

City of Acworth Georgia

Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2012



Comprehensive Annual Financial Report

City of Acworth, Georgia



For the Fiscal Year Ended June 30, 2012

DEPARTMENT OF FINANCE

Sharron L. Burtz

City Treasurer

**CITY OF ACWORTH, GEORGIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2012**

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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 08, 2012

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, 2012 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 presented in conformity with general accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

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 State statutes and the City charter require an annual audit by independent certified public accountants. The City selected the accounting firm of Crace, Galvis, McGrath LLC to complete the audit of the 2012 fiscal year. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report on internal controls and compliance with applicable laws and regulations can be found in the last section of this report.

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

Government Profile

The City of Acworth was incorporated in 1860 and 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.

Local Economy

Acworth is located in the northwest 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. The Economic Development Department estimates the population of the City of Acworth at 21,458 as of June 30, 2012. This is an increase of 2.5% from the 2011 estimates of 20,935. The 2010 census population was 20,425.

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. As of June 30, 2012, the City's unemployment rate was 9.3%, while the state's rate was 9.0% and the national rate was 8.2%. Acworth has over 957 licensed businesses that employ over 6,880 workers; the top ten employers employ approximately 31.17% of this workforce; over 11% of the total employees are in the government sector.

Acworth continues to encourage and recruit a diversified stock of residential and commercial development thereby enabling the tax base to also remain diversified. 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 74 building permits, representing approximately \$12,312,688 in new growth for the City.

The 2011 tax digest of the City decreased 3.94% to a total assessed taxable value of \$639,729,408. The gross assessed value of residential property in the City was \$372,302,549 or 58.2% of the gross assessed digest. The 2012 tax digest was approved by the Cobb County Board of Equalization at the end of June 2012. The 2012 digest had a decrease of 5.69%. While there has been a continued decrease in the digest, there is optimism that the height of the decrease has occurred and improvements in housing values in the coming years are impending.

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 major road redevelopment has allowed a blighted area of Downtown Acworth to be transformed into a renewed area that will provide future residential as well as potential commercial growth to the City. The approval of SPLOST (2011) will bring major developments to the City with the addition of a new Police Department facility and the addition of silent crossings to the downtown area. Plans were approved to transform the old Day's Chevrolet property to Dogwood Manor Assisted Living which will broaden the number of new residents to the City.

Major Initiatives

Acworth's efforts over the past several years have transformed Historic Downtown Acworth, bringing multiple new businesses and many new jobs to the area. This major redevelopment has expanded to include an adjacent area that will further the economic benefit and draw more commercial as well as residential interest to the area. This major transformation of the School Street area in Downtown Acworth began during FY2012. The City acquired an additional 10 properties for a total of \$989,747 for road and redevelopment projects funded by Special Purpose Local Option Sales Tax (SPLOST) and Capital Improvement funds.

The second phase of the Senator Russell Avenue project is nearing the end of the right-of-way acquisition phase. Construction is anticipated to begin during FY2013. This project is being funded through SPLOST. This phase of the project is expected to be completed in fiscal year 2014 at a cost of over \$700,000. Parking improvements were completed on Main Street with SPLOST funds of \$306,560 to add 40 additional parking spaces to aid with the ever growing interest and attendance of events in the Downtown Acworth area. Paving was completed on Baker Grove Road with SPLOST funds of \$191,267.

The City's public safety department includes police services and jail operations. During FY2012, the police department received Department of Justice and Georgia Emergency Management Agency grants totaling \$28,949 to purchase a Universal Extraction Device and a Rapid ID Biometric Fingerprint ID System. Federal and local drug forfeiture funds were used to purchase two fully equipped police vehicles.

Long-Term Financial Planning

Acworth enjoys a strong economy. The total property tax valuations in the City in recent years have experienced a decline but not as extensive as some other cities in Cobb County. For the past several years, the City has focused on reducing or controlling its operational costs and explored various alternative or additional revenue sources. The outcome of this enhanced focus has paid off immensely and has changed the financial behavior and decision making of the City. Unassigned fund balance in the general fund is 25% of general fund operating expenses. This balance would cover approximately 3 months of the City operating expenses and is within the Government Finance Officers Association (GFOA) recommendation of a minimum of 2 months.

