and Public Safety (1%).

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

	Governmental Activities	
	FY 2011 Total Cost of Services	FY 2011 Net Cost of Services
General Government	\$1,842,027	(\$1,651,872)
Judicial	371,570	784,730
Health and Welfare	1,052	(1,052)
Public Works	3,666,566	(1,523,310)
Culture and Recreation	2,124,868	(1,638,053)
Public Safety	4,122,196	(4,027,955)
Housing and Development	945,222	(820,069)
Interest and Fiscal Charges	573,085	(573,085)
	<hr/>	<hr/>
Total	\$13,646,586	(\$9,450,666)
	<hr/> <hr/>	<hr/> <hr/>

Business-Type Activities. The City’s business-type activities include Acworth Power, Acworth Sanitation and two internal service funds (Customer Service and Employee Insurance). Net assets for business-type activities increased by \$1,352,175 before net transfers out of \$247,000. In light of increased expenses, there was an increase of \$1,105,175 in net assets. The table below shows the change in net assets for the enterprise funds compared to the prior fiscal year.

**Enterprise Net Operating Income (Loss)
Non-Operating Revenues (Expenses)
and Transfers In (Out)**

	Fiscal Year	
	2011	2010
Operating Income (Loss):		
Acworth Power	\$ 1,581,002	\$ 828,135
Acworth Sanitation	297,232	263,252
Total	<hr/> 1,878,234	<hr/> 1,091,387
Non-Operating Revenues (Expenses)	<hr/> (624,237)	<hr/> (642,936)
Contributed Capital from Developers	<hr/> 9,025	<hr/> 2,125
Income (Loss) Before Operating Transfers	<hr/> 1,263,022	<hr/> 450,576
Transfers In (Out)	<hr/> (187,000)	<hr/> (36,083)
Change in Net Assets	<hr/> <hr/> \$ 1,076,022	<hr/> <hr/> \$ 414,493

Operating revenues of Acworth Power increased 11% from the prior year. Operating expenses increased 5% in fiscal year 2011. Therefore, the operating income saw an increase of 91%.

Acworth Sanitation had a small rate adjustment mid-way through the year. Operating revenues increased 4% from prior year. Operating expenses increased 1% which resulted in an operating gain of \$297,232 in fiscal year 2011. The operating income in the current year is an increase of 13% from prior year.

Financial Analysis of the City’s Funds

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. General governmental functions are contained in the general, special revenue, capital projects and debt service funds. Such information is useful

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in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$11,074,018, an increase of \$829,155 in comparison with the prior year. The overall increase can be attributed to a decrease in expenditures in light of the decreased revenue. SPLOST expenditures increased due to the completion of the first phase of the Senator Russell Avenue project and other storm water and resurfacing initiatives. Capital expenditures decreased in FY2011 in the General Fund. Personnel costs were lower due to a reorganization of staff.

Acworth implemented Governmental Accounting Standards Board (GASB) statement number 54 which shifts the focus of fund balance reporting from the position of fund resource available to the extent governmental funds are constrained for specific purposes. In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable. Fund balance reported as Nonspendable represents fund balance associated with inventory, prepaid items or long-term receivables. Nonspendable indicates that the respective resources are not available to spend in any way due to their very nature and, or their lack of availability.

Restricted. Restricted fund balance represents amounts that can be only spent on the specific purposes stipulated by law through constitutional provisions or enabling legislation or by external providers of those resources.

Committed. Committed fund balance represents resources of which the uses are constrained by limitations that the government imposes upon itself at the highest level of decision making, Mayor and Board of Alderman. The only way committed funds can be removed or changed is by formal action of the Mayor and Board of Aldermen.

Assigned. Assigned fund balance includes amounts intended to be used for specific purposes, but not meeting the criteria to be reported as committed, restricted or nonspendable. The City Manager has authority to assign funds for particular purposes.

Unassigned. Unassigned fund balance represents the residual classification of fund balance and includes all spendable amounts not contained within the other classifications.

At June 30, 2011, Acworth's total fund balance for governmental funds was \$11,074,018 of which \$270,691 was nonspendable, \$7,176,671 was restricted, \$557,967 was committed, \$348,387 was assigned and \$2,720,302 was unassigned. Additional information on fund balance can be located in Note 11 in the notes to the financial statements.

The General Fund is the primary operating fund of the City. On June 30, 2011, unassigned fund balance of the General Fund was \$2,720,302. As a measure of the General Fund's liquidity, it may be helpful to compare both unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24% of the total fiscal year 2011 expenditures and transfers, while total fund balance is 61% of the same amount.

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General Fund - Revenues by Source

	FY2011		FY2010		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 8,091,838	79%	\$ 8,221,777	79%	\$ (129,939)	-2%
License & Permits	228,062	2%	217,691	2%	10,371	5%
Intergovernmental	83,084	1%	260,412	3%	(177,328)	-68%
Charges for Services	455,454	4%	380,362	4%	75,092	20%
Fines & Forfeitures	1,156,300	11%	1,061,228	10%	95,072	9%
Investment Earnings	63,749	1%	112,956	1%	(49,207)	-44%
Contributions & Donations	29,067	0%	63,846	1%	(34,779)	-54%
Other	74,056	1%	61,873	1%	12,183	20%
Total	\$ 10,181,610	100%	\$ 10,380,145	100%	\$ (198,535)	-2%

The following provides an explanation of revenues by source changes from FY2010 to FY2011:

- Taxes.** Property taxes represent 63% of the revenues (excluding transfers in) for the General Fund. The FY2011 millage rate remained unchanged from FY2010 tax digest at 7.60. Tax revenues decreased 4% from FY2010. The tax digest saw a decrease of 5%. Insurance premium taxes decreased 3% and represent 7% of total revenues in the General Fund. Occupational tax revenue for 2011 was \$392,470 while 2010 was \$401,509; the decrease is attributed to the current economic conditions. Financial institution taxes were \$29,702 which is 46% higher than prior period as a result of an internal audit being conducted during FY2011 that resulted in additional revenue from prior year. Alcohol Taxes for 2011 were \$430,223 which is slightly lower than prior year. Franchise tax fees increased by 7% to \$1,381,657 from the prior period; primarily associated with increase electrical usage. 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.** License and permits saw an increase of \$10,371 (5%). Building permits increased \$4,558 to \$108,685. Licenses and permits represent 2% of the total General Fund revenues before transfers. Given the current housing and retail development market this appears to be stable in the upcoming year.
- Intergovernmental.** Intergovernmental revenue decreased \$177,328 (-68%); the bulk of the decrease is attributed to the receipt of funds in FY2010 pertaining to the area flooding in September 2009. In FY2011, the City recognized \$52,761 in federal justice grant revenue for police equipment and received \$20,460 in payments in lieu of taxes from the housing authority.
- Charges for service.** Charges for services increased 20% to \$455,454. This increase is seen in the increased revenue for summer camp and recreation user fees. The increase is attributed to increased usage. The cemetery receipts increased \$13,295 to \$22,165.
- Fines and forfeitures.** Fines and forfeitures represent 11% of total General Fund revenues and show an increase from prior period of 9% to \$1,156,300. The increase in fines is attributed cases processed through the court and collectability of fines levied.
- Investment earnings.** Interest revenues for investments decreased approximately 44% due to the downward trend seen in the investment market. This decrease is dependent on market rates which are out of the control of the City.
- Contributions and donations.** Contributions and donations decreased \$34,779 to \$29,067; the decrease is attributed to the one-time donations in FY2010 to fund the All-America City competition.
- Other.** Other revenue increased to \$74,056. The 20% increase is attributed predominantly to increases in rental receipts associated with a cell tower.

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General Fund - Expenditures by Function

	FY2011		FY2010		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government	\$ 1,705,337	17%	\$ 1,980,437	19%	\$ (275,100)	-14%
Public Safety	3,779,331	38%	3,672,615	35%	106,716	3%
Public Works	944,356	10%	930,192	9%	14,164	2%
Health & Welfare	1,052	0%	1,749	0%	(697)	-40%
Housing & Development	911,945	9%	1,030,411	10%	(118,466)	-11%
Judicial	358,569	4%	413,747	4%	(55,178)	-13%
Culture & Recreation	1,489,321	15%	1,728,575	16%	(239,254)	-14%
Debt Service	732,234	7%	764,772	7%	(32,538)	-4%
Total	\$ 9,922,145	100%	\$ 10,522,498	100%	\$ (600,353)	-6%

The following provides an explanation of expenditures by function changes from FY2010 to FY2011:

- **General government.** Expenditures decreased \$275,100 or 14%. Items resulting in the decrease are:
 - The City began collecting its own real and personal property taxes which were billed and collected in the past by Cobb County. As a result, \$76,617 in savings was realized.
 - Attorney fees for general matters decreased \$17,645.
 - Information Systems saw a decrease in \$127,080. Contributing to this was a re-organization of personnel and a decrease in capital outlay from the prior year.
 - Risk Management decreased \$25,929 at the renewal.
- **Public Safety.** Public safety consists of the police department and the jail operations. FY2011 had an increase of \$106,716 or 3%. Reduced turnover rate in public safety personnel accounts for the majority of the increase in personnel costs of \$102,456. An additional \$27,105 in fuel costs occurred in FY2011.
- **Public Works.** Public works increased \$14,164 or 2%. Factors attributing to this net increase are:
 - Salary savings \$13,111 due staff vacancies that occurred during the year.
 - Street lighting increased \$10,042.
 - Right of way mowing costs increased from \$5,374 FY2010 to \$36,783.
 - Street maintenance supplies increased \$8,321 for smaller repair/maintenance jobs.
- **Housing and Development.** Housing and development decreased overall \$118,466 or 11% as a result of the following:
 - Personnel costs decreased \$42,716; due in part to re-organization which added 1 position from another department and eliminated of 2 positions at the end of FY2010.
 - Tax Allocation District disbursements of excess funds decreased \$80,948 from FY2010 due partly to the decrease in the taxable value of the district.
- **Judicial.** Municipal court operations decreased by \$55,178 or 13%. Fine refunds decreased \$27,529 to \$69,665. There was a reduction in capital outlay in the amount of \$2,961. Personnel costs decreased \$15,345 due to staff vacancies and benefit elections that occurred during the year.
- **Culture and Recreation.** Culture and recreation decreased of \$239,254 or 14% are a product of the following:
 - Reduction in capital outlay: property acquisition (\$120,000) and equipment (\$5,154).
 - Reduced costs in the basketball program (\$4,640).
 - All-America City competition costs reduced (\$24,996).
 - Reduction in summer camp expenditures (\$8,953).
 - Flood related material costs and personnel costs account for the balance.

The special revenue funds of the City account for proceeds of specific revenues which are legally restricted and cannot be diverted to other uses. During implementation of GASB 54; some of these funds were re-

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

City of Acworth, Georgia

classified. The City has restated the affected funds in order to provide comparative statements. The City operates the following five special revenue funds:

- **Confiscated Asset Fund** – Total revenues of \$94,229 related to the seizure of property associated with illegal substances or activities. Expenditures of \$49,314 were for training, equipment and a canine purchase.
- **Hotel Motel Tax Fund** – Levied at a rate of 8%. Taxes received were \$115,272; an increase of \$5,664 or 5%. By law, 25% of the revenue funds tourism (\$28,818) and 37.5% (\$43,227) funds the Marietta Coliseum Exhibit Hall Authority.
- **Recreational Impact Fee Fund** – Assessed at \$500 per residential dwelling for recreational purposes. There were \$59,500 in impact fees received FY2011 while \$19,000 were received in FY2010. FY2011 did not have expenditures while trying to re-build fund balance from prior year expenditures of \$105,887 were related to property acquisition.
- **Soil Erosion Fees Fund** – Fees received in FY2011 were \$2,540, an increase from FY2010 at \$220. Expenditures of \$4,967 are related to storm water; including public education concerning runoff and capital outlay.
- **Veteran's Memorial Fund** – The Veterans Memorial received revenues of \$675 as compared to \$1,225 in FY2010. Expenditures of \$1,517 are related to the maintenance, paver installation and the annual Veteran's Day Ceremony.

The capital project funds of the City reflect expenditures concerning the capital projects as approved by the governing body. The City operates two capital project funds; Capital Improvements Fund and a Special Purpose Local Option Sales Tax (SPLOST) fund.

The Capital Improvements Fund accounts for local financial resources used for the purchase and construction of capital equipment and facilities. Fund balance at June 30, 2011 was \$816,845; committed funds were \$498,442 and assigned fund balance was \$318,403. The increase from the prior year fund balance of \$253,620 is due to an increase in transfers from the General Fund to fund capital projects identified for FY2011. FY2011 expenditures of \$321,924 include property acquisition costs of \$261,585 and \$35,449 in equipment and fixtures purchases for recreational purposes.

The SPLOST (2006) fund is a major fund and its fund balance of \$3,170,244 is restricted; an increase from prior year of \$153,512. SPLOST receipts will be received through March 2012. SPLOST revenues are received from Cobb County through an intergovernmental agreement. During the 2010 and 2011 fiscal years, 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 million has been reduced by \$1.28 million to \$12.9 million in projects for the City. These disbursements decreased in FY2011 by \$257,953 when comparing the prior year (\$2,000,558) to the current year (\$1,742,605). FY2011 SPLOST expenditures included:

- Sen. Richard B. Russell Ave - \$580,982 (supplemented by \$363,737 in grant revenues).
- \$388,994 for various storm drainage improvements.
- \$880,020 for the School Street project.
- \$106,102 – general resurfacing projects within the City.

The debt service fund for the City is related to the debt of the Tax Allocation District. Nonspendable fund balance is \$1,250 while restricted fund balance is \$1 for a total of \$1,251 as of June 30, 2011. Other debts of the City are presented within the corresponding funds.

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.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

City of Acworth, Georgia

The City operates two enterprise funds and two internal service funds. The change in net assets of the proprietary funds for FY2011 was \$1,105,175.

The City operates an electrical power fund (Acworth Power) which provides electrical service to residential and commercial customers. Net assets of this fund at the end of the year amounted to \$2,700,451. This is an increase from the prior reporting period year equity balance of \$1,749,114. 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 \$951,337 after transfers. Total operating revenues were \$12,198,127 (an 11% increase from prior year). Increased consumption during the hotter summer months were the primary revenue driver while accompanied by a rate adjustment was implemented the last quarter of FY2010.

The wholesale power kWh for the 2010 and 2011 fiscal years were 95,696,511 and 100,339,782, respectively (an increase of 5%). Wholesale power costs of \$7,689,231 were \$491,662 higher than FY2010 at \$7,197,569. The increase is derived from the increase in consumption, environmental compliance costs to generate power and the fuel costs. Total operating expenses is \$473,806 or 5% higher than fiscal year 2010 at \$10,143,319.

The City operates a solid waste sanitation fund (Acworth Sanitation); whose net assets at June 30, 2011 were \$781,037. This is an increase of \$124,685. A minimal rate adjustment was made during the year to offset increases in operating costs and to fund future capital equipment replacement and fuel costs. Depreciation also increased as a result of capital acquisitions.

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 changed insurance carriers in an effort to keep the cost increase low. Additional information on the insurance is contained in Note 15 in the notes to the financial statements.

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.

2011 General Fund Budget

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
Revenues and other financing sources	\$ 11,000,280	\$ 11,797,114	\$ 11,514,329
Expenditures and other financing uses	\$ 11,010,792	\$ 11,811,003	\$ 11,249,845

During June 2010, the City adopted a General Fund budget of \$11,010,792 for General Fund expenditures for FY2011. At the end of the fiscal year, the final actual expenditures were \$11,249,845 (including transfers out) which was an increase of \$239,053 from the original adopted budget. The final amended budget expenditures were \$11,811,003. The differences between the original budget (\$11,010,792) and the

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

City of Acworth, Georgia

final amended budget amounts to an overall increase of \$800,211. The increase is attributed to transfers to the Capital Improvement Fund in the amount of \$629,700, capital outlay of \$138,859, fuel cost increases of \$19,303 and other nominal adjustments to reflect expected operations.

Actual expenditures were 5% below final amended budget and revenues were above the final budget by less than 2%. This resulted in an increase in fund balance for the General Fund. A detailed budgetary comparison schedule for the fiscal year ended June 30, 2011 can be found in Required Supplementary Information

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, 2011, amounts to \$36,945,190 and \$5,787,084 respectively. These are net of accumulated depreciation and related debt. This investment includes land, buildings, machinery and equipment as well as infrastructure.

**2011 Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Construction in Progress	\$ 328,336	\$ 883,765	\$ -	\$ -	\$ 328,336	\$ 883,765
Land	4,937,860	3,787,291	228,954	228,954	5,166,814	4,016,245
Buildings and improvements	4,808,234	4,893,933	396,433	430,881	5,204,667	5,324,814
Electrical System	-	-	4,485,032	4,649,277	4,485,032	4,649,277
Improvements other than buildings	5,863,356	6,047,130	-	-	5,863,356	6,047,130
Vehicles and Equipment	612,229	835,921	676,665	835,819	1,288,894	1,671,740
Infrastructure	20,395,175	21,751,982	-	-	20,395,175	21,751,982
Total	\$ 36,945,190	\$ 38,200,022	\$ 5,787,084	\$ 6,144,931	\$ 42,732,274	\$ 44,344,953

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

Governmental activities:

- Infrastructure \$1,002,048
- Vehicles and Equipment \$140,631
- Buildings \$155,360
- Land \$1,150,569
- Improvements Other Than Buildings \$197,172

Business-type activities:

- Electrical System Improvements \$145,715
- Sanitation Capital Vehicle Repairs \$35,991

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, 2011, the City of Acworth had the following outstanding long-term debt:

- \$299,638 FY1998 Certificates of Participation for a General Government Building
- \$720,000 FY2008 Installment Sales Agreement with the Acworth Lake Authority for Recreational Facilities
- \$3,830,000 FY2003 Intergovernmental Agreement with Acworth Downtown Development Authority for construction of Acworth City Hall and expansion of Acworth Sports Complex

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

City of Acworth, Georgia

- \$5,615,000 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
- \$8,675,000 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
- \$89,851 capital lease funded through the City for Acworth Sanitation Fund for sanitation truck
- \$24,794 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 \$70,716,595. The \$299,638 of debt applicable to this limit leaves a balance of \$70,416,958. 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 \$34,398. This use of fund balance is 0.3% of budgeted expenditures. The expected unassigned fund balance for the General Fund at the end of the FY2012 to be approximately \$2.69 million.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for fiscal year 2011 remained at 7.60. The adopted budget for FY 2012 has the millage rate remaining stable.
- The 2010 taxable digest was \$665,996,712; which was \$37,318,183 or 5% lower than the prior year. The budgeted is adopted in June and the approved digest is received shortly thereafter. The 2011 approved taxable digest decreased 4.0%. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development. Property valuation appeals and building permits play a factor in the digest valuation.
- The 2011 population is estimated at 20,935 by the Acworth Economic Development Department. This is an increase of approximately 2.5% from the 2010 census of 20,425.
- Debt Service FY2012 is budgeted for \$729,744 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. The debt associated with the Tax Allocation District has an outstanding principal amount of \$5,615,000 at 6.25% interest rate. Debt service payments are bi-annual; the debt will be paid off December 2029. The average remaining annual debt service payments are \$514,115.
- Redevelopment efforts are being combined with the SPLOST School Street Project. Capital project funds are being used to acquire additional properties in the area for the redevelopment when the road project is completed.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2011

City of Acworth, Georgia

- The City transferred funds in FY2011 to the Capital Improvement Fund for the following budgeted FY2012 projects: property acquisition related to redevelopment, information systems improvement, police vehicle acquisition and other projects.
- SPLOST funding under the current SPLOST (2006) will end in FY2012. Another SPLOST has been approved by voters and collections will begin in 2012.
- Estimated costs of wholesale power in fiscal year 2012 are budgeted at \$8.5 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 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 \$8,675,000 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.

Given the unstable economic times facing everyone; the City continues to take steps to reduce expenditures and control operational costs. By doing so, the City has maintained a positive fund balance.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF ACWORTH, GEORGIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Cash and cash equivalents	\$ 2,162,662	\$ 633,381	\$ 2,796,043	\$ 49,294
Investments	2,491,411	2,065,969	4,557,380	83,517
Receivables, net	266,637	1,919,300	2,185,937	-
Due from other governments	412,582	-	412,582	7,276
Due from primary government	-	-	-	32,964
Note receivable from primary government	-	-	-	720,000
Due from component unit	577	-	577	-
Internal balances	(385,930)	385,930	-	-
Inventories	-	725,728	725,728	-
Prepaid items	461,803	-	461,803	-
Other assets, net	156,285	128,600	284,885	31,500
Restricted assets	7,169,153	1,854,230	9,023,383	-
Capital assets, non depreciated	5,266,196	228,954	5,495,150	32,645
Capital assets, depreciated, net	31,678,994	5,558,130	37,237,124	16,604
Total assets	49,680,370	13,500,222	63,180,592	973,800
Liabilities:				
Accounts payable and other current liabilities	624,202	760,861	1,385,063	-
Due to primary government	-	-	-	577
Due to component unit	32,964	-	32,964	-
Customer deposits	-	1,040,064	1,040,064	-
Unearned revenue	350,256	396,238	746,494	-
Noncurrent liabilities:				
Due within one year	876,456	455,801	1,332,257	90,000
Due in more than one year	11,219,544	7,224,253	18,443,797	630,000
Total liabilities	13,103,422	9,877,217	22,980,639	720,577
Net Assets				
Invested in capital assets, net of related debt	32,095,552	5,670,482	37,766,034	49,249
Restricted for:				
Debt service	611,697	-	611,697	-
Public works	3,206,299	-	3,206,299	-
Culture and recreation	74,087	-	74,087	-
Public safety	284,587	-	284,587	-
Housing and Development	1,251	-	1,251	-
Voter appropriation	3,000,000	-	3,000,000	-
Unrestricted	(2,696,525)	(2,047,477)	(4,744,002)	203,974
Total net assets	\$ 36,576,948	\$3,623,005	\$40,199,953	\$ 253,223

See accompanying notes to financial statements.

CITY OF ACWORTH, GEORGIA
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenue			Net (Expense) Revenue and Change in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Total
Primary Government								
Governmental activities:								
General government	\$ 1,842,027	\$ 190,155	\$ -	\$ -	\$ (1,651,872)	\$ -	\$ (1,651,872)	
Judicial	371,570	1,156,300	-	-	784,730	-	784,730	
Health and welfare	1,052	-	-	-	(1,052)	-	(1,052)	
Public works	3,666,566	26,793	-	2,116,463	(1,523,310)	-	(1,523,310)	
Culture and recreation	2,124,868	457,073	29,067	675	(1,638,053)	-	(1,638,053)	
Public safety	4,122,196	22,526	22,099	49,616	(4,027,955)	-	(4,027,955)	
Housing and development	945,222	125,153	-	-	(820,069)	-	(820,069)	
Interest & fiscal charges on long-term debt	573,085	-	-	-	(573,085)	-	(573,085)	
Total governmental activities	13,646,586	1,978,000	51,166	2,166,754	(9,450,666)	-	(9,450,666)	
Business-type activities:								
Electric	11,163,078	12,198,127	-	9,025	-	1,044,074	1,044,074	
Sanitation	1,192,180	1,485,494	-	-	-	293,314	293,314	
Total business-type activities	12,355,258	13,683,621	-	9,025	-	1,337,388	1,337,388	
Total Primary Government	\$ 26,001,844	\$ 15,661,621	\$ 51,166	\$ 2,175,779	(9,450,666)	1,337,388	(8,113,278)	
Component units	\$ 50,042	\$ -	\$ 47,952	\$ -	\$ -	\$ -	(2,090)	
General Revenues:								
Property taxes					5,122,901	-	5,122,901	
Insurance premium tax					722,530	-	722,530	
Alcohol taxes					430,223	-	430,223	
Hotel/motel tax					115,272	-	115,272	
Franchise taxes					1,381,657	-	1,381,657	
Financial institution tax					29,702	-	29,702	
Business taxes					392,470	-	392,470	
Contributions not restricted to a specific program					663,575	-	663,575	
Operating grants not restricted to a specific program					247,293	-	247,293	
Unrestricted investment earnings					64,460	14,787	79,247	
Transfers					247,000	(247,000)	-	
Total general revenues and transfers					9,417,083	(232,213)	9,184,870	
Change in net assets					(33,583)	1,105,175	1,071,592	(2,090)
Net assets - beginning					36,610,531	2,517,830	39,128,361	255,313
Net assets - ending					\$ 36,576,948	\$ 3,623,005	\$ 40,199,953	\$ 253,223

**CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011**

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 2,154,300	\$ -	\$ 8,362	\$ 2,162,662
Investments	1,848,923	-	642,488	2,491,411
Restricted assets	3,998,245	2,884,371	286,537	7,169,153
Receivables, net	266,637	-	-	266,637
Prepaid items	269,441	-	1,250	270,691
Due from other funds	137,188	-	167,988	305,176
Due from component unit	577	-	-	577
Due from other governments	7,258	405,324	-	412,582
Total assets	\$ 8,682,569	\$ 3,289,695	\$ 1,106,625	\$13,078,889
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 510,355	\$ -	\$ 2,396	\$ 512,751
Retainage payable	-	1,753	-	1,753
Accrued liabilities	76,768	-	-	76,768
Due to other funds	724,383	77,698	2,412	804,493
Due to component unit	32,964	-	-	32,964
Deferred revenue	528,874	40,000	7,268	576,142
Total liabilities	1,873,344	119,451	12,076	2,004,871
<u>Fund Balances:</u>				
Nonspendable	269,441	-	1,250	270,691
Restricted	3,729,973	3,170,244	276,454	7,176,671
Committed	59,525	-	498,442	557,967
Assigned	29,984	-	318,403	348,387
Unassigned	2,720,302	-	-	2,720,302
Total fund balances	6,809,225	3,170,244	1,094,549	11,074,018
Total liabilities and fund balances	\$ 8,682,569	\$ 3,289,695	\$ 1,106,625	
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.				36,945,190
Property tax revenue earned but unavailable is not reported in the funds.				225,886
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.				271,569
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				(10,464,638)
Unamortized bond issue costs				156,285
Accrued compensated absences				(168,933)
Net OPEB obligation				(1,374,373)
Net pension obligation				(88,056)
Net assets of governmental activities				\$ 36,576,948

CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$8,091,838	\$ -	\$ 293,600	\$ 8,385,438
Licenses and permits	228,062	-	-	228,062
Intergovernmental	83,084	2,106,342	665,242	2,854,668
Charges for services	455,454	-	62,040	517,494
Fines and forfeitures	1,156,300	-	93,953	1,250,253
Investment earnings	63,749	8,454	711	72,914
Contributions and donations	29,067	-	675	29,742
Other	74,056	2,088	135	76,279
Total revenues	<u>10,181,610</u>	<u>2,116,884</u>	<u>1,116,356</u>	<u>13,414,850</u>
Expenditures:				
Current:				
General government	1,705,337	-	-	1,705,337
Public safety	3,779,331	-	49,314	3,828,645
Public works	944,356	-	4,967	949,323
Health and welfare	1,052	-	-	1,052
Housing and development	911,945	-	-	911,945
Judicial	358,569	-	-	358,569
Culture and recreation	1,489,321	-	73,562	1,562,883
Capital projects	-	1,963,372	321,924	2,285,296
Debt service	732,234	-	508,625	1,240,859
Total expenditures	<u>9,922,145</u>	<u>1,963,372</u>	<u>958,392</u>	<u>12,843,909</u>
Excess (deficiency) of revenues over (under) expenditures	<u>259,465</u>	<u>153,512</u>	<u>157,964</u>	<u>570,941</u>
Other financing sources (uses):				
Transfers in	1,321,505	-	903,369	2,224,874
Transfers out	(1,327,700)	-	(650,174)	(1,977,874)
Sale of capital assets	11,214	-	-	11,214
Total other financing sources (uses)	<u>5,019</u>	<u>-</u>	<u>253,195</u>	<u>258,214</u>
Net change in fund balance	264,484	153,512	411,159	829,155
Fund balance at beginning of year, as restated	<u>6,544,741</u>	<u>3,016,732</u>	<u>683,390</u>	<u>10,244,863</u>
Fund balance at end of year	<u>\$ 6,809,225</u>	<u>\$ 3,170,244</u>	<u>\$ 1,094,549</u>	<u>\$ 11,074,018</u>

See accompanying notes to financial statements.

**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, 2011**

Net change in fund balances - total governmental funds \$ 829,155

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

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	(3,324,661)	
Capital outlays	2,090,351	
Loss on disposal of assets	<u>(20,522)</u>	(1,254,832)

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		678,078
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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. 26,288

The Insurance Internal Service Fund is used by management to charge the cost of insurance to individual funds. 93,322

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	5,370	
Net OPEB obligation	(388,189)	
Accrued compensated absences	<u>(12,471)</u>	<u>(405,594)</u>

Change in net assets of governmental activities \$ (33,583)

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 BALANCE SHEET
 JUNE 30, 2011**

	Enterprise Funds		Totals	Internal Service Funds
	Major			
	Electrical Power	Sanitation		
ASSETS				
Current assets:				
Cash	\$ 28,429	\$ 512,165	\$ 540,594	\$ 92,787
Investments	2,065,969	-	2,065,969	-
Restricted assets:				
Cash	861,589	174,497	1,036,086	-
Investments	818,144	-	818,144	-
Receivables, net				
Utility accounts	1,795,326	122,136	1,917,462	-
Other	-	-	-	1,838
Due from other funds	343,359	26,613	369,972	186,423
Inventory	725,728	-	725,728	-
Prepaid expenses	-	-	-	191,112
Total current assets	6,638,544	835,411	7,473,955	472,160
Noncurrent assets:				
Property, plant and equipment, net	5,491,047	294,081	5,785,128	1,956
Other assets:				
Bond issue costs	128,600	-	128,600	-
Total noncurrent assets	5,619,647	294,081	5,913,728	1,956
Total assets	\$12,258,191	\$1,129,492	\$13,387,683	\$ 474,116
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts payable	\$ 685,994	\$ -	\$ 685,994	\$ 35,300
Customer deposits	865,567	174,497	1,040,064	-
Accrued liabilities	60,804	7,224	68,028	4,469
Accrued compensated absences	32,033	15,340	47,373	11,239
Unearned revenue	396,238	-	396,238	-
Due to other funds	-	52,860	52,860	4,218
Capital leases - current	372,057	25,132	397,189	-
Total current liabilities	2,412,693	275,053	2,687,746	55,226
Long-term liabilities (net of current portion):				
Net OPEB obligation	337,604	-	337,604	-
Net pension liability	16,125	8,683	24,808	5,804
Capital lease obligations	6,791,318	64,719	6,856,037	-
Total long-term liabilities	7,145,047	73,402	7,218,449	5,804
Total liabilities	9,557,740	348,455	9,906,195	61,030
Fund equity:				
Invested in capital assets, net of related debt	5,466,252	204,230	5,670,482	1,956
Unrestricted	(2,765,801)	576,807	(2,188,994)	411,130
Total fund equity	2,700,451	781,037	3,481,488	413,086
Total liabilities and fund equity	\$12,258,191	\$1,129,492		\$ 474,116
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			141,517	
Net assets of business-type activities			\$ 3,623,005	

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Internal Service Funds
	Major			
	Electrical Power	Sanitation	Totals	
Operating revenues:				
Charges for services	\$11,698,016	\$1,485,443	\$13,183,459	\$ 2,010,811
Other	500,111	51	500,162	10,865
Total operating revenues	<u>12,198,127</u>	<u>1,485,494</u>	<u>13,683,621</u>	<u>2,021,676</u>
Operating expenses:				
Personal services	1,113,164	643,696	1,756,860	389,790
Operating	9,051,608	445,912	9,497,520	1,445,085
Depreciation	452,353	98,654	551,007	4,326
Total operating expenses	<u>10,617,125</u>	<u>1,188,262</u>	<u>11,805,387</u>	<u>1,839,201</u>
Operating income	<u>1,581,002</u>	<u>297,232</u>	<u>1,878,234</u>	<u>182,475</u>
Nonoperating revenues (expenses):				
Gain (loss) on sale of capital assets	2,326	(95)	2,231	-
Interest income	13,416	1,371	14,787	-
Interest expense	(637,432)	(3,823)	(641,255)	-
Total nonoperating revenues (expenses)	<u>(621,690)</u>	<u>(2,547)</u>	<u>(624,237)</u>	<u>-</u>
Income before contributions and transfers	<u>959,312</u>	<u>294,685</u>	<u>1,253,997</u>	<u>182,475</u>
Contributed capital from developers	9,025	-	9,025	-
Transfers in	698,000	-	698,000	-
Transfers out	<u>(715,000)</u>	<u>(170,000)</u>	<u>(885,000)</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	951,337	124,685	1,076,022	122,475
Fund equity at beginning of year	<u>1,749,114</u>	<u>656,352</u>		<u>290,611</u>
Fund equity at end of year	<u>\$ 2,700,451</u>	<u>\$ 781,037</u>		<u>\$ 413,086</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>29,153</u>	
Change in net assets of business-type activities			<u>\$ 1,105,175</u>	

See accompanying notes to financial statements.

CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Cash flows from (to) operating activities:				
Cash received from contributions and services provided	\$12,403,995	\$ 1,488,640	\$13,892,635	\$ 2,020,675
Cash payments for goods and services	(9,175,341)	(434,329)	(9,609,670)	(129,265)
Cash payments for benefits and claims	-	-	-	(1,396,033)
Cash payments for employee services and fringe benefits	(1,023,694)	(645,816)	(1,669,510)	(393,045)
Net cash from (to) operating activities	2,204,960	408,495	2,613,455	102,332
Cash flows from (to) noncapital financing activities:				
Transfers in	698,000	-	698,000	-
Transfers out	(715,000)	(170,000)	(885,000)	(60,000)
Net cash from (to) noncapital financing activities	(17,000)	(170,000)	(187,000)	(60,000)
Cash flows from (to) capital and related financing activities:				
Contributed capital	9,025	-	9,025	-
Proceeds from sale of capital assets	3,254	-	3,254	-
Interest paid	(359,929)	(3,823)	(363,752)	-
Payments for capital acquisitions	(162,515)	(35,992)	(198,507)	-
Principal payments on long-term obligations	(383,600)	(24,218)	(407,818)	-
Net cash from (to) capital and related financing activities	(893,765)	(64,033)	(957,798)	-
Cash flows from (to) investing activities:				
(Purchases) proceeds from sale of investments	(1,576,300)	101,038	(1,475,262)	-
Interest received from investments	13,416	1,371	14,787	-
Net cash from (to) investing activities	(1,562,884)	102,409	(1,460,475)	-
Net increase (decrease) in cash	(268,689)	276,871	8,182	42,332
Cash at beginning of year (including \$1,009,793 in restricted cash)	1,158,707	409,791	1,568,498	50,455
Cash at end of year (including \$1,036,086 in restricted cash)	\$ 890,018	\$ 686,662	\$ 1,576,680	\$ 92,787

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$1,581,002	\$297,232	\$1,878,234	\$ 182,475
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	452,353	98,654	551,007	4,326
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	33,052	(937)	32,115	(804)
(Increase) decrease in prepaid expenses	-	-	-	(86,081)
(Increase) decrease in inventory	21,432	-	21,432	-
(Increase) decrease in due from other funds	(88,760)	(26,613)	(115,373)	(197)
Increase (decrease) in net OPEB liability	91,058	-	91,058	-
Increase (decrease) in net pension liability	16,125	8,683	24,808	5,804
Increase (decrease) in accounts payable	(2,418)	-	(2,418)	11,293
Increase (decrease) in accrued liabilities	(17,713)	(10,803)	(28,516)	-
Increase (decrease) in deferred revenue	150,162	-	150,162	(9,059)
Increase (decrease) in due to other funds	(53,987)	38,196	(15,791)	(5,425)
Increase (decrease) in customer deposits	22,654	4,083	26,737	-
Net cash from (to) operating activities	<u>\$2,204,960</u>	<u>\$408,495</u>	<u>\$2,613,455</u>	<u>\$ 102,332</u>
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	<u>\$ (359,929)</u>	<u>\$ (3,823)</u>	<u>\$ (363,752)</u>	<u>\$ -</u>

See accompanying notes to financial statements.
 Continued from previous page.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 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, 2011**

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*.

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 by voter referendum for various projects throughout the City.

The City reports the following major proprietary funds:

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.

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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.

Debt Service Fund - This fund accounts for the accumulation of resources that are restricted for the payment of Tax Allocation District bond principal and interest.

Capital Projects Funds - These funds are used to account for financial resources that are restricted, committed, and assigned for the acquisition, renovation, and construction of general 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.

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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).

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.
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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 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.

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

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 is used 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.

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	10-20 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

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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. Nature and Purpose of Classifications of Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances. Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution are classified as committed fund balances. Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed are classified as assigned fund balances. Assignments are made by City management based on Council direction. Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The City uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

GASB Statement No. 54 is further explained in Note 18 "Restatement of Fund Balances".

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, 2011**

N. Comparative Data/Reclassifications

Comparative total data of the prior years has been presented in the accompanying individual fund financial statements in order to provide an understanding of changes in the City's financial position and operations. Certain reclassifications have been made to the prior year columns to conform to the classifications used in the current year columns.

(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, 2011, 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, 2011, 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	\$ 6,005,873	\$ -	\$ -	\$ -	\$ 6,005,873
Money market mutual funds	AAAm	237,345	-	-	-	237,345
Municipal Competetive Trust	not rated	1,498,594	-	-	-	1,498,594
Total		\$ 7,741,812	\$ -	\$ -	\$ -	\$ 7,741,812

The above table of investments includes \$3,184,432 of investments classified on the financial statements as restricted assets. 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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(3) RECEIVABLES

Receivables at June 30, 2011 consist of the following:

	<u>Taxes and Fines</u>	<u>Utility Accounts</u>	<u>Other</u>	<u>Allowance for Uncollectibles</u>	<u>Net Receivables</u>
General Fund	\$ 272,892	\$ -	\$ 900	\$ (7,155)	\$ 266,637
Electrical Power Fund	-	1,655,877	189,449	(50,000)	1,795,326
Sanitation Fund	-	122,536	-	(400)	122,136
Internal Service Funds	-	104	1,734	-	1,838
Total	<u>\$ 272,892</u>	<u>\$ 1,778,517</u>	<u>\$ 192,083</u>	<u>\$ (57,555)</u>	<u>\$ 2,185,937</u>

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2011 consist of the following:

	<u>Cobb County, GA</u>	<u>Cobb County Tax Commissioner</u>	<u>State of Georgia Department of Transportation</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ -	\$ 7,258	\$ -	\$ -	\$ 7,258
SPLOST Fund	365,324	-	40,000	-	405,324
	<u>\$ 365,324</u>	<u>\$ 7,258</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 412,582</u>

(5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund loans receivable are considered "available spendable resources". Such balances at June 30, 2011 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

<u>PAYABLE FROM</u>	<u>RECEIVABLE TO</u>					<u>Total</u>
	<u>General Fund</u>	<u>Electrical Power Fund</u>	<u>Sanitation Fund</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 343,359	\$ 26,613	\$ 167,988	\$ 186,423	\$ 724,383
SPLOST Fund	77,698	-	-	-	-	77,698
Sanitation Fund	52,860	-	-	-	-	52,860
Internal Service Funds	4,218	-	-	-	-	4,218
Nonmajor Governmental Funds	2,412	-	-	-	-	2,412
Total	<u>\$ 137,188</u>	<u>\$ 343,359</u>	<u>\$ 26,613</u>	<u>\$ 167,988</u>	<u>\$ 186,423</u>	<u>\$ 861,571</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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."