The City's long term financial status is dependent on continued growth and diversification of the City's tax base. Efforts for redevelopment and revitalization in the City continue.

Relevant Financial Policies

The City has positioned itself over the years to weather economic downturns. The City will continue to move forward in this renewed focus and begin to look into establishing additional fiscal policies. The City's Fund Balance Policy adopted in FY2011; classifies fund balance amounts within five classifications (Non Spendable, Restricted, Committed, Assigned and Unassigned). The City Manager has the authority to assign funds for particular purposes under the policy. Unrestricted Fund Balance consists of the total of Committed, Assigned and Unassigned Fund Balances. The target of the policy is to maintain an Unrestricted Fund Balance in the General Fund of not less than 17% of annual operating expenditures. The City has been looking at adopting a Budget Policy and Revenue Policy during the upcoming fiscal year.

The City achieves and maintains budgetary control by operating under the statutes of the State of Georgia, which require the City to adopt an annual balanced budget. Expenditures may not legally exceed appropriations at the department level, within each fund. Departments review their budget actual statements on a regular basis to ensure they are within their budget projections.

City management is responsible for establishing and maintaining an internal account control system. This system is designed to ensure that City assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Other Information

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. Crace, Galvis, McGrath LLC 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, 2012. 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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Acworth, Georgia for its comprehensive annual financial report for the year ended June 30, 2011. This was the twelfth 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, 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 interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. 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, 2011

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.



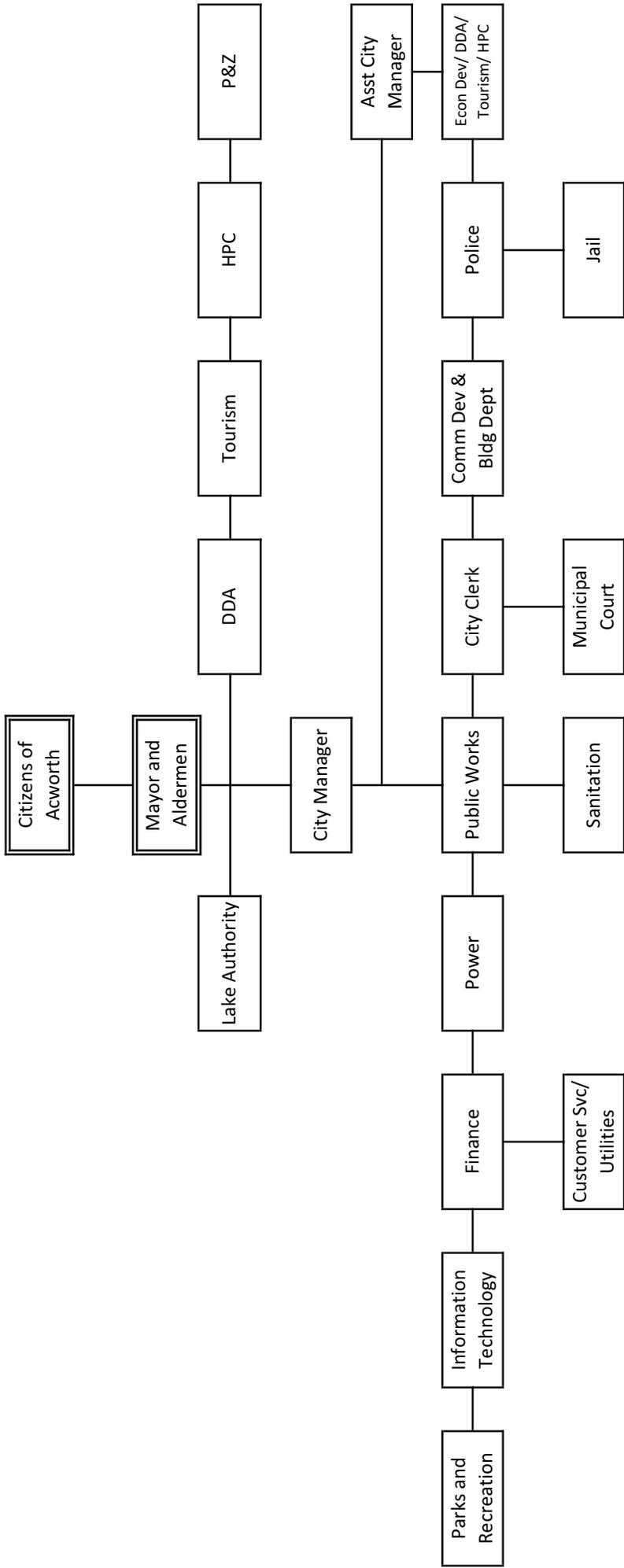
Linda C. Danison

President

Jeffrey R. Emer

Executive Director

City of Acworth Organizational Chart



CITY OF ACWORTH, GEORGIA
CITY OFFICIALS AND ADMINISTRATION
June 30, 2012

Thomas W. Allegood
Mayor

BOARD OF 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
G. Wayne Dennard, Jr.
Keith Wilson

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

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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, 2012, 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.

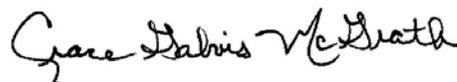
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan 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, 2012, 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 8, 2012 on our consideration of the City of Acworth, Georgia's internal control over financial reporting and on 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 control 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 introductory section, combining and individual fund statements and schedules, supplementary information, statistical section, and special reports section are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules, supplementary information, and the special reports section have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, supplementary information, and the special reports section are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.



Crace Galvis McGrath, LLC

November 8, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

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, 2012. 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-iv of this report.

Financial Highlights

- The City's assets exceeded its liabilities by \$40.9 million (net assets) for the fiscal year reported. Of this amount, governmental activities have a deficit in unrestricted net assets of \$3,157,734. 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 \$3.6 million to \$4.0 million in FY2012.
- Total net assets are comprised of the following:
 - Capital assets, net of related debt of \$37.9 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 \$7.6 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 remained stable at \$6.8 million with an increase of \$18,427. Unassigned fund balance for the General Fund increased from \$2,720,302 to \$2,882,200 and is approximately 28.6% to total General Fund expenditures (excluding transfers).
- The General Fund's fund balance at the end of this fiscal year totaled \$ 6,827,652 as a result of the following:
 - Nonspendable - \$245,943
 - Restricted - \$3,645,885 (includes \$3,000,000 which requires voter appropriation)
 - Committed - \$24,402
 - Assigned - \$29,222
 - Unassigned - \$2,882,200
- The City's governmental funds reported a total ending fund balance of \$11,253,339 at the end of this fiscal year. This compares to prior year ending fund balance of \$11,074,018, showing an increase of \$179,321 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 FY2012.
- Debt outstanding for the governmental funds decreased by \$707,523 to \$9,757,115. Debt service principal payments due within one year are \$637,115 for governmental funds. Debt for business-type activities had a net decrease of \$397,192. Debt outstanding for business-type activities is \$8,392,454 at the end of the fiscal year; of this amount \$403,815 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, 2012, are \$13,038,031 and \$10,092,185 respectively. \$2,043,699 represents liabilities that are due in one year or less in the governmental funds and \$2,939,238 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 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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

- 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.
- 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.

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 nine 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

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.