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	\$ -	\$ 715,000	\$ 170,000	\$ 376,505	\$ 60,000	\$ 1,321,505
Power Fund	698,000	-	-	-	-	698,000
Nonmajor Governmental Funds	629,700	-	-	273,669	-	903,369
Total	\$ 1,327,700	\$ 715,000	\$ 170,000	\$ 650,174	\$ 60,000	\$ 2,922,874

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

The City's restricted assets at June 30, 2011 consist of the following:

Governmental Funds	Total
General Fund:	
Current debt service requirements	\$ 652,345
Municipal court bonds	223,684
Public safety communications equipment	119,287
Proceeds from sale of water & sewer system	3,000,000
Other	2,929
	<u>3,998,245</u>
SPLOST Fund:	
Unspent SPLOST proceeds	<u>2,884,371</u>
Nonmajor governmental funds:	
Veteran's Memorial	1,150
Tax Allocation District	1
Recreational Impact Fee	72,830
Soil Erosion Fee	33,585
Confiscated Assets	178,971
	<u>286,537</u>
Total governmental funds	<u>\$ 7,169,153</u>
Proprietary Funds	
Sanitation Fund:	
Security deposits	<u>\$ 174,497</u>
Power Fund:	
MEAG Trust	818,144
Security deposits	861,589
	<u>\$ 1,679,733</u>
Total proprietary funds	<u>\$ 1,854,230</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(7) CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reclassifications / Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,787,291	\$ 1,150,569	\$ -	\$ 4,937,860
Construction in progress	883,765	137,430	(692,859)	328,336
Total capital assets not being depreciated	<u>4,671,056</u>	<u>1,287,999</u>	<u>(692,859)</u>	<u>5,266,196</u>
Capital assets, being depreciated:				
Buildings	6,752,448	155,360	(8,065)	6,899,743
Improvements other than buildings	7,913,741	197,172	-	8,110,913
Vehicles and equipment	4,029,657	140,631	(129,468)	4,040,820
Infrastructure (streets)	48,085,211	1,002,048	(63,228)	49,024,031
Total capital assets being depreciated	<u>66,781,057</u>	<u>1,495,211</u>	<u>(200,761)</u>	<u>68,075,507</u>
Less accumulated depreciation for:				
Buildings	(1,858,515)	(241,059)	8,065	(2,091,509)
Improvements other than buildings	(1,866,611)	(380,946)	-	(2,247,557)
Vehicles and equipment	(3,193,736)	(364,324)	129,469	(3,428,591)
Infrastructure (streets)	(26,333,229)	(2,338,332)	42,705	(28,628,856)
Total accumulated depreciation	<u>(33,252,091)</u>	<u>(3,324,661)</u>	<u>180,239</u>	<u>(36,396,513)</u>
Total capital assets being depreciated, net	<u>33,528,966</u>	<u>(1,829,450)</u>	<u>(20,522)</u>	<u>31,678,994</u>
Governmental activities capital assets, net	<u>\$38,200,022</u>	<u>\$ (541,451)</u>	<u>\$ (713,381)</u>	<u>\$36,945,190</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 228,954	\$ -	\$ -	\$ 228,954
Total capital assets not being depreciated	<u>228,954</u>	<u>-</u>	<u>-</u>	<u>228,954</u>
Capital assets, being depreciated:				
Buildings	787,541	4,000	(3,480)	788,061
Electrical System	8,565,323	145,715	-	8,711,038
Vehicles and equipment	3,355,238	48,792	(48,942)	3,355,088
Total capital assets being depreciated	<u>12,708,102</u>	<u>198,507</u>	<u>(52,422)</u>	<u>12,854,187</u>
Less accumulated depreciation for:				
Buildings	(356,660)	(37,520)	2,552	(391,628)
Electrical System	(3,916,045)	(309,961)	-	(4,226,006)
Vehicles and equipment	(2,519,418)	(207,852)	48,847	(2,678,423)
Total accumulated depreciation	<u>(6,792,123)</u>	<u>(555,333)</u>	<u>51,399</u>	<u>(7,296,057)</u>
Total capital assets being depreciated, net	<u>5,915,979</u>	<u>(356,826)</u>	<u>(1,023)</u>	<u>5,558,130</u>
Business-type activities capital assets, net	<u>\$ 6,144,933</u>	<u>\$ (356,826)</u>	<u>\$ (1,023)</u>	<u>\$ 5,787,084</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

Governmental Activities:	
General government	\$ 170,239
Judicial	1,356
Public safety	299,791
Public works, including depreciation of general infrastructure	2,465,843
Housing and development	6,758
Culture and recreation	380,674
Total depreciation expense - governmental activities	<u>\$ 3,324,661</u>
Business-type activities:	
Electric	\$ 452,353
Sanitation	98,654
Capital assets held by the government's internal services fund are charged to the various functions based on their usage of the assets	 4,326
Total depreciation expense - business-type activities	<u>\$ 555,333</u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 4,080,000	\$ -	\$ (250,000)	\$ 3,830,000	\$ 260,000
Certificates of participation	487,716	-	(188,078)	299,638	197,523
Note payable to component unit	810,000	-	(90,000)	720,000	90,000
Tax allocation district bonds	5,765,000	-	(150,000)	5,615,000	160,000
Net pension obligation	93,426	222,098	(227,468)	88,056	-
Net OPEB obligation	986,184	407,613	(19,424)	1,374,373	-
Compensated absences	156,462	162,924	(150,453)	168,933	168,933
Governmental activities long-term liabilities	<u>\$ 12,378,788</u>	<u>\$ 792,635</u>	<u>\$ (1,075,423)</u>	<u>\$ 12,096,000</u>	<u>\$ 876,456</u>
Business-type activities:					
Capital leases	\$ 9,197,464	\$ -	\$ (407,818)	\$ 8,789,646	\$ 397,189
Less: deferred amounts on refunding	(1,792,490)	-	256,070	(1,536,420)	-
Net pension obligation	28,571	74,557	(72,516)	30,612	-
Net OPEB obligation	246,546	95,613	(4,555)	337,604	-
Compensated absences	49,455	72,194	(63,037)	58,612	58,612
Business-type activities long-term liabilities	<u>\$ 7,729,546</u>	<u>\$ 242,364</u>	<u>\$ (291,856)</u>	<u>\$ 7,680,054</u>	<u>\$ 455,801</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, 2011**

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
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	300,000	102,376	402,376
2017-2021	1,670,000	335,064	2,005,064
2022-2026	760,000	42,932	802,932
Total	<u>\$ 3,830,000</u>	<u>\$ 994,875</u>	<u>\$ 4,824,875</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 \$7,612,286 building and improvements, \$210,299 vehicles and equipment, and \$725,996 land. Accumulated depreciation related to these assets is \$2,262,472.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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>
2012	\$ 197,523	\$ 11,175	\$ 208,698
2013	102,115	2,232	104,347
Total	<u>\$ 299,638</u>	<u>\$ 13,407</u>	<u>\$ 313,045</u>

There are several financial covenants included in the installment purchase agreement relating to the jail facility. At June 30, 2011, 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, 2011**

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 the bond principal and interest payments at 3.60% 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, 2011, 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
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	105,000	11,880	116,880
2017-2021	225,000	12,240	237,240
Total	<u>\$ 720,000</u>	<u>\$ 107,640</u>	<u>\$ 827,640</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, total principal and interest paid and total tax allocation increments were \$508,625 and \$841,903, respectively.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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>
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	205,000	300,782	505,782
2017-2021	1,240,000	1,287,816	2,527,816
2022-2026	1,685,000	834,531	2,519,531
2027-2031	1,785,000	232,031	2,017,031
Total	<u>\$ 5,615,000</u>	<u>\$ 3,974,535</u>	<u>\$ 9,589,535</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, 2011

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 capital lease agreements covering equipment.

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

Business-type - Capital Leases			
Year Ending June 30,	Principal	Interest	Total
2012	\$ 397,189	\$ 347,951	\$ 745,140
2013	403,818	332,376	736,194
2014	412,064	316,591	728,655
2015	416,575	300,439	717,014
2016	420,000	284,252	704,252
2017-2021	2,400,000	1,155,270	3,555,270
2022-2026	2,965,000	636,193	3,601,193
2027-2031	1,375,000	82,376	1,457,376
Total	<u>\$ 8,789,646</u>	<u>\$ 3,455,448</u>	<u>\$ 12,245,094</u>

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 \$496,711.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(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 \$7,504,860 from the Authority during the period ended June 30, 2011.

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.

Encumbrances

Encumbrances outstanding as of June 30, 2011 are as follows:

General Fund	\$	65,513
SPLOST Fund		235,948
Nonmajor Funds		
Confiscated Assets		1,500
Capital Improvement		<u>89,242</u>
Total	\$	<u><u>392,203</u></u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(10) PROPERTY TAXES

The City bills and collects its own real and personal property taxes. 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, 2010 were \$611,719,665 and \$42,369,475, respectively.

Based on the 2010 digest millage levy of 7.60, a property tax owner would pay \$7.60 per \$1,000 of assessed valuation. Current tax collections of \$4,502,411 for the fiscal year ended June 30, 2011 were 97% of the levy.

(11) FUND BALANCE

The composition of the City's fund balances is as followed:

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 269,441	\$ -	\$ 1,250	\$ 270,691
Restricted for:				
Capital projects	-	3,170,244		3,170,244
Culture and recreation	-	-	74,087	74,087
Debt service	611,697	-	-	611,697
Housing and development	-	-	1	1
Public safety	117,656	-	166,931	284,587
Public works	620	-	35,435	36,055
Voter appropriation	3,000,000	-	-	3,000,000
Committed for:				
Capital projects	-	-	498,442	498,442
Culture and recreation	28,094	-	-	28,094
Public works	31,431	-	-	31,431
Assigned for:				
Capital projects	-	-	318,403	318,403
Culture and recreation	13,771	-	-	13,771
Health and welfare	1,213	-	-	1,213
Housing and development	13,000	-	-	13,000
Public safety	2,000	-	-	2,000
Unassigned	2,720,302	-	-	2,720,302
	<u>\$ 6,809,225</u>	<u>\$ 3,170,244</u>	<u>\$ 1,094,549</u>	<u>\$ 11,074,018</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(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, 2011, the City's payroll for employees covered by the System's defined benefit plan was \$5,438,438. 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.

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, 2011 were \$424,611 (\$299,985 from the City and \$124,626 from employee contributions).

The net pension obligation was computed from information obtained from the actuarial valuation performed as of January 1, 2010. Significant actuarial assumptions used in the valuation include (a) a rate of return on the investment of present and future assets of 7.75% a year, (b) projected salary increases of 3.5% a year, and (c) 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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Employer contributions represented 5.52% of current period covered payroll and were in accordance with actuarial recommendations. The normal contribution requirement was \$294,615.

Period Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Amount Contributed
12/31/08	\$ 155,522	106%	\$ 73,604	\$ 164,888
06/30/09	141,192	63%	125,980	88,816
06/30/10	282,257	101%	124,037	284,200
06/30/11	294,615	102%	118,668	299,985

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

Required contribution	\$ 299,985
Interest on net pension obligation	9,923
Adjustment to required contribution	<u>(15,293)</u>
Pension cost	294,615
Contributions made	<u>(299,984)</u>
Increase (decrease) in net pension obligation	(5,369)
Net pension obligation, beginning of period	<u>124,037</u>
Net pension obligation, end of period	<u>\$ 118,668</u>

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)
01/01/11	4,290,305	4,973,985	683,680	86.3%	5,438,438	12.6%

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

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(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 7 retirees and spouses eligible for the benefits, 7 retirees and spouses receiving benefits, and 138 current and active employees. The City has the authority to establish and amend benefit provisions.

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, 2011, the City contributed \$23,979 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 OPEB Obligation	Amount Contributed
12/31/08	\$ 532,095	4%	\$ 509,441	\$ 22,654
6/30/09	256,311	4%	755,287	10,464
6/30/10	502,127	5%	1,232,730	24,684
6/30/11	503,226	5%	1,711,977	23,979

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)
01/01/11	\$ -	\$ 3,934,552	\$ 3,934,552	0.0%	\$ 5,529,283	71.2%

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:

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Required contribution	\$ 554,111
Interest on net OPEB obligation	49,309
Adjustment to required contribution	<u>(100,194)</u>
OPEB cost	503,226
Contributions made	<u>(23,979)</u>
Increase (decrease) in net OPEB obligation	479,247
Net OPEB obligation, beginning of period	<u>1,232,730</u>
Net OPEB obligation, end of period	<u><u>\$1,711,977</u></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 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	1/1/2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed, 25 YEARS
Remaining amortization period	23 years
Asset valuation method	market value
Actuarial assumptions:	
Investment return	4%
Discount rate	4%
Inflation rate	3%
Medical and drug cost trend rate	9.5% graded to 5% over 8 years
Dental cost trend rate	No longer offered

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(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, 2011, there were 110 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.

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, 2011 was \$1,686. The City made actual contributions during the year of \$148,755. The participants made actual contributions during the year of \$149,507. 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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.
- 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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(17) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the year ended June 30, 2011:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
Culture and Recreation			
Roberts School Rec Facility	\$ 29,545	\$ 30,459	\$ 914
Proctor Landing Beach and Park	24,645	25,942	1,297
Logan Farm Park Facilities	30,989	31,277	288

These over expenditures were funded by available fund balance.

(18) RESTATEMENT OF FUND BALANCES

GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City implemented this standard in fiscal year 2011. The City analyzed all funds previously reported as special revenue funds and capital project funds and determined that under GASB 54, the Tax Allocation District Fund should not be classified as a special revenue fund but rather as a Debt Service Fund. The City also determined that the Historical Preservation Commission Fund should not be presented as a Special Revenue Fund under GASB 54. The Historical Preservation Commission Fund is now reported within the General Fund. The City also determined that certain revenue streams in the Transportation Improvement Capital Projects Fund should be presented in a Special Revenue fund under GASB 54, and created the Soil Erosion Fund Special Revenue Fund to account for these activities.

	<u>General Fund</u>	<u>Historical Preservation Commission Fund</u>	<u>Soil Erosion Fee Fund</u>	<u>Transporation Improvement Fund</u>
Fund Balance as previously reported	\$ 6,535,395	\$ 9,346	\$ -	\$ 300,362
Restatement	9,346	(9,346)	36,134	(36,134)
Fund Balance as restated	<u>\$ 6,544,741</u>	<u>\$ -</u>	<u>\$ 36,134</u>	<u>\$ 264,228</u>
Net change in fund balance as previously reported	\$ 196,938	\$ (2,651)	\$ -	\$ (41,085)
Effect of restatement	(2,651)	2,651	(27,783)	27,783
Net change in fund balance as restated	<u>\$ 194,287</u>	<u>\$ -</u>	<u>\$ (27,783)</u>	<u>\$ (13,302)</u>

REQUIRED SUPPLEMENTARY INFORMATION

**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%
01/01/11	4,290,305	4,973,985	683,680	86.3%	5,438,438	12.6%

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%
01/01/11	-	3,934,552	3,934,552	0.0%	5,529,283	71.2%

**CITY OF ACWORTH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 7,713,185	\$ 7,970,319	\$ 8,091,838	\$ 121,519
Licenses and Permits	187,000	168,360	228,062	59,702
Intergovernmental	26,000	78,669	83,084	4,415
Charges for Services	391,970	392,126	455,454	63,328
Fines and Forfeitures	1,000,000	1,000,000	1,156,300	156,300
Investment Earnings	78,600	57,850	63,749	5,899
Contributions and Donations	44,000	52,250	29,067	(23,183)
Other	63,300	65,156	74,056	8,900
Total Revenues	9,504,055	9,784,730	10,181,610	396,880
Expenditures:				
General Government				
Board of Aldermen	145,523	166,524	162,419	4,105
Administration - City Manager's Office	382,315	386,677	378,744	7,933
Financial Administration	387,121	387,939	372,764	15,175
Attorney/Legal Services	83,015	78,015	54,465	23,550
Information Systems	189,251	189,671	180,386	9,285
Former Employees	26,590	26,615	26,249	366
Insurance/Risk Management	305,000	305,000	290,861	14,139
External Auditors	32,000	32,225	32,224	1
Government Bldg - City Hall	97,400	100,150	87,349	12,801
Government Bldg - 4400 Acworth Ind Dr	108,000	112,500	97,802	14,698
Government Bldg - 4406 Acworth Ind Dr	8,850	8,850	5,653	3,197
Government Bldg - Other City Property	2,100	2,100	752	1,348
Government Bldg - Old Jail	4,160	4,660	3,453	1,207
Public Information	7,920	7,920	4,539	3,381
General Administration Fees	7,065	9,552	7,677	1,875
Judicial				
Municipal Court	437,388	416,514	358,569	57,945
Public Safety				
Police	3,213,744	3,306,777	3,194,661	112,116
Jail	668,632	671,762	584,670	87,092
Public Works				
Public Works Administration	251,552	260,167	243,382	16,785
Highways and Streets	510,534	529,638	514,383	15,255
Storm Drainage	16,814	10,314	4,261	6,053
Fleet Maintenance	117,159	118,209	112,828	5,381
Building Maintenance	59,522	59,800	55,476	4,324
Cemetery	12,727	20,677	14,026	6,651
Health and Welfare				
Mosquito Control	5,415	5,415	1,052	4,363
Culture and Recreation				
Recreation	916,195	955,187	935,427	19,760
Athletics	85,314	71,704	69,846	1,858
Community Programs	65,337	65,337	49,753	15,584
Roberts School Rec Facility	23,065	29,545	30,459	(914)
Rosenwald Community Center	6,050	6,500	4,297	2,203
Neighborhood Playgrounds	1,550	1,550	1,473	77
Southshore Park and Beach	3,800	3,800	3,201	599
Dallas Landing Beach and Park	24,878	25,858	25,176	682
Proctor Landing Beach and Park	24,290	24,645	25,942	(1,297)
Acworth Sports Complex	112,233	122,653	118,861	3,792
Tanyard Creek Park	5,240	5,165	3,384	1,781
Bobby Van Newberry Park	17,630	27,630	16,029	11,601

**CITY OF ACWORTH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Cauble Park Facilities	35,862	38,813	38,017	796
Logan Farm Park Facilities	18,750	30,989	31,277	(288)
Special Needs Programs	600	600	126	474
Summer Camp Operations	82,270	86,270	52,186	34,084
Special Events Activities	43,970	43,265	39,308	3,957
Concert	13,500	13,500	8,727	4,773
Senior Citizen Luncheon	13,780	13,780	11,845	1,935
Parks	4,625	4,625	4,004	621
Tree Commission	1,586	1,680	185	1,495
Historic Preservation	6,600	4,200	869	3,331
All America City Program	-	8,929	8,929	-
Transfer to Component Unit	10,000	10,000	10,000	-
Housing and Development				
Conservation / Soil Erosion	53,836	54,246	53,372	874
Protective Building Inspections	207,505	212,533	202,469	10,064
Planning and Zoning	166,224	170,849	168,872	1,977
Code Enforcement	51,244	49,544	44,816	4,728
Economic Development	169,909	173,615	171,696	1,919
Façade Grant Expenditures	-	7,500	2,000	5,500
Tax Allocation District	328,716	262,684	262,684	-
Transfer to Component Unit	6,036	6,036	6,036	-
Debt Service	732,400	732,400	732,234	166
Total Expenditures	10,312,792	10,483,303	9,922,145	561,158
Excess (deficiency) of Revenues over Expenditures	(808,737)	(698,573)	259,465	958,038
Other Financing Sources (uses):				
Transfers In	1,496,225	2,002,384	1,321,505	(680,879)
Transfers Out	(698,000)	(1,327,700)	(1,327,700)	-
Sale of Capital Assets	-	10,000	11,214	1,214
Total Other Financing Sources (uses)	798,225	684,684	5,019	(679,665)
Net Change in Fund Balance	\$ (10,512)	\$ (13,889)	264,484	\$ 278,373
Fund balance at beginning of year, as restated			6,544,741	
Fund Balance at End of Year			<u>\$ 6,809,225</u>	