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 \$40,963,341 at June 30, 2011 and 2012 respectively.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

Summary of Net Assets (Table 1)

	Governmental Activities		Business-type Activities		Total		Total % Change 2011 - 2012
	2011	2012	2011	2012	2011	2012	
Assets:							
Current and Other Assets	\$ 12,735,180	\$ 13,217,721	\$ 7,713,138	\$ 8,609,579	\$ 20,448,318	\$ 21,827,300	7%
Capital Assets	36,945,190	36,752,793	5,787,084	5,513,464	42,732,274	42,266,257	-1%
Total Assets	49,680,370	49,970,514	13,500,222	14,123,043	63,180,592	64,093,557	1%
Liabilities:							
Current Liabilities	1,883,878	2,043,699	2,652,964	2,939,238	4,536,842	4,982,937	10%
Long-term Liabilities	11,219,544	10,994,332	7,224,523	7,152,947	18,444,067	18,147,279	-2%
Total Liabilities	13,103,422	13,038,031	9,877,487	10,092,185	22,980,909	23,130,216	1%
Net Assets:							
Investment in capital assets, net of debt	32,095,552	32,450,678	5,670,482	5,441,010	37,766,034	37,891,688	0%
Restricted	7,177,921	7,639,539	-	-	7,177,921	7,639,539	6%
Unrestricted	(2,696,525)	(3,157,734)	(2,047,477)	(1,410,152)	(4,744,002)	(4,567,886)	-4%
Total Net Assets	\$ 36,576,948	\$ 36,932,483	\$ 3,623,005	\$ 4,030,858	\$ 40,199,953	\$ 40,963,341	2%

During fiscal year 2012, the City’s net assets increased \$763,388 (1.9%) from prior year. Net assets in the business type activities were the source of this increase due to the amortization of debt. The largest portion (92.5%) of the City’s net assets, \$37,891,688, reflects its investment in capital assets (ex. – buildings, machinery and equipment, roadways, electrical infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. While the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net assets of \$7,639,539 includes SPLOST funds in the amount of \$3,781,005 held for projects approved by voter referendum and \$3,000,000 restricted for future appropriation by voters. The City has current assets of \$21,827,300. These assets include cash and cash equivalents of \$3,152,267 and investments of \$4,278,503.

Total liabilities saw an increase of 0.7%. Total unrestricted net assets at the close of FY2012 were a deficit of \$4,567,886 which is 3.7% less than the prior reporting period negative unrestricted net assets of \$4,744,002. The change from prior year deficit is a combination of power sales revenue increase with amortization of debt not associated with an asset. The principal portion of debt-related liabilities due within the year is \$1,040,930.

Governmental investment in capital assets (net of related debt) in the amount of \$32,450,678 is 87.9% of the total net assets. The unrestricted net assets for governmental activities are negative \$3.2 million. The City has debt outstanding associated with Tax Allocation District; from which the City does not recognize an asset.

Business-type investment in capital assets (net of related debt) is \$5,441,010; while unrestricted net assets in business-type activities are a negative \$1.4 million. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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City of Acworth, Georgia

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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program:						
Charges for services	\$ 1,802,633	\$ 1,978,000	\$ 13,780,149	\$ 13,683,621	\$ 15,582,782	\$ 15,661,621
Operating Grants and Contributions	96,153	23,349	-	-	96,153	23,349
Capital Grants and Contributions	2,696,513	2,194,571	15,295	9,025	2,711,808	2,203,596
General:						
Property taxes	4,874,050	5,122,901	-	-	4,874,050	5,122,901
Insurance premium taxes	958,018	722,530	-	-	958,018	722,530
Alcohol taxes	458,547	430,223	-	-	458,547	430,223
Hotel, motel taxes	112,969	115,272	-	-	112,969	115,272
Franchise taxes	1,383,083	1,381,657	-	-	1,383,083	1,381,657
Financial Institution tax	25,798	29,702	-	-	25,798	29,702
Business Taxes	409,776	392,470	-	-	409,776	392,470
Contributions not restricted	638,610	663,575	-	-	638,610	663,575
Operating Grants not restricted	246,349	247,293	-	-	246,349	247,293
Unrestricted Interest	12,370	64,460	15,334	14,787	27,704	79,247
Total Revenues	13,714,869	13,366,003	13,810,778	13,707,433	27,525,647	27,073,436
Expenses:						
General Government	1,968,349	1,842,027	-	-	1,968,349	1,842,027
Judicial	350,971	371,570	-	-	350,971	371,570
Health and Welfare	6,272	1,052	-	-	6,272	1,052
Public works	3,470,031	3,666,566	-	-	3,470,031	3,666,566
Culture and Recreation	2,084,218	2,124,868	-	-	2,084,218	2,124,868
Public safety	4,312,644	4,122,196	-	-	4,312,644	4,122,196
Housing and Development	970,252	945,222	-	-	970,252	945,222
Interest and fiscal charges on long-term debt	541,351	573,085	-	-	541,351	573,085
Electric	-	-	11,836,746	11,163,078	11,836,746	11,163,078
Sanitation	-	-	1,221,425	1,192,180	1,221,425	1,192,180
Total Expenses	13,704,088	13,646,586	13,058,171	12,355,258	26,762,259	26,001,844
Change in Net Assets before Transfers	10,781	(280,583)	752,607	1,352,175	763,388	1,071,592
Transfers	344,754	247,000	(344,754)	(247,000)	-	-
Change in net assets	355,535	(33,583)	407,853	1,105,175	763,388	1,071,592
Beginning Net Assets	36,576,948	36,610,531	3,623,005	2,517,830	40,199,953	39,128,361
Ending Net Assets	36,932,483	36,576,948	4,030,858	3,623,005	40,963,341	40,199,953