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GOVERNMENTAL FUNDS

NONMAJOR COMBINING STATEMENTS

CITY OF ACWORTH, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	Special Revenue Funds					Capital Projects Funds					Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Confiscated Assets	Soil Erosion Fees	Transportation Improvement	Capital Improvement	Debt Service			
ASSETS											
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,362	\$ -	\$ 8,362
Investments	-	-	-	-	-	-	-	-	642,488	-	642,488
Prepaid items	-	-	-	-	-	-	-	-	-	1,250	1,250
Due from other funds	-	107	-	-	1,886	-	-	-	165,995	-	167,988
Due from other governments	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:											
Cash	-	1,150	-	178,971	33,585	-	-	1	-	-	213,707
Investments	-	-	72,830	-	-	-	-	-	-	-	72,830
Total assets	\$ -	\$ 1,257	\$ 72,830	\$ 178,971	\$ 35,471	\$ -	\$ 816,845	\$ 1,251	\$ -	\$ 1,106,625	
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ -	\$ 2,396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,396
Due to other funds	-	-	-	2,376	36	-	-	-	-	-	2,412
Due to component unit	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	7,268	-	-	-	-	-	-	7,268
Total liabilities	-	-	-	12,040	36	-	-	-	-	-	12,076
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	1,250	1,250
Restricted	-	1,257	72,830	166,931	35,435	-	-	-	-	1	276,454
Committed	-	-	-	-	-	-	498,442	-	-	-	498,442
Assigned	-	-	-	-	-	-	318,403	-	-	-	318,403
Total fund balances	-	1,257	72,830	166,931	35,435	-	816,845	1,251	-	1,094,549	
Total liabilities and fund balances	\$ -	\$ 1,257	\$ 72,830	\$ 178,971	\$ 35,471	\$ -	\$ 816,845	\$ 1,251	\$ -	\$ 1,106,625	

**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, 2011**

	Special Revenue Funds					Capital Projects Funds				Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Confiscated Assets	Soil Erosion Fees	Transportation Improvement	Capital Improvement	Debt Service		
Revenues:										
Taxes	\$ 115,272	-	\$ -	-	\$ -	\$ -	-	\$ 178,328	\$ 293,600	
Charges for services	-	-	59,500	-	2,540	-	-	-	62,040	
Fines and forfeitures	-	-	-	93,953	-	-	-	-	93,953	
Intergovernmental	-	-	-	-	1,667	-	-	663,575	665,242	
Investment earnings	-	-	13	141	61	166	330	-	711	
Contributions and donations	-	675	-	-	-	-	-	-	675	
Other	-	-	-	135	-	-	-	-	135	
Total revenues	115,272	675	59,513	94,229	4,268	166	330	841,903	1,116,356	
Expenditures:										
Current:										
Public safety	-	-	-	49,314	-	-	-	-	49,314	
Public works	-	-	-	-	4,967	-	-	-	4,967	
Culture and recreation	72,045	1,517	-	-	-	-	-	-	73,562	
Capital projects	-	-	-	-	-	-	321,924	-	321,924	
Debt service	-	-	-	-	-	-	-	508,625	508,625	
Total expenditures	72,045	1,517	-	49,314	4,967	-	321,924	508,625	958,392	
Excess (deficiency) of revenues over (under) expenditures	43,227	(842)	59,513	44,915	(699)	166	(321,594)	333,278	157,964	
Other financing sources (uses):										
Transfers in	-	-	9,275	-	-	-	894,094	-	903,369	
Transfers out	(43,227)	-	-	-	-	(264,394)	(9,275)	(333,278)	(650,174)	
Total other financing sources (uses)	(43,227)	-	9,275	-	-	(264,394)	884,819	(333,278)	253,195	
Net change in fund balance	-	(842)	68,788	44,915	(699)	(264,228)	563,225	-	411,159	
Fund balance at beginning of year, as restated	-	2,099	4,042	122,016	36,134	264,228	253,620	1,251	683,390	
Fund balance at end of year	\$ -	\$ 1,257	\$ 72,830	\$ 166,931	\$ 35,435	\$ -	\$ 816,845	\$ 1,251	\$ 1,094,549	

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, recreation, public works, general government, etc.). These activities are funded primarily by property taxes on individuals and businesses.

**CITY OF ACWORTH, GEORGIA
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 and 2010**

	2011	2010 (As Restated)
<u>ASSETS</u>		
Cash	\$ 2,154,300	\$ 368,304
Investments	1,848,923	3,344,752
Receivables (net of allowance for estimated uncollectibles):		
Taxes	265,737	248,414
Interest	-	27,746
Other	900	5,510
Due from other funds	137,188	331,889
Due from other governments	7,258	16,961
Due from component unit	577	65
Prepaid expenditures	269,441	253,995
Restricted assets:		
Cash	3,878,958	567,975
Investments	119,287	3,513,617
Total assets	\$ 8,682,569	\$ 8,679,228
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 510,355	\$ 583,352
Deferred revenue	528,874	585,289
Accrued liabilities	76,768	236,009
Due to other funds	724,383	620,271
Due to component unit	32,964	109,566
Total liabilities	1,873,344	2,134,487
Fund balance:		
Nonspendable	269,441	253,995
Restricted	3,729,973	3,710,718
Committed	59,525	7,698
Assigned	29,984	34,468
Unassigned	2,720,302	2,537,862
Total fund balance	6,809,225	6,544,741
Total liabilities and fund balance	\$ 8,682,569	\$ 8,679,228

**CITY OF ACWORTH, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010 (As Restated)
Revenues:		
Taxes	\$ 8,091,838	\$ 8,221,777
Licenses and permits	228,062	217,691
Charges for services	455,454	380,362
Intergovernmental	83,084	260,412
Fines and forfeitures	1,156,300	1,061,228
Investment earnings	63,749	112,956
Contributions and donations	29,067	63,846
Other	74,056	61,873
Total revenues	10,181,610	10,380,145
Expenditures:		
Current:		
General government	1,705,337	1,980,437
Public safety	3,779,331	3,672,615
Public works	944,356	930,192
Health and welfare	1,052	1,749
Housing and development	911,945	1,030,411
Judicial	358,569	413,747
Culture and recreation	1,489,321	1,728,575
Debt service	732,234	764,772
Total expenditures	9,922,145	10,522,498
Excess (deficiency) of revenues over (under) expenditures	259,465	(142,353)
Other financing sources (uses):		
Transfers in	1,321,505	1,436,256
Transfers out	(1,327,700)	(1,100,917)
Sale of capital assets	11,214	1,301
Total other financing sources (uses)	5,019	336,640
Net change in fund balance	264,484	194,287
Fund balance at beginning of year	6,544,741	6,350,454
Fund balance at end of year	\$ 6,809,225	\$ 6,544,741

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenues which are legally restricted to finance specific functions or activities of the government and which, therefore, cannot be diverted to other uses.

Hotel/Motel Tax – To account for the receipt of funds from imposition of the hotel/motel tax which is to be used primarily for the promotion of tourism.

Veteran's Memorial Fund – To account for monies received from donations and sales of pavers to construct and maintain a Veteran's Memorial.

Recreational Impact Fee – To account for the receipt of funds from imposition of the recreational impact fee which is to be used to finance public facilities necessary to promote and accommodate orderly growth and development.

Police Confiscated Asset Fund – To account for confiscated cash seizures from drug related crimes.

Soil Erosion Fees – To account for the receipt of money from fees for Land Disturbance permits and National Pollution Discharge Elimination System permit which is to be used for the implementation of local erosion and sediment control programs.

**CITY OF ACWORTH, GEORGIA
HOTEL/MOTEL TAX
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes	<u>\$ 115,272</u>	<u>\$ 109,608</u>
Expenditures:		
Current:		
Culture and recreation	<u>72,045</u>	<u>68,505</u>
Excess of revenues over expenditures	<u>43,227</u>	<u>41,103</u>
Other financing sources (uses):		
Transfers out	<u>(43,227)</u>	<u>(41,216)</u>
Net change in fund balance	-	(113)
Fund balance at beginning of year	<u>-</u>	<u>113</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**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, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	<u>\$115,272</u>	<u>\$115,272</u>	<u>\$ -</u>
Expenditures:			
Current:			
Culture and recreation	<u>72,045</u>	<u>72,045</u>	<u>-</u>
Excess of revenues over expenditures	<u>43,227</u>	<u>43,227</u>	<u>-</u>
Other financing sources (uses):			
Transfers out	<u>(43,227)</u>	<u>(43,227)</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u><u>\$ -</u></u>	

**CITY OF ACWORTH, GEORGIA
 VETERAN'S MEMORIAL
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Due from other funds	\$ 107	\$ 1,624
Restricted assets:		
Cash	<u>1,150</u>	<u>475</u>
Total assets	<u>\$ 1,257</u>	<u>\$ 2,099</u>
<u>FUND BALANCE</u>		
Fund balance:		
Restricted	<u>\$ 1,257</u>	<u>\$ 2,099</u>
Total fund balance	<u>\$ 1,257</u>	<u>\$ 2,099</u>

**CITY OF ACWORTH, GEORGIA
VETERAN'S MEMORIAL
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Contributions and donations	\$ 675	\$ 1,225
Total revenues	<u>675</u>	<u>1,225</u>
Expenditures:		
Current:		
Culture and recreation	<u>1,517</u>	<u>1,645</u>
Net change in fund balance	(842)	(420)
Fund balance at beginning of year	<u>2,099</u>	<u>2,519</u>
Fund balance at end of year	<u>\$ 1,257</u>	<u>\$ 2,099</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, 2011**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Contributions and donations	<u>\$ 600</u>	<u>\$ 675</u>	<u>\$ 75</u>
Expenditures:			
Current:			
Culture and recreation	<u>1,518</u>	<u>1,517</u>	<u>1</u>
Net change in fund balance	<u><u>\$ (918)</u></u>	<u>(842)</u>	<u><u>\$ 76</u></u>
Fund balance at beginning of year		<u>2,099</u>	
Fund balance at end of year		<u><u>\$ 1,257</u></u>	

**CITY OF ACWORTH, GEORGIA
RECREATIONAL IMPACT FEE
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Restricted assets:		
Cash	\$ -	\$ 4,027
Investments	72,830	15
Total assets	<u>\$ 72,830</u>	<u>\$ 4,042</u>
<u>FUND BALANCE</u>		
Fund balance:		
Restricted	\$ 72,830	\$ 4,042
Total fund balance	<u>\$ 72,830</u>	<u>\$ 4,042</u>

**CITY OF ACWORTH, GEORGIA
RECREATIONAL IMPACT FEE
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Charges for services	\$ 59,500	\$ 19,000
Investment earnings	<u>13</u>	<u>177</u>
Total revenues	<u>59,513</u>	<u>19,177</u>
Expenditures:		
Current:		
Culture and recreation	<u>-</u>	<u>118,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>59,513</u>	<u>(98,926)</u>
Other financing sources (uses):		
Transfers in	9,275	12,000
Transfers out	<u>-</u>	<u>(328)</u>
Total other financing sources (uses)	<u>9,275</u>	<u>11,672</u>
Net change in fund balance	68,788	(87,254)
Fund balance at beginning of year	<u>4,042</u>	<u>91,296</u>
Fund balance at end of year	<u>\$ 72,830</u>	<u>\$ 4,042</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, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 3,500	\$ 59,500	\$ 56,000
Investment earnings	5	13	8
Total revenues	<u>3,505</u>	<u>59,513</u>	<u>56,008</u>
Other financing sources (uses):			
Transfers in	<u>9,275</u>	<u>9,275</u>	<u>-</u>
Total other financing sources (uses)	<u>9,275</u>	<u>9,275</u>	<u>-</u>
Net change in fund balance	<u>\$ 12,780</u>	68,788	<u>\$ 56,008</u>
Fund balance at beginning of year		<u>4,042</u>	
Fund balance at end of year		<u>\$ 72,830</u>	

**CITY OF ACWORTH, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Restricted assets:		
Cash	\$ 178,971	\$ 172,582
Total assets	\$ 178,971	\$ 172,582
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,396	\$ -
Deferred revenue	7,268	8,642
Due to other funds	2,376	41,924
Total liabilities	12,040	50,566
Fund balance:		
Restricted	166,931	122,016
Total fund balance	166,931	122,016
Total liabilities and fund balance	\$ 178,971	\$ 172,582

**CITY OF ACWORTH, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Charges for services	\$ -	\$ 135
Fines and forfeitures	93,953	13,589
Intergovernmental	-	21,560
Investment earnings	141	682
Other	135	-
Total revenues	<u>94,229</u>	<u>35,966</u>
Expenditures:		
Current:		
Public safety	<u>49,314</u>	<u>67,598</u>
Total expenditures	<u>49,314</u>	<u>67,598</u>
Net change in fund balance	44,915	(31,632)
Fund balance at beginning of year	<u>122,016</u>	<u>153,648</u>
Fund balance at end of year	<u><u>\$ 166,931</u></u>	<u><u>\$ 122,016</u></u>

**CITY OF ACWORTH, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 71,567	\$ 93,953	\$ 22,386
Investment earnings	75	141	66
Other	-	135	135
Total revenues	<u>71,642</u>	<u>94,229</u>	<u>22,587</u>
Expenditures:			
Current:			
Public safety	<u>87,538</u>	<u>49,314</u>	<u>38,224</u>
Total expenditures	<u>87,538</u>	<u>49,314</u>	<u>38,224</u>
Net change in fund balance	<u>\$ (15,896)</u>	44,915	<u>\$ 60,811</u>
Fund balance at beginning of year		<u>122,016</u>	
Fund balance at end of year		<u>\$ 166,931</u>	

**CITY OF ACWORTH, GEORGIA
SOIL EROSION FEES
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010 (As Restated)</u>
<u>ASSETS</u>		
Due from other funds	\$ 1,886	\$ -
Restricted assets:		
Cash	<u>33,585</u>	<u>36,134</u>
Total assets	<u>\$ 35,471</u>	<u>\$ 36,134</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	<u>\$ 36</u>	<u>\$ -</u>
Total liabilities	<u>36</u>	<u>-</u>
Fund balance:		
Restricted	<u>35,435</u>	<u>36,134</u>
Total fund balance	<u>35,435</u>	<u>36,134</u>
Total liabilities and fund balance	<u>\$ 35,471</u>	<u>\$ 36,134</u>

**CITY OF ACWORTH, GEORGIA
SOIL EROSION FEES
SPECIAL REVENUE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010 (As Restated)
Revenues:		
Charges for services	\$ 2,540	\$ 220
Intergovernmental	1,667	-
Investment earnings	61	70
Total revenues	<u>4,268</u>	<u>290</u>
Expenditures:		
Current:		
Public works	4,967	28,073
Total expenditures	<u>4,967</u>	<u>28,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(699)</u>	<u>(27,783)</u>
Net change in fund balance	(699)	(27,783)
Fund balance at beginning of year	<u>36,134</u>	<u>63,917</u>
Fund balance at end of year	<u>\$ 35,435</u>	<u>\$ 36,134</u>

**CITY OF ACWORTH, GEORGIA
SOIL EROSION FEES
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 395	\$ 2,540	\$ 2,145
Intergovernmental	-	1,667	1,667
Investment earnings	40	61	21
Total revenues	<u>435</u>	<u>4,268</u>	<u>3,833</u>
Expenditures:			
Current:			
Public works	5,000	4,967	33
Total expenditures	<u>5,000</u>	<u>4,967</u>	<u>33</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,565)</u>	<u>(699)</u>	<u>3,866</u>
Other financing sources (uses):			
Transfers in	36,134	-	(36,134)
Total other financing sources (uses)	<u>36,134</u>	<u>-</u>	<u>(36,134)</u>
Net change in fund balance	<u>\$ 31,569</u>	(699)	<u>\$ (32,268)</u>
Fund balance at beginning of year		<u>36,134</u>	
Fund balance at end of year		<u>\$ 35,435</u>	

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements other than those financed by Proprietary Funds.

Transportation Improvement Fund – To account for resources (other than Special Purpose Local Option Sales Tax) received to be used for the construction and expansion of transportation infrastructure.

Capital Improvements Fund – To account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

Special Purpose Local Option Sales Tax Fund – To account for proceeds received from Cobb County Special Purpose Local Options Sales Tax collections to be used for transportation, sidewalks, parking and public safety improvements within the City.

**CITY OF ACWORTH, GEORGIA
TRANSPORTATION IMPROVEMENT
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

	<u>2011</u>	2010 (As Restated)
<u>ASSETS</u>		
Due from other funds	\$ -	\$ 70,670
Restricted assets:		
Cash	-	220
Investments	-	193,338
Total assets	\$ -	\$ 264,228
<u>FUND BALANCE</u>		
Fund balance:		
Assigned	\$ -	\$ 264,228
Total fund balance	\$ -	\$ 264,228

**CITY OF ACWORTH, GEORGIA
TRANSPORTATION IMPROVEMENT
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010 (As Restated)</u>
Revenues:		
Investment earnings	\$ 166	\$ 608
Total revenues	<u>166</u>	<u>608</u>
Expenditures:		
Capital projects	-	444
Debt service	-	13,466
Total expenditures	<u>-</u>	<u>13,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>166</u>	<u>(13,302)</u>
Other financing sources (uses):		
Transfers out	<u>(264,394)</u>	<u>-</u>
Total other financing sources (uses)	<u>(264,394)</u>	<u>-</u>
Net change in fund balance	(264,228)	(13,302)
Fund balance at beginning of year	<u>264,228</u>	<u>277,530</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 264,228</u>

**CITY OF ACWORTH, GEORGIA
TRANSPORTATION IMPROVEMENT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment earnings	\$ 164	\$ 166	\$ 2
Total revenues	<u>164</u>	<u>166</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164</u>	<u>166</u>	<u>2</u>
Other financing sources (uses):			
Transfers out	(300,527)	(264,394)	36,133
Total other financing sources (uses)	<u>(300,527)</u>	<u>(264,394)</u>	<u>36,133</u>
Net change in fund balance	<u>\$ (300,363)</u>	(264,228)	<u>\$ 36,135</u>
Fund balance at beginning of year		<u>264,228</u>	
Fund balance at end of year		<u>\$ -</u>	

**CITY OF ACWORTH, GEORGIA
 CAPITAL IMPROVEMENT
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash	\$ -	\$ -
Investments	-	-
Receivables	-	11,925
Due from other governments	-	49,847
Due from other funds	165,995	225,000
Total assets	\$ 165,995	\$ 286,772
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Retainage payable	\$ -	\$ 8,333
Due to other governments	-	11,925
Due to other funds	-	54,061
Total liabilities	-	74,319
Fund balance:		
Committed	498,442	10,167
Assigned	318,403	243,453
Total fund balance	816,845	253,620
Total liabilities and fund balance	\$ 816,845	\$ 327,939

**CITY OF ACWORTH, GEORGIA
CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Revenues:		
Intergovernmental	\$ -	\$ 168,773
Investment earnings	330	108
Contributions and donations	-	12,786
Total revenues	<u>330</u>	<u>181,667</u>
Expenditures:		
Capital projects	<u>321,924</u>	<u>245,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(321,594)</u>	<u>(63,696)</u>
Other financing sources (uses):		
Transfers in	894,094	225,328
Transfers out	<u>(9,275)</u>	<u>-</u>
Total other financing sources (uses)	<u>884,819</u>	<u>225,328</u>
Net change in fund balance	563,225	161,632
Fund balance at beginning of year	<u>253,620</u>	<u>91,988</u>
Fund balance at end of year	<u><u>\$ 816,845</u></u>	<u><u>\$ 253,620</u></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, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 113,399	\$ -	\$ (113,399)
Investment earnings	125	330	205
Contributions and donations	(1,131)	-	1,131
Total revenues	<u>112,393</u>	<u>330</u>	<u>(112,063)</u>
Expenditures:			
Capital projects	<u>602,730</u>	<u>321,924</u>	<u>280,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,337)</u>	<u>(321,594)</u>	<u>168,743</u>
Other financing sources (uses):			
Transfers in	894,094	894,094	-
Transfers out	(9,275)	(9,275)	-
Total other financing sources (uses)	<u>884,819</u>	<u>884,819</u>	<u>-</u>
Net change in fund balance	<u>\$ 394,482</u>	563,225	<u>\$ 168,743</u>
Fund balance at beginning of year		<u>253,620</u>	
Fund balance at end of year		<u>\$ 816,845</u>	

**CITY OF ACWORTH, GEORGIA
 SPLOST
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Receivables, net	\$ -	\$ 673
Due from other governments	405,324	679,775
Restricted assets:		
Cash	981,130	89,060
Investments	<u>1,903,241</u>	<u>2,626,365</u>
Total assets	<u>\$ 3,289,695</u>	<u>\$ 3,395,873</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ -	\$ 74,119
Deferred revenue	40,000	-
Retainage payable	1,753	29,564
Due to other funds	<u>77,698</u>	<u>275,458</u>
Total liabilities	<u>119,451</u>	<u>379,141</u>
Fund balance:		
Restricted	<u>3,170,244</u>	<u>3,016,732</u>
Total fund balance	<u>3,170,244</u>	<u>3,016,732</u>
Total liabilities and fund balance	<u>\$ 3,289,695</u>	<u>\$ 3,395,873</u>

**CITY OF ACWORTH, GEORGIA
 SPLOST
 CAPITAL PROJECTS FUND
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$ 2,106,342	\$ 2,176,630
Investment earnings	8,454	10,519
Other	2,088	2,200
	<u>2,116,884</u>	<u>2,189,349</u>
Total revenues	<u>2,116,884</u>	<u>2,189,349</u>
Expenditures:		
Capital projects	<u>1,963,372</u>	<u>535,291</u>
	<u>153,512</u>	<u>1,654,058</u>
Excess (deficiency) of revenues over (under) expenditures	<u>153,512</u>	<u>1,654,058</u>
Net change in fund balance	153,512	1,654,058
Fund balance at beginning of year	<u>3,016,732</u>	<u>1,362,674</u>
Fund balance at end of year	<u><u>\$ 3,170,244</u></u>	<u><u>\$ 3,016,732</u></u>

**CITY OF ACWORTH, GEORGIA
 SPLOST
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 2,153,967	\$ 2,106,342	\$ (47,625)
Investment earnings	6,925	8,454	1,529
Other	2,088	2,088	-
Total revenues	<u>2,162,980</u>	<u>2,116,884</u>	<u>(46,096)</u>
Expenditures:			
Capital projects	<u>2,104,558</u>	<u>1,963,372</u>	<u>141,186</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,422</u>	<u>153,512</u>	<u>95,090</u>
Net change in fund balance	<u>\$ 58,422</u>	153,512	<u>\$ 95,090</u>
Fund balance at beginning of year		<u>3,016,732</u>	
Fund balance at end of year		<u>\$ 3,170,244</u>	

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DEBT SERVICE FUND

The Debt Service Fund is used for the accumulation of resources for , and the payment of, principal and interest on general long-term debt (other than enterprise funds).

Debt Service Fund – To account for resources used in the payment of debt service association with Acworth's Tax Allocation District.

**CITY OF ACWORTH, GEORGIA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Prepaid items	\$ 1,250	\$ 1,250
Restricted assets:		
Cash	<u>1</u>	<u>1</u>
Total assets	<u><u>\$ 1,251</u></u>	<u><u>\$ 1,251</u></u>
<u>FUND BALANCE</u>		
Fund balance:		
Nonspendable	1,250	1,250
Restricted	<u>1</u>	<u>1</u>
Total fund balance	<u>1,251</u>	<u>1,251</u>
Total liabilities and fund balance	<u><u>\$ 1,251</u></u>	<u><u>\$ 1,251</u></u>

**CITY OF ACWORTH, GEORGIA
DEBT SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Revenues:		
Taxes	\$ 178,328	\$ 199,683
Intergovernmental	663,575	743,027
Total revenues	<u>841,903</u>	<u>942,710</u>
Expenditures:		
Current:		
Debt service	508,625	507,687
Total expenditures	<u>508,625</u>	<u>507,687</u>
Excess (deficiency) of revenues over (under) expenditures	<u>333,278</u>	<u>435,023</u>
Other financing sources (uses):		
Transfers out	<u>(333,278)</u>	<u>(435,040)</u>
Net change in fund balance	-	(17)
Fund balance at beginning of year	<u>1,251</u>	<u>1,268</u>
Fund balance at end of year	<u><u>\$ 1,251</u></u>	<u><u>\$ 1,251</u></u>

**CITY OF ACWORTH, GEORGIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 178,329	\$ 178,328	\$ (1)
Intergovernmental	663,573	663,575	2
Total revenues	<u>841,902</u>	<u>841,903</u>	<u>1</u>
Expenditures:			
Current:			
Debt service	508,625	508,625	-
Total expenditures	<u>508,625</u>	<u>508,625</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>333,277</u>	<u>333,278</u>	<u>1</u>
Other financing sources (uses):			
Transfers out	(333,278)	(333,278)	-
Total other financing sources (uses)	<u>(333,278)</u>	<u>(333,278)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1)</u>	-	<u>\$ 1</u>
Fund balance at beginning of year		<u>1,251</u>	
Fund balance at end of year		<u>\$ 1,251</u>	

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PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for the acquisition, operation and maintenance of government facilities and services which are predominantly or entirely self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Acworth Power – To account for the operations of the City’s electric distribution system. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

Acworth Sanitation – To account for the operations of the City’s solid waste sanitation services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 28,429	\$ 319,328
Investments	2,065,969	878,716
Restricted assets:		
Cash	861,589	839,379
Investments	818,144	429,097
Receivables (net of allowance for estimated uncollectibles)		
Utility accounts	1,795,326	1,828,378
Due from other funds	343,359	254,599
Inventory	725,728	747,160
Total current assets	6,638,544	5,296,657
Noncurrent assets:		
Property, plant and equipment, net	5,491,047	5,781,813
Other assets:		
Bond issue costs	128,600	150,033
Total noncurrent assets	5,619,647	5,931,846
Total assets	\$ 12,258,191	\$ 11,228,503
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 685,994	\$ 688,412
Customer deposits	865,567	842,913
Accrued liabilities	60,804	84,172
Accrued compensated absences	32,033	26,378
Unearned revenue	396,238	246,076
Due to other funds	-	53,987
Capital leases - current	372,057	379,896
Total current liabilities	2,412,693	2,321,834
Long-term liabilities (net of current portion):		
Net OPEB obligation	337,604	246,546
Net pension liability	16,125	-
Capital lease obligations	6,791,318	6,911,009
Total long-term liabilities	7,145,047	7,157,555
Total liabilities	9,557,740	9,479,389
Fund equity		
Invested in capital assets, net of related debt	5,466,252	5,713,418
Unrestricted	(2,765,801)	(3,964,304)
Total fund equity	2,700,451	1,749,114
Total liabilities and fund equity	\$ 12,258,191	\$ 11,228,503

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
EQUITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Operating revenues:		
Charges for services	\$ 11,698,016	\$ 10,554,471
Other	500,111	416,983
Total operating revenues	<u>12,198,127</u>	<u>10,971,454</u>
Operating expenses:		
Personal services	1,113,164	1,119,725
Operating	9,051,608	8,571,345
Depreciation	452,353	452,249
Total operating expenses	<u>10,617,125</u>	<u>10,143,319</u>
Operating income	<u>1,581,002</u>	<u>828,135</u>
Nonoperating revenues (expenses):		
Gain (loss) on sale of capital assets	2,326	-
Interest income	13,416	14,091
Interest expense	(637,432)	(652,928)
Total nonoperating revenues (expenses)	<u>(621,690)</u>	<u>(638,837)</u>
Income before contributions and transfers	<u>959,312</u>	<u>189,298</u>
Capital contributions	9,025	2,125
Transfers in	698,000	863,917
Transfers out	(715,000)	(730,000)
Increase (decrease) in fund equity	951,337	325,340
Fund equity at beginning of year	<u>1,749,114</u>	<u>1,423,774</u>
Fund equity at end of year	<u>\$ 2,700,451</u>	<u>\$ 1,749,114</u>

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Cash flows from (to) operating activities:		
Cash received from customers	\$12,403,995	\$10,654,216
Cash payments for goods and services	(9,175,341)	(8,760,939)
Cash payments for employee services and fringe benefits	(1,023,694)	(1,016,829)
Net cash from operating activities	<u>2,204,960</u>	<u>876,448</u>
Cash flows from (to) noncapital financing activities:		
Transfers in	698,000	863,917
Transfers out	(715,000)	(730,000)
Net cash to noncapital financing activities	<u>(17,000)</u>	<u>133,917</u>
Cash flows from (to) capital and related financing activities:		
Contributed capital	9,025	2,125
Proceeds from sale of capital assets	3,254	-
Interest paid	(359,929)	(375,425)
Payments for capital acquisitions	(162,515)	(157,657)
Principal payments on long-term obligations	(383,600)	(392,751)
Net cash from (to) capital and related financing activities	<u>(893,765)</u>	<u>(923,708)</u>
Cash flows from (to) investing activities:		
(Purchases) proceeds from sale of investments	(1,576,300)	(622,757)
Interest received from investments	13,416	14,091
Net cash from (to) investing activities	<u>(1,562,884)</u>	<u>(608,666)</u>
Net increase (decrease) in cash	(268,689)	(522,009)
Cash at beginning of year (including \$839,379 and \$838,611 in restricted cash)	<u>1,158,707</u>	<u>1,680,716</u>
Cash at end of year (including \$861,589 and \$839,379 in restricted cash)	<u>\$ 890,018</u>	<u>\$ 1,158,707</u>

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 1,581,002	\$ 828,135
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	452,353	452,249
Change in assets and liabilities:		
(Increase) decrease in utility accounts receivable	33,052	(537,898)
(Increase) decrease in inventory	21,432	49,009
(Increase) decrease in due from other funds	(88,760)	(70,534)
Increase (decrease) in net OPEB liability	91,058	95,489
Increase (decrease) in net pension liability	16,125	-
Increase (decrease) in accounts payable	(2,418)	24,483
Increase (decrease) in accrued liabilities	(17,713)	7,407
Increase (decrease) in unearned revenue	150,162	220,786
Increase (decrease) in due to other funds	(53,987)	(192,552)
Increase (decrease) in customer deposits	22,654	(126)
Net cash from operating activities	<u>\$ 2,204,960</u>	<u>\$ 876,448</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 359,929</u>	<u>\$ 375,425</u>

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 512,165	\$ 239,377
Investments	-	101,038
Restricted assets:		
Cash	174,497	170,414
Receivables (net of allowance for estimated uncollectibles):		
Utility accounts	122,136	120,843
Other	-	356
Due from other funds	26,613	-
Total current assets	<u>835,411</u>	<u>632,028</u>
Noncurrent assets:		
Property, plant and equipment, net	294,081	356,838
Total assets	<u><u>\$ 1,129,492</u></u>	<u><u>\$ 988,866</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accrued liabilities	\$ 7,224	\$ 20,795
Accrued compensated absences	15,340	12,572
Customer deposits	174,497	170,414
Due to other funds	52,860	14,664
Capital leases - current	25,132	24,218
Total current liabilities	<u>275,053</u>	<u>242,663</u>
Long-term liabilities (net of current portion):		
Net pension liability	8,683	-
Capital lease obligations	64,719	89,851
Total long-term liabilities	<u>73,402</u>	<u>89,851</u>
Total liabilities	<u>348,455</u>	<u>332,514</u>
Fund equity:		
Invested in capital assets, net of related debt	204,230	242,769
Unrestricted	576,807	413,583
Total fund equity	<u>781,037</u>	<u>656,352</u>
Total liabilities and fund equity	<u><u>\$ 1,129,492</u></u>	<u><u>\$ 988,866</u></u>

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND
EQUITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 1,485,443	\$ 1,434,760
Other	51	-
Total operating revenues	<u>1,485,494</u>	<u>1,434,760</u>
Operating expenses:		
Personal services	643,696	650,486
Operating	445,912	432,017
Depreciation	98,654	89,005
Total operating expenses	<u>1,188,262</u>	<u>1,171,508</u>
Operating income (loss)	<u>297,232</u>	<u>263,252</u>
Nonoperating revenues (expenses):		
Interest income	1,371	1,722
Interest expense	(3,823)	(5,685)
Gain (loss) on sale of capital assets	(95)	(136)
Total nonoperating revenues (expenses)	<u>(2,547)</u>	<u>(4,099)</u>
Income (loss) before transfers	<u>294,685</u>	<u>259,153</u>
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>
Increase (decrease) in fund equity	124,685	89,153
Fund equity at beginning of year	<u>656,352</u>	<u>567,199</u>
Fund equity at end of year	<u>\$ 781,037</u>	<u>\$ 656,352</u>

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Cash flows from (to) operating activities:		
Cash received from customers	\$ 1,488,640	\$ 1,437,891
Cash payments for goods and services	(434,329)	(386,980)
Cash payments for employee services and fringe benefits	(645,816)	(649,659)
Net cash from (to) operating activities	408,495	401,252
Cash flows from (to) noncapital financing activities:		
Transfers out	(170,000)	(170,000)
Net cash from (to) noncapital financing activities	(170,000)	(170,000)
Cash flows from (to) capital and related financing activities:		
Interest paid	(3,823)	(5,685)
Payments for capital acquisitions	(35,992)	(166,151)
Principal payments on long-term obligations	(24,218)	(149,459)
Proceeds from capital leases	-	127,787
Net cash from (to) capital and related financing activities	(64,033)	(193,508)
Cash flows from (to) investing activities:		
(Purchases) proceeds from sale of investments	101,038	(1,038)
Interest received from investments	1,371	1,722
Net cash from (to) investing activities	102,409	684
Net increase (decrease) in cash	276,871	38,428
Cash at beginning of year (including \$170,414 and \$164,348 in restricted cash)	409,791	371,363
Cash at end of year (including \$174,497 and \$170,414 in restricted cash)	\$ 686,662	\$ 409,791

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 297,232	\$ 263,252
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	98,654	89,005
Change in assets and liabilities:		
(Increase) decrease in utility accounts receivable	(937)	(2,935)
(Increase) decrease in due from other funds	(26,613)	42,379
Increase (decrease) in net pension liability	8,683	
Increase (decrease) in accrued liabilities	(10,803)	827
Increase (decrease) in customer deposits	4,083	6,066
Increase (decrease) in due to other funds	38,196	2,658
Net cash from operating activities	\$ 408,495	\$ 401,252
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 3,823	\$ 5,685

INTERNAL SERVICE FUNDS

Internal Service Funds account for services performed by a central service department for other departments or agencies of the government unit.

Customer Service Fund – This fund performs customer service functions relating to Acworth Power, Acworth Sanitation and administers the City's Occupational Tax program. These functions include the billing of customers, collection of payments and processing customer calls for service. The Customer Service Fund bills the applicable funds for the services rendered.

Insurance Fund – This fund accounts for the costs of administering the workers compensation, medical and dental insurance for all City employees.

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Customer Service Fund	Insurance	Totals
<u>ASSETS</u>			
Current assets:			
Cash	\$ 92,787	\$ -	\$ 92,787
Accounts receivable	1,838	-	1,838
Prepaid items	-	191,112	191,112
Due from other funds	1,664	184,759	186,423
Total current assets	96,289	375,871	472,160
Property, plant and equipment, net	1,956	-	1,956
Total assets	\$ 98,245	\$ 375,871	\$ 474,116
<u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities:			
Accounts and claims payable	\$ 2,370	\$ 32,930	\$ 35,300
Accrued liabilities	4,469	-	4,469
Accrued compensated absences	11,239	-	11,239
Due to other funds	4,218	-	4,218
Total current liabilities	22,296	32,930	55,226
Long-term liabilities (net of current portion):			
Net pension liability	5,804	-	5,804
Total long-term liabilities	5,804	-	5,804
Total liabilities	28,100	32,930	61,030
Fund equity (deficit):			
Invested in capital assets, net of related debt	1,956	-	1,956
Unrestricted	68,189	342,941	411,130
Total fund equity (deficit)	70,145	342,941	413,086
Total liabilities and fund equity	\$ 98,245	\$ 375,871	\$ 474,116

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Customer Service Fund	Insurance	Totals
Operating revenues:			
Charges for services	\$ 568,935	\$ 1,441,876	\$ 2,010,811
Other	10,865	-	10,865
Total operating revenues	<u>579,800</u>	<u>1,441,876</u>	<u>2,021,676</u>
Operating expenses:			
Personal services	389,790	-	389,790
Operating	124,900	1,320,185	1,445,085
Depreciation	4,326	-	4,326
Total operating expenses	<u>519,016</u>	<u>1,320,185</u>	<u>1,839,201</u>
Operating income (loss)	<u>60,784</u>	<u>121,691</u>	<u>182,475</u>
Income (loss) before transfers	<u>60,784</u>	<u>121,691</u>	<u>182,475</u>
Transfers out	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	784	121,691	122,475
Fund equity at beginning of year	<u>69,361</u>	<u>221,250</u>	<u>290,611</u>
Fund equity at end of year	<u><u>\$ 70,145</u></u>	<u><u>\$ 342,941</u></u>	<u><u>\$ 413,086</u></u>

CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Customer Service Fund	Insurance	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	\$ 624,642	\$ 1,396,033	\$ 2,020,675
Cash payments for goods and services	(129,265)	-	(129,265)
Cash payments for benefits and claims	-	(1,396,033)	(1,396,033)
Cash payments for employee services and fringe benefits	(393,045)	-	(393,045)
Net cash from (to) operating activities	<u>102,332</u>	<u>-</u>	<u>102,332</u>
Cash flows from (to) noncapital financing activities:			
Transfers out	(60,000)	-	(60,000)
Net cash from (to) noncapital financing activities	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net increase (decrease) in cash	42,332	-	42,332
Cash at beginning of year	<u>50,455</u>	<u>-</u>	<u>50,455</u>
Cash at end of year	<u>\$ 92,787</u>	<u>\$ -</u>	<u>\$ 92,787</u>
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	\$ 60,784	\$ 121,691	\$ 182,475
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	4,326	-	4,326
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(804)	-	(804)
(Increase) decrease in prepaid expenses	-	(86,081)	(86,081)
(Increase) decrease in due from other funds	45,646	(45,843)	(197)
Increase (decrease) in net pension liability	5,804	-	5,804
Increase (decrease) in accounts and claims payable	1,060	10,233	11,293
Increase (decrease) in accrued liabilities	(9,059)	-	(9,059)
Increase (decrease) in due to other funds	(5,425)	-	(5,425)
Net cash from (to) operating activities	<u>\$ 102,332</u>	<u>\$ -</u>	<u>\$ 102,332</u>

**CITY OF ACWORTH, GEORGIA
CUSTOMER SERVICE
INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash	\$ 92,787	\$ 50,455
Accounts receivable	1,838	1,034
Due from other funds	1,664	47,310
	<u>96,289</u>	<u>98,799</u>
Total current assets		
Property, plant and equipment, net	<u>1,956</u>	<u>6,282</u>
Total assets	<u>\$ 98,245</u>	<u>\$ 105,081</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 2,370	\$ 1,310
Accrued liabilities	4,469	14,262
Accrued compensated absences	11,239	10,505
Due to other funds	4,218	9,643
	<u>22,296</u>	<u>35,720</u>
Total current liabilities		
Long-term liabilities (net of current portion):		
Net pension liability	<u>5,804</u>	<u>-</u>
Total long-term liabilities	<u>5,804</u>	<u>-</u>
Total liabilities	<u>28,100</u>	<u>35,720</u>
Fund equity (deficit):		
Invested in capital assets, net of related debt	1,956	6,282
Unrestricted	68,189	63,079
	<u>70,145</u>	<u>69,361</u>
Total fund equity (deficit)	<u>70,145</u>	<u>69,361</u>
Total liabilities and fund equity	<u>\$ 98,245</u>	<u>\$ 105,081</u>

**CITY OF ACWORTH, GEORGIA
CUSTOMER SERVICE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
EQUITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	\$ 568,935	\$ 599,464
Other	10,865	13,668
Total operating revenues	<u>579,800</u>	<u>613,132</u>
Operating expenses:		
Personal services	389,790	394,810
Operating	124,900	110,621
Depreciation	4,326	4,721
Total operating expenses	<u>519,016</u>	<u>510,152</u>
Operating income (loss)	<u>60,784</u>	<u>102,980</u>
Income (loss) before transfers	60,784	102,980
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	784	42,980
Fund equity at beginning of year	<u>69,361</u>	<u>26,381</u>
Fund equity at end of year	<u>\$ 70,145</u>	<u>\$ 69,361</u>

**CITY OF ACWORTH, GEORGIA
CUSTOMER SERVICE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from (to) operating activities:		
Cash received from customers	\$ 624,642	\$ 598,658
Cash payments for goods and services	(129,265)	(99,668)
Cash payments for employee services and fringe benefits	<u>(393,045)</u>	<u>(394,089)</u>
Net cash from (to) operating activities	<u>102,332</u>	<u>104,901</u>
Cash flows from (to) noncapital financing activities:		
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>
Net cash from (to) noncapital financing activities	<u>(60,000)</u>	<u>(60,000)</u>
Net increase (decrease) in cash	42,332	44,901
Cash at beginning of year	<u>50,455</u>	<u>5,554</u>
Cash at end of year	<u><u>\$ 92,787</u></u>	<u><u>\$ 50,455</u></u>
Reconciliation of operating income (loss) to net cash from (to) operating activities:		
Operating income (loss)	\$ 60,784	\$ 102,980
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:		
Depreciation	4,326	4,721
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(804)	(969)
(Increase) decrease in due from other funds	45,646	(13,505)
Increase (decrease) in net pension liability	5,804	-
Increase (decrease) in accounts payable	1,060	1,310
Increase (decrease) in accrued liabilities	(9,059)	721
Increase (decrease) in due to other funds	<u>(5,425)</u>	<u>9,643</u>
Net cash from (to) operating activities	<u><u>\$ 102,332</u></u>	<u><u>\$ 104,901</u></u>

**CITY OF ACWORTH, GEORGIA
INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2011 AND 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Prepaid items	\$ 191,112	\$ 105,031
Due from other funds	<u>184,759</u>	<u>138,916</u>
Total assets	<u>\$ 375,871</u>	<u>\$ 243,947</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts and claims payable	\$ 32,930	\$ 22,697
Total liabilities	<u>32,930</u>	<u>22,697</u>
Fund equity:		
Unrestricted	<u>342,941</u>	<u>221,250</u>
Total fund equity	<u>342,941</u>	<u>221,250</u>
Total liabilities and fund equity	<u>\$ 375,871</u>	<u>\$ 243,947</u>

**CITY OF ACWORTH, GEORGIA
INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND EQUITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	<u>\$ 1,441,876</u>	<u>\$ 1,011,680</u>
Total operating revenues	<u>1,441,876</u>	<u>1,011,680</u>
Operating expenses:		
Operating	<u>1,320,185</u>	<u>847,695</u>
Total operating expenses	<u>1,320,185</u>	<u>847,695</u>
Operating income (loss)	<u>121,691</u>	<u>163,985</u>
Increase (decrease) in fund equity	121,691	163,985
Fund equity at beginning of year	<u>221,250</u>	<u>57,265</u>
Fund equity at end of year	<u><u>\$ 342,941</u></u>	<u><u>\$ 221,250</u></u>

**CITY OF ACWORTH, GEORGIA
INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Cash flows from (to) operating activities:		
Cash received from customers	\$ 1,396,033	\$ 872,764
Cash payments for benefits and claims	(1,396,033)	(872,764)
Net increase (decrease) in cash	-	-
Cash at beginning of year	-	-
Cash at end of year	\$ -	\$ -
Reconciliation of operating income (loss) to net cash from (to) operating activities:		
Operating income (loss)	\$ 121,691	\$ 163,985
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaid expenses	(86,081)	(24,072)
(Increase) decrease in due from other funds	(45,843)	(138,916)
Increase (decrease) in accounts and claims payable	10,233	2,600
Increase (decrease) in due to other funds	-	(3,597)
Net cash from (to) operating activities	\$ -	\$ -

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SUPPLEMENTAL INFORMATION

**CITY OF ACWORTH, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2011**

	Nonmajor			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
ASSETS				
Cash	\$ 49,294	\$ -	\$ -	\$ 49,294
Investments	4	-	83,513	83,517
Due from other governments	-	-	7,276	7,276
Due from primary government	6,868	10,253	15,843	32,964
Total assets	\$ 56,166	\$ 10,253	\$ 106,632	\$ 173,051
LIABILITIES AND EQUITY				
Liabilities:				
Due to primary government	\$ -	\$ -	\$ 577	\$ 577
Total liabilities	-	-	577	577
Equity:				
Fund balance:				
Unassigned	56,166	10,253	106,055	172,474
Total equity	56,166	10,253	106,055	172,474
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.	-	720,000	-	720,000
Capital assets used in the component units are not financial resources and, therefore, are not reported in the funds.	32,645	6,500	10,104	49,249
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Unmatured bonds	-	(720,000)	-	(720,000)
Unamortized bond issue costs	-	31,500	-	31,500
Net assets of component units	\$ 88,811	\$ 48,253	\$ 116,159	\$ 253,223

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, 2011

	Non-major			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
Revenues:				
Intergovernmental	\$ 6,036	\$ 10,000	\$ 28,818	\$ 44,854
Investment earnings	64	-	499	563
Other	2,535	-	-	2,535
Total revenues	8,635	10,000	29,317	47,952
Expenditures:				
Culture and recreation	-	2,311	24,886	27,197
Housing and development	13,035	-	-	13,035
Total expenditures	13,035	2,311	24,886	40,232
Excess (deficiency) of revenues over (under) expenditures	(4,400)	7,689	4,431	7,720
Net change in fund balance	(4,400)	7,689	4,431	7,720
Fund balance at beginning of year	60,566	2,564	101,624	164,754
Fund balance at end of year	\$ 56,166	\$ 10,253	\$ 106,055	\$ 172,474

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	\$ -	\$ (1,000)	\$ (3,063)	\$ (4,063)
Loss on disposal of assets	(1,247)	-	-	(1,247)

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	(4,400)	7,689	4,431	7,720
Change in net assets of component units on the statement of activities	<u>\$ (5,647)</u>	<u>\$ 2,189</u>	<u>\$ 1,368</u>	<u>\$ (2,090)</u>

CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
June 30, 2011

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
GENERAL LONG-TERM DEBT				
Refinance 4400 building & finance jail renovations 6/1/98; \$2,177,667; 4.93% \$52,175 / Quarterly	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>\$ 313,045</u>	<u>\$ 13,407</u>	<u>\$ 299,638</u>
City Hall and Sports Complex 4/2/03 ; \$5,580,000 ; 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>\$ 4,824,875</u>	<u>\$ 994,875</u>	<u>\$ 3,830,000</u>
Tax Allocation District Bonds Lakeside Project Series 2004 bi-annual debt service; 6.25% Debt service is paid from tax increment within district	12/01/11	\$ 335,469	\$ 175,469	\$ 160,000
	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	-
	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	

CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
June 30, 2011

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	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>\$ 9,589,535</u>	<u>\$ 3,974,535</u>	<u>\$ 5,615,000</u>
Recreation Facilities	1/1/2012	\$ 12,960	\$ 12,960	\$ -
Installment Sales Agreement - Acworth Lake Authority revenue Bonds, Series 2008 \$975,000 @ 3.6% interest rate	7/1/2012	102,960	12,960	90,000
	1/1/2013	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>\$ 827,640</u>	<u>\$ 107,640</u>	<u>\$ 720,000</u>
		<u>\$15,555,095</u>	<u>\$5,090,457</u>	<u>\$10,464,638</u>
Net pension obligation				\$ 88,056
Net OPEB obligation				1,374,373
Accrued compensated absences				168,933
TOTAL GENERAL LONG-TERM DEBT				<u>\$12,096,000</u>
ENTERPRISE FUNDS				
Electrical Power Fund				
CableNET Project Refunding Bonds; Series 2008 \$9,645,000; Fixed Rate - 3.97% 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	-

CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
June 30, 2011

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	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>\$ 12,123,739</u>	<u>\$ 3,448,739</u>	<u>\$ 8,675,000</u>
2007 Yanmar Skid Steer	8/15/2011	\$ 830	\$ 39	\$ 791
07/09/2007; \$44,076; 4.860%	9/15/2011	830	36	794
\$829.61 / month	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	11	819
	6/15/2012	830	8	822
	7/15/2012	<u>830</u>	<u>5</u>	<u>825</u>
		<u>\$ 9,960</u>	<u>\$ 262</u>	<u>\$ 9,698</u>
2008 Turrett Flat Bed trailer	8/15/2011	\$ 779	\$ 46	\$ 733
02/06/2008; \$42,500; 3.660%	9/15/2011	779	44	735
\$779.27/ month	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
	9/15/2012	779	16	763
	10/15/2012	779	14	765

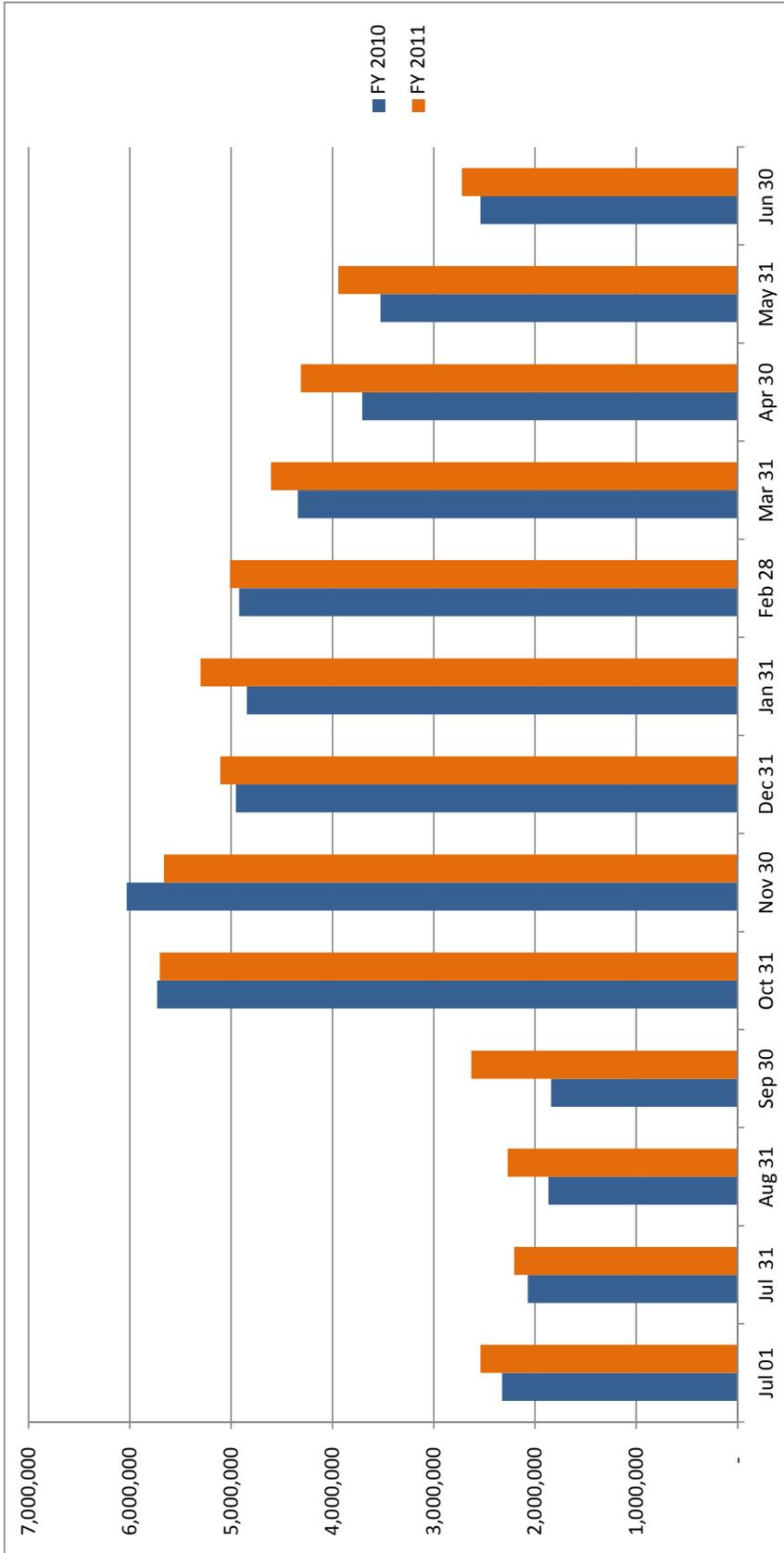
CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
June 30, 2011

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	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	778	2	776
		<u>\$ 15,583</u>	<u>\$ 486</u>	<u>\$ 15,097</u>
Deferred Charged - Loss on refunding				\$ (1,536,420)
Net pension obligation				16,125
Net OPEB Obligation				337,604
Compensated Absences				<u>32,033</u>
Total Electrical Power Fund				<u>\$ 7,549,137</u>
Sanitation Fund				
2010 Freightliner Leaf Vacuum; 12/04/2009; 3.71% \$2,336.71/monthly	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
	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

CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
June 30, 2011

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
		<u>\$ 95,805</u>	<u>\$ 5,954</u>	<u>\$ 89,851</u>
Net pension obligation				\$ 8,683
Compensated Absences				<u>15,340</u>
Total Solid Waste Sanitation Fund				<u>\$ 113,874</u>
TOTAL ENTERPRISE FUNDS				<u>\$ 7,663,011</u>
INTERNAL SERVICE FUNDS				
Customer Service Fund				
Net pension obligation				\$ 5,804
Compensated Absences				<u>11,239</u>
TOTAL INTERNAL SERVICE FUNDS				<u>\$ 17,043</u>

**CITY OF ACWORTH, GEORGIA
 GENERAL FUND SCHEDULE OF UNASSIGNED FUND BALANCE BY MONTH
 Fiscal Years 2011 and 2010**



NOTE FY2010 beginning balance is Unreserved Fund Balance with an adjustment done at June 30 to convert to Unassigned Fund Balance.

STATISTICAL SECTION

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.	115 – 121
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue sources.	122 – 128
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.	129 – 132
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.	133, 134
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.	135 - 137

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 Nine 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	2011
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	\$32,095,552
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	7,177,921
Unrestricted	6,484,722	3,935,142	(1,975,076)	(1,304,330)	(428,906)	(76,953)	(3,303,952)	(3,244,415)	(2,696,525)
Subtotal Governmental Activities Net Assets	<u>13,674,353</u>	<u>14,583,030</u>	<u>9,676,598</u>	<u>38,199,041</u>	<u>39,390,634</u>	<u>39,681,478</u>	<u>36,431,341</u>	<u>36,610,531</u>	<u>36,576,948</u>
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	5,670,482
Restricted	-	-	-	-	-	500,000	-	-	-
Unrestricted	4,180,812	(5,919,881)	(6,566,173)	(5,613,929)	(3,869,450)	(4,501,350)	(4,105,802)	(3,438,357)	(2,047,477)
Subtotal Business-Type Activities Net Assets	<u>10,070,162</u>	<u>201,121</u>	<u>(373,843)</u>	<u>657,623</u>	<u>2,500,160</u>	<u>2,245,261</u>	<u>1,989,547</u>	<u>2,517,830</u>	<u>3,623,005</u>
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	37,766,034
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	7,177,921
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)	(4,744,002)
Total Primary Government Net Assets	<u>\$ 23,744,515</u>	<u>\$ 14,784,151</u>	<u>\$ 9,302,755</u>	<u>\$38,856,664</u>	<u>\$41,890,794</u>	<u>\$41,926,739</u>	<u>\$38,420,888</u>	<u>\$39,128,361</u>	<u>\$40,199,953</u>

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only nine 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 Years 2010 forward end June 30.

CITY OF ACWORTH, GEORGIA
CHANGES IN NET ASSETS - TOTAL
 Last Nine 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	2011	
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	\$ 13,646,586	
Business-type activities	8,258,688	8,801,010	12,243,973	11,038,810	11,402,027	11,771,469	5,810,804	11,827,593	12,355,258	
Total Expenses	14,856,879	16,034,564	25,616,827	21,933,787	24,733,040	25,680,644	12,498,252	25,719,432	26,001,844	
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	4,195,920	
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	13,692,646	
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	17,888,566	
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)	(8,113,278)	
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	9,417,083	
Business-type activities	(645,258)	(10,689,322)	351,163	290,138	1,097,141	(457,360)	(60,027)	(80,270)	(232,213)	
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	9,184,870	
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	\$ 1,071,592	

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only nine 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 ending June 30, 2009. Fiscal Years 2010 forward end June 30.

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

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009 (1)	2010	2011
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	\$ 1,842,027
Judicial	244,813	256,038	243,558	291,072	363,383	406,441	237,822	423,891	371,570
Health and welfare	2,871	1,550	2,566	13,517	2,393	3,112	1,456	1,749	1,052
Public works	501,308	454,355	507,716	2,975,825	3,385,142	3,408,553	1,679,483	3,543,776	3,666,566
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	2,124,868
Public safety	2,657,134	2,902,935	2,857,775	3,025,874	3,563,909	4,067,441	1,950,445	4,068,427	4,122,196
Housing and development	456,513	568,942	5,793,006	664,585	1,528,600	1,259,224	349,078	1,162,929	945,222
Interest and fiscal charges	203,818	309,222	654,166	660,325	643,457	635,536	313,112	603,875	573,085
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	13,846,566
Program Revenues:									
Charges for Services:									
General government	401,585	375,042	140,928	188,993	193,933	180,197	71,358	167,312	190,155
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228	1,156,300
Public works	9,970	41,527	37,892	35,746	24,085	25,724	6,820	9,090	26,793
Culture and recreation	313,230	316,186	291,369	357,783	363,368	336,271	171,720	353,160	457,073
Public safety	87,909	136,303	113,146	47,943	64,367	27,246	11,401	25,312	22,526
Housing and development	388,694	342,062	386,137	439,748	423,272	302,367	70,775	215,680	125,153
Operating grants and contributions	-	5,000	7,549	4,769	2,855	41,629	52,761	185,071	23,349
Capital grants and contributions	302,583	23,042	229,308	579,213	3,011,179	2,201,668	1,116,991	2,631,914	2,194,571
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	4,195,920
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)	(9,450,666)
General Revenues and Transfers:									
General revenues:									
Property taxes	3,198,818	3,605,668	4,085,475	4,513,677	4,992,145	5,302,654	211,192	5,321,112	5,122,901
Insurance premium tax	576,543	624,816	672,221	703,311	733,632	751,205	-	744,158	722,530
Alcohol taxes	273,214	306,848	372,953	417,803	454,868	461,838	222,419	434,368	430,223
Hotel, motel tax	124,420	124,992	122,679	134,925	127,745	115,685	49,282	109,608	115,272
Franchise taxes	638,683	750,487	857,847	920,760	1,110,268	1,092,569	690,534	1,288,181	1,381,657
Financial institution tax	13,600	22,773	22,766	14,394	17,638	17,636	50,373	20,287	29,702
Business Taxes	-	-	276,886	373,889	436,204	436,024	823	401,509	392,470
Contributions not restricted to a specific program	-	-	176,364	236,892	791,847	789,745	17,767	743,031	663,575
Operating grants not restricted to a specific program	-	-	-	280,749	344,105	291,701	-	369,494	247,293
Insurance Proceeds	-	-	-	-	-	18,649	-	-	-
Unrestricted investment earnings	111,552	132,602	187,133	322,257	426,639	319,312	77,005	125,116	64,460
Gain (loss) on sale of capital assets	-	(1,214)	-	-	-	-	77,387	-	-
Transfers	655,803	800,803	(339,387)	52,593	157,973	635,332	-	96,083	247,000
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	9,417,083
Change in Net Assets	\$ 933,183	\$ 908,677	\$ (4,906,432)	\$ 4,521,016	\$ 1,191,593	\$ 290,844	\$ (3,250,137)	\$ 409,875	\$ (33,583)

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only nine 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 Years 2010 forward end June 30.

CITY OF ACWORTH, GEORGIA
CHANGES IN NET ASSETS - BUSINESS-TYPE ACTIVITIES
 Last Nine 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	2011
Expenses:									
Electrical Power	\$ 7,369,634	\$ 7,787,647	\$ 9,294,405	\$ 9,954,842	\$ 10,270,097	\$ 10,544,317	\$ 5,243,322	\$ 10,650,264	\$ 11,163,078
CableNET (1)	-	-	1,885,541	-	-	-	-	-	-
Sanitation	889,054	1,013,363	1,064,027	1,083,968	1,131,930	1,227,152	587,482	1,177,329	1,192,180
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	12,355,258
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	12,198,127
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	1,434,760	1,485,494
Operating grants and contributions	192,024	209,399	207,012	-	-	-	-	-	-
Capital grants and contributions	59,281	163,773	68,324	268,700	128,265	35,409	9,531	2,125	9,025
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	13,692,646
Net (Expense) Revenue	910,703	820,281	(926,127)	741,328	745,396	202,461	(195,687)	580,746	1,337,388
General Revenues and Transfers:									
Unrestricted investment earnings	10,401	11,481	11,776	342,731	1,255,114	177,972	17,360	15,813	14,787
Gain (loss) on Lease Receivable	-	(9,900,000)	-	-	-	-	-	-	-
Gain (loss) on sale of capital assets	144	-	-	-	-	-	-	-	-
Transfers	(655,803)	(800,803)	339,387	(62,593)	(157,973)	(635,332)	(77,387)	(96,083)	(247,000)
Total General Revenues and Transfers	(645,258)	(10,689,322)	351,163	290,138	1,097,141	(457,360)	(60,027)	(80,270)	(232,213)
Changes in Net Assets	\$ 265,445	\$ (9,869,041)	\$ (574,964)	\$ 1,031,466	\$ 1,842,537	\$ (254,899)	\$ (255,714)	\$ 500,476	\$ 1,105,175

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only nine 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 Years 2010 forward end 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 Nine 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	2011	2009 (1)	2010	2011
Governmental Activities												
General government	\$ 401,585	\$ 375,042	\$ 140,928	\$ 188,993	\$ 193,933	\$ 180,197	\$ 71,358	\$ 167,312	\$ 190,155	\$ 71,358	\$ 167,312	\$ 190,155
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228	1,156,300	538,723	1,061,228	1,156,300
Public works (2)	115,595	45,978	37,892	5,652,076	2,026,796	1,904,112	966,532	2,425,920	2,143,256	966,532	2,425,920	2,143,256
Culture and recreation	510,188	334,777	522,303	460,149	1,247,849	660,011	328,999	626,495	486,815	328,999	626,495	486,815
Public safety	87,909	136,303	119,069	126,229	191,209	68,415	64,162	152,132	94,241	64,162	152,132	94,241
Housing and development	388,694	347,062	386,137	439,748	423,272	302,367	70,775	215,680	125,153	70,775	215,680	125,153
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	4,195,920	2,040,549	4,648,767	4,195,920
Business-type activities												
Electric	8,087,031	8,465,767	9,364,273	10,552,581	10,849,604	10,586,419	4,908,453	10,973,579	12,207,152	4,908,453	10,973,579	12,207,152
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	1,485,494	706,664	1,434,760	1,485,494
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	13,692,646	5,615,117	12,408,339	13,692,646
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	\$ 17,888,566	\$ 7,655,666	\$ 17,057,106	\$ 17,888,566

Note: The City implemented GASB Statement No. 34 in fiscal year 2003. Therefore, only nine 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 Years 2010 forward end 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)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>	<u>2008</u>	<u>2009 (2)</u>	<u>2010 (3)</u>	<u>2011 (3)</u>
General Fund										
Reserved	\$ 3,406,463	\$ 3,711,543	\$ 9,653,592	\$ 3,790,647	\$ 3,831,239	\$ 3,808,080	\$ 3,808,585	\$ 4,014,399	\$ -	\$ -
Unreserved	3,466,992	3,523,527	3,777,187	3,875,748	4,273,039	4,644,759	4,951,812	2,324,058	-	-
Non-spendable	-	-	-	-	-	-	-	-	253,995	269,441
Restricted	-	-	-	-	-	-	-	-	3,710,718	3,729,973
Committed	-	-	-	-	-	-	-	-	7,698	59,525
Assigned	-	-	-	-	-	-	-	-	34,468	29,984
Unassigned	-	-	-	-	-	-	-	-	2,537,862	2,720,302
Total General Fund	\$ 6,873,455	\$ 7,235,070	\$ 13,430,779	\$ 7,666,395	\$ 8,104,278	\$ 8,452,839	\$ 8,760,397	\$ 6,338,457	\$ 6,544,741	\$ 6,809,225

All Other Governmental Funds

Reserved	\$ 105,624	\$ 130,864	\$ 128,497	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	545,024	3,476,092	616,897	19,245	752,241	118,037	1,137,042	186,617	-	-
Capital Projects/Improvements	-	-	(72,249)	-	666,154	381,377	361,116	260,841	-	-
Unreserved	-	-	-	696,906	521,819	1,806,940	924,119	1,609,492	-	-
Special Revenue Funds	-	-	-	-	-	-	-	-	1,250	1,250
Capital Projects/Improvements	-	-	-	-	-	-	-	-	3,181,024	3,446,698
Non-spendable	-	-	-	-	-	-	-	-	10,167	498,442
Restricted	-	-	-	-	-	-	-	-	507,681	318,403
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 650,648	\$ 3,606,956	\$ 673,145	\$ 1,146,846	\$ 1,943,214	\$ 2,306,354	\$ 2,422,277	\$ 2,056,950	\$ 3,700,122	\$ 4,264,793

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.
- (3) The City adopted GASB 54 reporting for Fund Balance in Fiscal Year 2011. Fiscal Year 2010 has been restated for comparative purposes. FY2010 report figures differ.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	\$ 3,757,803	\$ 4,174,416	\$ 5,631,546	\$ 6,327,560	\$ 7,048,319	\$ 7,906,346	\$ 8,001,223	\$ 1,371,520	\$ 8,531,068	\$ 8,385,438
Licenses and permits	1,867,840	1,672,266	381,622	435,239	523,353	343,770	275,196	89,141	217,691	228,062
Intergovernmental	582,419	285,948	17,511	683,020	2,094,595	3,626,295	3,008,241	1,049,663	3,370,402	2,854,668
Charges for services	-	-	1,338,325	426,213	466,873	439,446	703,809	205,484	491,125	517,494
Culture and recreation	99,222	132,270	-	-	-	-	-	-	-	-
Fines and forfeitures	488,837	444,601	552,507	605,605	605,048	881,110	893,736	585,684	1,074,817	1,250,253
Investment earnings	183,574	111,551	132,601	187,133	322,276	426,679	319,312	77,005	125,120	72,914
Contributions and donations	-	-	-	11,495	19,340	57,075	98,746	115,709	96,781	77,857
Grant Revenue	11,250	-	-	-	-	-	-	-	-	-
Other	12,648	56,378	54,246	44,408	81,888	68,630	94,001	37,539	64,073	76,279
Total revenues	7,003,593	6,877,430	8,119,853	8,728,518	11,199,427	13,791,022	13,411,227	3,512,617	13,952,153	13,414,850
Expenditures:										
Current:										
General Government	1,562,027	1,368,248	693,480	1,633,951	1,723,052	1,897,165	1,927,072	894,250	1,980,437	1,705,337
Public Safety	2,721,183	2,528,010	3,169,750	2,750,247	3,301,920	3,598,405	3,779,038	3,779,038	3,740,213	3,828,645
Public Works	788,005	603,581	703,800	637,875	796,544	872,567	932,068	419,362	930,192	949,323
Health and Welfare	-	2,871	1,928	2,566	13,517	2,393	3,112	1,456	1,749	1,052
Housing and development	-	444,551	631,888	5,786,621	628,716	1,542,516	1,214,064	326,572	1,121,819	911,945
Judicial	-	244,813	288,097	243,558	291,072	369,160	405,082	237,142	413,747	358,569
Culture and recreation	1,309,551	1,210,205	1,336,168	1,050,459	1,209,298	1,407,751	2,037,873	1,008,452	1,916,828	1,562,883
Capital Projects	1,144,939	3,684,266	3,278,872	418,828	877,733	2,449,295	2,537,876	1,305,336	809,171	2,285,296
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	213,538	333,211	523,752	522,242	536,741	585,661	703,244	449,331	678,889	678,078
Interest	92,991	317,180	428,524	635,694	642,295	625,427	622,359	307,961	607,036	562,781
Total Expenditures	7,832,234	10,736,936	11,056,259	13,682,941	10,020,888	13,350,340	14,161,788	6,626,626	12,200,081	12,843,909
Excess (deficiency) of revenues over expenditures	(828,641)	(3,859,506)	(2,936,406)	(4,953,523)	1,178,539	440,682	(750,561)	(3,114,009)	1,752,072	570,941
Other financing sources (uses):										
Transfers in	789,399	749,159	784,826	6,747,051	1,064,035	1,717,889	1,902,956	599,510	1,239,544	2,224,874
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers out	(138,595)	(93,356)	(775,503)	(7,086,438)	(1,011,442)	(1,559,916)	(1,267,624)	(522,123)	(1,143,461)	(1,977,874)
Transfers to component units	(128,127)	-	-	-	-	-	-	-	-	-
Payment to refunding agent	-	-	-	-	-	-	-	-	-	-
Proceeds from refunding certificate of participation	-	-	-	-	-	-	-	-	-	-
Proceeds from debt	-	6,090,000	-	-	-	-	-	-	-	-
Debt Issued	-	-	6,188,368	-	-	-	527,485	244,635	-	-
Capital lease proceeds	-	-	-	-	-	111,062	-	-	-	-
Sale of capital assets	7,053	-	613	2,227	3,119	1,984	11,225	4,720	1,301	11,214
Total other financing sources (uses)	529,730	6,745,803	6,198,304	(337,160)	55,712	271,019	1,174,042	326,742	97,384	258,214
Net change in fund balance	(298,911)	2,886,297	3,261,898	(5,290,683)	1,234,251	711,701	423,481	(2,787,267)	1,849,456	829,155
Fund Balance at beginning of year, before restatement	7,823,014	7,524,103	10,842,026	14,103,924	8,813,241	10,047,492	10,759,193	11,182,674	8,395,407	10,244,863
Restatement	-	431,626	-	-	-	-	-	-	-	-
Fund Balance at beginning of year, after restatement	7,823,014	7,955,729	10,842,026	14,103,924	8,813,241	10,047,492	10,759,193	11,182,674	8,395,407	10,244,863
Residual equity transfer out	-	-	-	-	-	-	-	-	-	-
Residual equity transfer in	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year:										
Reserved	3,951,487	7,318,499	10,398,986	3,809,892	4,586,480	3,926,117	4,945,627	4,201,016	4,630,501	4,630,501
Unreserved	3,572,616	3,523,527	3,704,938	5,003,349	5,461,012	6,833,076	6,237,047	4,194,391	5,614,362	5,614,362
Total	7,524,103	10,842,026	14,103,924	8,813,241	10,047,492	10,759,193	11,182,674	8,395,407	10,244,863	11,074,018
Debt service as a percentage of noncapital expenditures (1)	5.16%	9.50%	12.89%	8.86%	13.75%	11.22%	12.01%	14.41%	11.65%	11.54%

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 Years 2010 forward end June 30.

(1) Fiscal Year 2010 percentage has been adjusted and differs from the prior issued report.

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)		Total
								Other		
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	299,704	5,378,807
2005	3,969,739	672,221	53,349	372,953	122,731	24,068	857,846	299,704	388,283	6,372,611
2006	4,412,595	703,311	49,875	417,803	134,925	20,765	920,760	388,283	453,883	7,048,317
2007	4,967,959	733,632	46,741	454,828	127,745	11,290	1,110,268	453,883	453,883	7,906,346
2008	5,091,896	751,205	26,689	461,838	115,685	7,680	1,092,569	453,660	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	421,795	8,531,068
2011	5,288,575	722,530	19,020	430,223	115,272	5,989	1,381,657	422,172	422,172	8,385,438

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 Years 2010 forward end 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 - 2011 Includes franchise taxes previously classified as fees in prior years.

(4) 2004 - 2011 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
 (unaudited)

Digest Year	Amounts													Annual Percentage Change
	1											2		
	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	
2001	205,706,989	20,550	37,867,799	2,238,300	354,808	97,891	5,731,905	30,357,193	20,921,063	17,564,842	285,731,656	7.732	714,329,140	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	411,174,464	7.450	1,027,936,160	17.1%
2004	322,298,299	-	107,822,361	2,223,237	488,100	-	8,535,129	41,526,213	21,400,160	35,906,876	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	46,089,846	518,590,236	7.870	1,296,475,590	10.7%
2006	392,785,384	-	161,532,031	3,247,472	893,300	-	9,187,752	40,389,366	27,024,464	52,660,065	582,399,704	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	426,910,777	-	216,720,909	6,349,052	-	-	8,769,920	45,294,528	43,567,048	53,711,754	693,900,480	7.600	1,734,751,200	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	1,758,287,238	1.4%
2010	394,104,040	-	211,377,375	6,155,962	82,288	-	11,951,190	41,122,877	42,372,226	41,169,246	665,996,712	7.600	1,664,991,780	-5.3%

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)
 (unaudited)

Tax Digest Year	City of Acworth		Cobb County			Cobb County School District			State of Georgia		Total Overlapping and Direct
	Operating Millage	Total City Millage	General Millage	Bond Millage	Fire Millage	General Millage	School Bond	School Millage	General Millage	Total State Millage	
2001	7.732	7.732	6.570	0.500	2.650	19.000	1.050	20.050	0.250	0.250	37.752
2002	7.500	7.500	6.800	0.270	2.650	19.000	0.900	19.900	0.250	0.250	37.370
2003	7.450	7.450	6.850	0.220	2.650	19.000	0.900	19.900	0.250	0.250	37.320
2004	7.370	7.370	6.850	0.220	2.650	19.000	0.900	19.900	0.250	0.250	37.240
2005	7.870	7.870	6.850	0.220	2.650	19.000	0.900	19.900	0.250	0.250	37.740
2006	7.688	7.688	6.820	0.220	2.560	18.900	-	18.900	0.250	0.250	37.438
2007	7.600	7.600	6.820	0.220	2.560	18.900	-	18.900	0.250	0.250	36.350
2008	7.600	7.600	6.820	0.220	2.560	18.900	-	18.900	0.250	0.250	36.350
2009	7.600	7.600	6.820	0.220	2.560	18.900	-	18.900	0.250	0.250	36.350
2010	7.600	7.600	6.820	0.220	2.560	18.900	-	18.900	0.250	0.250	36.350

Overlapping Rates (1)

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 and Comprehensive Annual Financial Reports of Cobb County and Cobb County School District.

City of Acworth
Principal Property Taxpayers
Current Tax Digest Year and Nine Years Prior
(unaudited)

	2010			2001				
	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		10,594,400	1	1.59%	Home Depot	5,009,312	1	1.75%
Wal-Mart (3826 N Cobb Pkwy)		10,679,586	2	1.60%	Bellsouth Communications	3,370,667	2	1.18%
Wal-Mart (3105 N Cobb Pkwy)		9,098,559	3	1.37%	Home Federal Savings & Loan	3,267,977	3	1.14%
Target		8,383,494	4	1.26%	Windgate Falls LP	3,246,120	4	1.14%
Bellsouth Telecommunications		7,937,233	5	1.19%	Ingles	2,565,960	5	0.90%
Lowes Home Centers Inc		7,245,178	6	1.09%	Seiz Printing	2,435,851	6	0.85%
Walden Ridge Apartments		6,222,400	7	0.93%	Sembler Family	1,727,367	7	0.60%
Home Depot Inc		5,979,510	8	0.90%	Realcor-Nora Partners	1,374,289	8	0.48%
Stanton Place Apartments		5,952,000	9	0.89%	Baker Development Co.	1,312,985	9	0.46%
Acworth Hwy 41 LLC		4,531,736	10	0.68%	K-Mart	1,201,112	10	0.42%
Total Principal Taxpayers		76,624,096		11.51%		25,511,640		8.93%
All Other Taxpayers		589,372,616		88.49%		260,220,016		91.07%
Total		\$ 665,996,712		100.00%		\$ 285,731,656		100.00%

Source: Cobb County Tax Commissioners Office(2001) and City of Acworth Finance Department (2010)

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
2001	1,931,607	1,878,078	97.23%	52,192	1,930,270	99.93%
2002	2,329,346	2,212,210	94.97%	115,774	2,327,984	99.94%
2003	2,714,395	2,632,820	96.99%	79,605	2,712,425	99.93%
2004	3,083,583	2,988,365	96.91%	94,465	3,082,830	99.98%
2005	3,697,980	3,510,790	94.94%	185,441	3,696,231	99.95%
2006	4,095,880	3,859,214	94.22%	234,633	4,093,847	99.95%
2007	4,568,039	4,356,677	95.37%	207,437	4,564,114	99.91%
2008	4,862,105	4,264,903	87.72%	583,679	4,848,582	99.72%
2009	4,903,920	4,749,622	96.85%	108,696	4,858,318	99.07%
2010	4,744,679	4,573,747	96.40%	-	4,573,747	96.40%

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 Years 2010 onward end June 30.

City of Acworth, Georgia
Electric Rate History per Season
Last Ten Fiscal Years
(unaudited)

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)
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
2011	100,339,782	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 Years 2010 and forward end June 30.

NOTES:

The rate schedule shown is for the predominant customer base (residential) for Acworth Power. Does not include the Power Cost Adjustment which can vary monthly.

- (1) Fiscal years 2002 to 2004 are June through September; Fiscal years 2005 to 2011 are June through October.
- (2) Fiscal years 2002 to 2004 are October through May; Fiscal years 2005 to 2011 are November through May.
- (3) Fiscal years 2002 to 2004 - cost per first 600 kilowatt hours; Fiscal years 2005 to 2011 - cost per first 900 kilowatt hours.
- (4) Fiscal years 2002 to 2004 - cost per next 400 kilowatt hours; Fiscal years 2005 to 2011 - cost per kilowatt hours over 900.
- (5) Fiscal years 2002 to 2004 - cost per kilowatt hours over 1000; Fiscal years 2005 to 2011 do not have a third tier.

City of Acworth
Principal Electric Revenue Customers
(unaudited)

		2011				2002			
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	4,091,600	1	4.08%	Ingles Market	Retail	3,903,358	1	4.68%
Ingles Market	Retail	3,826,321	2	3.81%	K-Mart	Retail	1,755,142	2	2.10%
Bellsouth	Telecommunications	1,622,342	3	1.62%	City of Acworth	Government	1,258,667	3	1.51%
City of Acworth	Government	1,416,196	4	1.41%	Bellsouth	Telecommunications	1,204,592	4	1.44%
H and L Lands	Theater	1,211,330	5	1.21%	Battles	Retail	777,600	5	0.93%
Glenncast Inc.	Manufacturing	1,138,176	6	1.13%	Day's Chevrolet	Retail	771,665	6	0.93%
Cobb County Board of Ed.	School District	924,140	7	0.92%	Big Lots	Retail	705,300	7	0.85%
Cobb County	Government	719,070	8	0.72%	Acworth Save A Lot	Retail	687,086	8	0.82%
Big Lots	Retail	559,500	9	0.56%	Cobb County Board of Ed.	School District	582,912	9	0.70%
Chatahoochee Technical	School	553,151	10	0.55%	Acworth United Methodist	Church	479,843	10	0.58%
Total		16,061,826		16.01%	Total		12,126,165		15.60%

Source : City of Acworth Utility Billing

The City changed Fiscal Years. Fiscal Year 2002 ended on December 31. Fiscal Year 2011 ended on June 30.

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

Fiscal Year (1)	Governmental Activities					Business-type Activities				
	General Bonded Debt			(3) Tax Allocation Bonds	Total Governmental Activities	General Bonded Debt			Total Business-type Activities	
	(2) Capital Leases	Intergovernmental Contracts	Certificates of Participation			(4) Capital Lease	Capital Leases	Loans Payable		
2002	22,284	-	1,661,751	-	1,684,035	14,900,000	647,623	-	15,547,623	
2003	5,580,000	306,052	1,965,560	-	7,851,612	14,900,000	878,003	-	15,778,003	
2004	5,477,088	255,872	1,763,268	6,050,000	13,546,228	14,900,000	683,089	-	15,583,089	
2005	5,251,446	202,004	1,520,539	6,050,000	13,023,989	14,325,000	489,807	-	14,814,807	
2006	5,022,174	148,136	1,266,935	6,050,000	12,487,245	14,325,000	297,728	-	14,622,728	
2007	4,881,443	94,268	1,001,935	6,035,000	12,012,646	13,900,000	332,854	-	14,232,854	
2008	5,585,896	40,400	753,106	5,905,000	12,284,402	9,645,000	331,428	-	9,976,428	
2009 (1)	5,249,803	13,466	666,801	5,905,000	11,835,070	9,340,000	283,817	-	9,623,817	
2010	4,890,000	-	487,716	5,765,000	11,142,716	9,015,000	182,462	-	9,197,462	
2011	4,550,000	-	299,638	5,615,000	10,464,638	8,675,000	114,645	-	8,789,645	

Fiscal Year (1)	Total Outstanding Debt					General Bonded Debt						
	Governmental Activities	Business-type Activities	Total Primary Government	(5) Personal Income	(5) Percentage of Personal Income	(5) Population	Total Primary Government	Resources Restricted for Repayment of Debt	Net Primary Government	Estimated Actual Value of Taxable Property	(6) Percentage of Estimated Actual Value of Taxable Property	(5) Per Capita
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2002	1,684,035	15,547,623	17,231,658	366,325,884	4.72%	16,639	16,584,035	247,192	16,336,843	877,972,660	1.86%	982
2003	7,851,612	15,778,003	23,629,615	450,774,948	5.25%	18,057	22,781,612	509,688	22,271,924	1,027,936,160	2.17%	1,233
2004	13,546,228	15,583,089	29,109,297	472,572,360	6.16%	18,738	22,396,228	1,229,056	21,167,172	1,170,966,558	1.81%	1,130
2005	13,023,989	14,814,807	27,838,796	485,145,640	5.62%	19,220	21,298,989	976,385	20,322,604	1,296,475,590	1.57%	1,087
2006	12,487,245	14,622,728	27,109,973	508,041,291	5.34%	19,639	20,762,245	741,873	20,020,372	1,455,989,260	1.36%	1,019
2007	12,012,646	14,232,854	26,245,500	546,476,748	4.80%	20,714	19,877,646	644,639	19,233,007	1,637,196,468	1.17%	929
2008	12,284,402	9,976,428	22,260,830	569,704,296	3.91%	21,959	16,024,402	657,045	15,367,357	1,734,751,200	0.89%	700
2009 (1)	11,835,070	9,623,817	21,458,887	541,965,000	3.96%	20,260	15,270,070	653,294	14,616,776	-	N/A	721
2010	11,142,716	9,197,462	20,340,178	577,006,250	3.53%	20,425	14,392,716	652,343	13,740,373	1,758,287,238	0.78%	673
2011	10,464,638	8,789,645	19,254,283	606,193,860	3.18%	20,935	13,524,638	652,345	12,872,293	1,664,991,780	0.77%	615

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 intergovernmental 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) - Intergovernmental agreement (capital lease) with the Downtown Development Authority concerning bonds for the CableNET 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, 2011

<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)	\$ 157,320,000	2.25%	\$ 3,539,840
Cobb County Board of Education	-	2.25%	-
Other Debt			
Cobb County Recreation Authority	1,635,000	2.25%	36,789
Cobb County Parking Deck Certificates	10,490,000	2.25%	236,034
Cobb-Marietta Coliseum and Exhibit Hall Authority	49,635,000	2.25%	1,116,832
Cobb County Solid Waste Management Authority	8,000,000	2.25%	180,007
Acworth Lake Authority - ISA	720,000	100.00%	720,000
Acworth DDA - City Hall and Sports Complex	3,830,000	100.00%	<u>3,830,000</u>
Subtotal, overlapping debt			9,659,502
City direct debt:			
Direct Governmental Activities Debt (2)			<u>5,914,638</u>
Total direct and overlapping debt			<u>\$ 15,574,140</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
 (unaudited)

Digest Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Assessed Value	\$ 303,296,498	\$ 385,417,054	\$ 445,740,795	\$ 504,293,499	\$ 564,680,082	\$ 635,059,769	\$ 711,925,701	\$ 747,612,234	\$ 753,916,794	\$ 707,165,958
Legal Debt Margin										
Debt Limit: 10 percent of assessed value	30,329,650	38,541,705	44,574,080	50,429,350	56,468,008	63,505,977	71,192,570	74,761,223	75,391,679	70,716,596
Total net debt applicable to limit (1)	1,520,302	1,414,559	1,786,674	1,553,333	1,305,777	1,043,037	768,189	515,786	250,396	62,293
Legal Debt Margin	\$ 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	\$ 70,654,303
Total net debt applicable to the limit as a percentage of debt limit	5.01%	3.67%	4.01%	3.08%	2.31%	1.64%	1.08%	0.69%	0.33%	0.09%

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.

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

Legal Debt Margin Calculation for Fiscal Year 2011

Total Taxable Assessed Value	\$ 665,996,712
Add back: exempt real property	41,169,246
Total assessed value	\$ 707,165,958
Debt limit (10% of total assessed value)	70,716,596
Debt applicable to limit:	
Certificates of Participation	299,638
Less: Resources restricted to paying principal	237,345
	62,293
Legal debt margin	\$ 70,416,958

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

Tax Allocation Bonds

Fiscal Year (1)	Tax Increment Revenue (2)	Less: Operating Expenses (3)	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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%
2011	841,903	3,000	838,903	150,000	355,625	166%

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 Years 2010 onward end 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
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	20,425	577,006	28,250	6,463	*	34	9.5%
2011	20,935	606,194	28,956	6,464	*	35	9.9%

* Information not available

Notes:

- (1) 2010 Population from U S Census Bureau - differs from prior issued report. 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 2002 was not available so 2000 Census Data is used. Other years 2009 and prior are provided by Cobb Chamber of Commerce. Years 2010 and 2011 are provided by the City of Acworth Economic Development Department.
- (4) Source : Cobb County Board of Education and North Cobb Christian School. Annexations in 2003 increased enrollment.
- (5) 2010 data from U S Census Bureau. All other years are from Cobb Chamber of Commerce.
- (6) Source : Georgia Department of Labor (2002 - 2008); Acworth Economic Development Estimates (2009 to 2011)

**City of Acworth
Principal Employers
2011 and 2002
(unaudited)**

		2011				2002			
Employer	Number of Employees	Rank	Percentage of Total City Employment	Employer	Number of Employees	Rank	Percentage of Total City Employment		
Cobb County School System	625	1	10.28%	North Cobb Christian School	145	1	6.63%		
Wal-Mart Supercenter #3748	297	2	4.88%	City of Acworth	119	2	5.44%		
Target Store T-2091	212	3	3.44%	Publix Super Markets	89	3	4.07%		
Wal-Mart #3471	209	4	3.49%	Seiz Printing Inc	83	4	3.79%		
Home Depot #156	153	5	2.52%	US Post Office	79	5	3.61%		
City of Acworth	146	6	2.40%	UPS	68	6	3.11%		
Kohl's Department Store #441	140	7	2.30%	Ingle's Super Markets	54	7	2.47%		
Cobb Pediatric Therapy	140	8	2.30%	Day's Chevrolet	65	8	2.97%		
North Cobb Christian School	146	9	2.40%	Cobb County School System	60	9	2.74%		
Lowe's Home Centers	121	10	1.99%	McDonald's	41	10	1.87%		
Total Principal Employers	2,189		35.99%		803		36.70%		
Other Employers	3,893		64.01%		1,385		63.30%		
Total Employers	6,082		100.00%		2,188		100.00%		

Source: City Occupational Tax Department

City of Acworth
Full Time City Employees by Function/Program
Last Ten Fiscal Years
(unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	4	5	5	5	5	5	5	5	5
Finance	3	4	4	4	4	4	4	4	4	4
Information Systems	2	3	3	3	3	3	3	3	3	2
Customer Service	5	5	5	6	6	9	9	9	9	9
Total General Government	21	22	23	24	24	27	27	27	27	26
Judicial										
Municipal Court	2	2	2	2	2	2	3	3	3	3
Public Safety (1)										
Police	27	30	31	32	35	37	39	40	40	40
Support Staff	2	2	3	3	3	3	3	3	3	3
Detention/Jail	7	8	9	9	9	10	10	10	10	10
Dispatch	5	5	5	6	0	0	0	0	0	0
Total Public Safety	41	45	48	50	47	50	52	53	53	53
Public Works										
Public Works	12	12	12	12	12	12	12	12	12	11
Culture & Recreation										
Culture and Recreation	9	8	9	9	9	12	13	13	13	15
Housing and Development										
Economic Development	1	1	1	1	1	1	2	2	2	2
Community Development	0	0	0	0	0	0	1	1	1	2
Zoning	1	1	1	1	1	1	1	1	0	0
Soil Erosion	1	1	1	1	1	1	1	1	1	1
Building	5	5	5	5	5	5	4	4	4	4
Code Compliance	0	1	1	1	1	1	1	1	0	0
Total Housing and Development	8	9	9	9	9	9	10	10	8	9
Electrical Power										
Electrical Power	15	15	17	17	17	17	15	14	13	13
Sanitation										
Sanitation	11	11	13	16	16	16	16	16	16	16
Total	119	124	133	139	136	145	148	148	145	146

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.

(1) A historical review of Public Safety positions was conducted and data was updated; previous issued reports may differ.

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009 (4)	2010	2011
General Government										
Business Licenses Issued (1)	567	630	708	927	1,078	860	1,102	*	788	936
Purchase Orders Issued	2,844	2,486	2,326	2,094	2,478	2,270	2,074	1,050	2,010	2,004
Public Safety										
Physical arrests	1,009	1,083	1,356	1,187	1,327	1,760	1,594	809	1,441	1,731
Parking violations	58	14	16	77	20	27	44	5	103	284
Traffic violations (2)	3,471	3,456	4,101	4,569	7,010	6,138	5,834	3,349	7,041	7,180
Parks and Recreation										
Summer Camp Participant Capacity (5)	110	110	110	120	120	120	110	110	100	120
Concerts / Movies	4	4	4	4	3	3	3	1	3	2
Youth Basketball Participants	-	-	-	-	-	398	398	-	400	385
Housing and Development										
Building Code Permits Issued (3)	529	468	244	428	289	276	104	61	110	29
Other Code Permits Issued	1,493	1,533	775	1,098	1,187	837	685	300	606	516
Total Code Inspections Conducted	*	6,629	9,743	7,597	5,612	3,946	2,512	1,160	4,286	3,045
Plan Reviews Conducted	*	*	23	27	24	31	33	6	3	4
Sanitation										
Refuse collected (tons)	5,724	6,730	7,689	8,680	8,437	8,316	8,596	3,963	8,886	7,972
Sanitation Customers - Residential	5,811	5,840	6,106	6,260	6,083	6,294	6,312	6,279	6,382	6,359
Power										
Kilowatt hours sold (3)	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	100,339,782
Electrical Power Customers	5,777	5,934	6,250	6,242	6,280	6,299	6,289	6,252	6,283	6,178

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	23	22	24	31	37	38	43	44	45
Sanitation										
Collection trucks	4	5	5	5	5	5	5	5	5	5
Highways and streets										
(1) Streets (miles)	152	157	159	169	169	172	172	172	172	172
Streetslights	1,002	1,059	1,101	1,194	1,223	1,241	1,271	1,271	1,384	1,396
Culture and recreation										
Park acreage	282.25	364.25	446.25	528.25	528.25	528.25	540.25	540.25	542.25	542.25
Parks	12	13	14	15	15	15	15	15	15	15
Beaches	2	3	4	4	4	4	4	4	4	4
Football Fields	1	1	2	2	2	2	2	2	2	2
Baseball Fields	6	6	9	9	9	9	9	9	11	11
Community Centers	1	1	1	1	1	1	1	1	1	1
Electric										
Number of distribution stations	2	2	2	2	2	2	2	2	2	3
Miles of service lines	82.4	85.7	88.1	91.4	93.3	94.1	94.1	94.1	94.1	94.5

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.

(1) - Miles of streets revised during 2011 GPS inventory for GDOT verification. Previous mileage was based on wheel estimates. Prior years have revised estimates based on new more accurate data. This information will differ from previously issued reports.

Sources: Various City Departments

SPECIAL REPORTS

**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, 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, 2011, which collectively comprise the City of Acworth, Georgia's basic financial statements and have issued our report thereon dated November 2, 2011. 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 a 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 the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

A handwritten signature in blue ink that reads "Moore & Cubbedge, LLP". The signature is written in a cursive, flowing style.

Moore & Cubbedge, LLP

November 2, 2011

**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, 2011. 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, 2011 in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP

November 2, 2011

**CITY OF ACWORTH, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDING JUNE 30, 2011**

Revenues			Expenditures		
Prior Years	Current Year	Total	Prior Years	Current Year	Total
\$1,861,154	\$115,272	\$1,976,426	\$1,861,154	\$115,272	\$1,976,426

* 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, 2011. 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, 2011 in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP

November 2, 2011

CITY OF ACWORTH, GEORGIA
 RECREATION IMPACT FEE
 SCHEDULE OF COLLECTIONS, ENCUMBRANCES, AND FEES
 AS OF JUNE 30, 2011

	Anticipated Project Expenditures			Collections			Uses			
	Prior Year	Current Year	Total	Prior Year	Current Year	Total	Prior Year	Current Year	Total	Fees Encumbered
Repayment of Capital Improvements Element	\$ 9,290	\$ -	\$ 9,290	\$ 9,290	\$ -	\$ 9,290	\$ 9,290	\$ -	\$ 9,290	\$ -
Cauble Park Gazebo	123,088	-	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	-	9,000	-
Logan Road Farm Park	608,848	-	608,848	608,848	-	608,848	608,848	-	608,848	-
Logan Farm Farmhouse	7,472	-	7,472	7,472	-	7,472	7,472	-	7,472	-
Cauble Park Boardwalk	56,530	-	56,530	56,530	-	56,530	56,530	-	56,530	-
Southshore Park	7,757	-	7,757	7,757	-	7,757	7,757	-	7,757	-
Acworth Sports Complex	198,112	-	183,240	183,240	5,597	188,837	198,112	(9,275)	188,837	-
Cowan Road	5,450	-	5,450	5,450	-	5,450	5,450	-	5,450	-
Amos Durr Field	6,004	-	6,004	6,004	-	6,004	6,004	-	6,004	-
Recreation Office-Logan	131,192	-	131,192	131,192	-	131,192	131,192	-	131,192	-
School Street Property	3,847	-	3,847	3,847	-	3,847	3,847	-	3,847	-
Cowan Trail	17,300	-	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	-	166,147	-
Facility Needs Assessment	20,683	-	20,683	20,683	-	20,683	20,683	-	20,683	-
Park Land Acquisition	110,740	-	57,162	57,162	-	57,162	1,110,740	-	1,110,740	-
Undetermined Projects	-	59,500	53,903	-	(5,597)	53,903	-	-	-	-
Total	\$ 1,641,526	\$ 59,500	\$ 1,622,510	\$ 1,563,010	\$ -	\$ 1,622,510	\$ 2,641,526	\$ (9,275)	\$ 2,632,251	\$ -

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, 2011. 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, 2011, in conformity with accounting principles generally accepted in the United States of America.



Moore & Cubbedge, LLP

November 2, 2011

City of Acworth, Georgia
1 Percent Sales Tax
Schedule of Projects Constructed with Special Sales Tax Proceeds
For the Fiscal Year Ended June 30, 2011

Project	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentage of Completion
			Prior Years (1)	Current Year (2)	Total	
2005 SPLOST Program:						
800 MHz Radios	\$ 208,736	\$ 229,395	\$ 227,293	\$ 2,102	\$ 229,395	100.00%
Road Improvement Program (3) (4)	11,611,748	10,345,240	5,314,273	1,597,533	6,911,806	66.81%
	<u>\$ 11,820,484</u>	<u>\$ 10,574,635</u>	<u>\$ 5,541,566</u>	<u>\$ 1,599,635</u>	<u>\$ 7,141,201</u>	

- (1) - Prior year totals have been revised to exclude project costs that were funded with grant proceeds.
 (2) - Current year expenditures exclude project costs that were funded with grant proceeds.
 (3) - Projects totaling \$2,602,000 were omitted since they will be sponsored by Cobb County.
 (4) - Projects totaling \$1,266,508 were omitted or revised due to reduction in projected tax collections.