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 2012 ended at \$40,963,341. This is an increase of less than 2% from the prior year ending net assets of \$40,199,953.

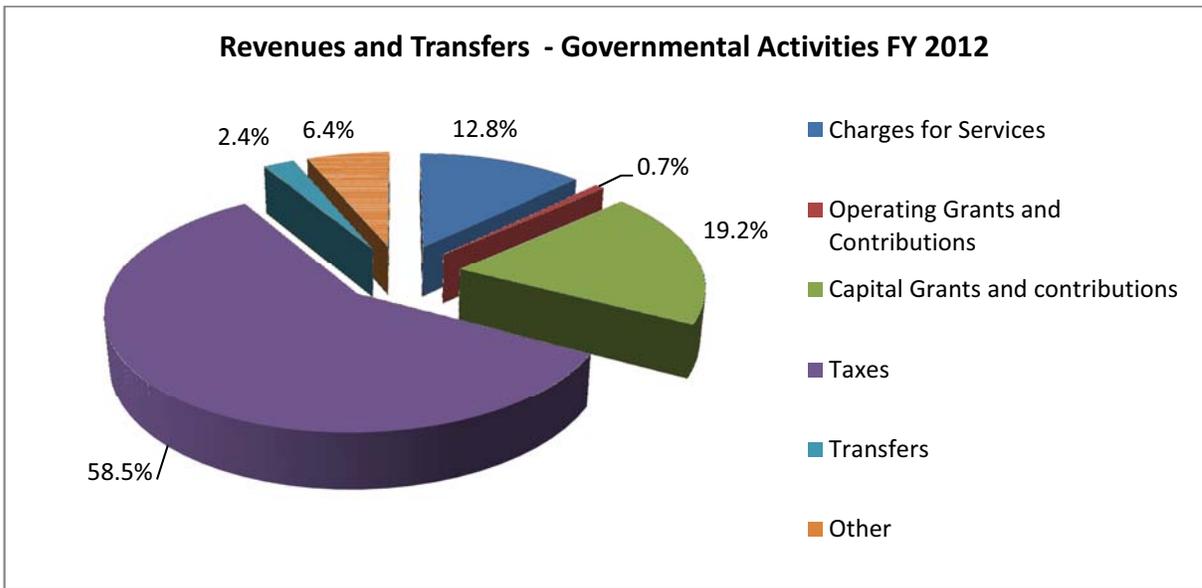
It is also important to note that net transfers in 2012 increased by 39.6% to \$344,754 from business-type activities to government-type activities. The net change of \$97,754 is predominantly pertaining to a transfer of equipment from Acworth Power to the General Fund as well as a transfer from to the Capital Projects Fund from Acworth Power. 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 2011 to 2012. 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 increased the City's net assets by \$10,781 before transfers. Governmental activities increased the City's net assets by \$355,535 after net transfers in of \$344,754. This accounts for 46.6% of the total growth in net assets.

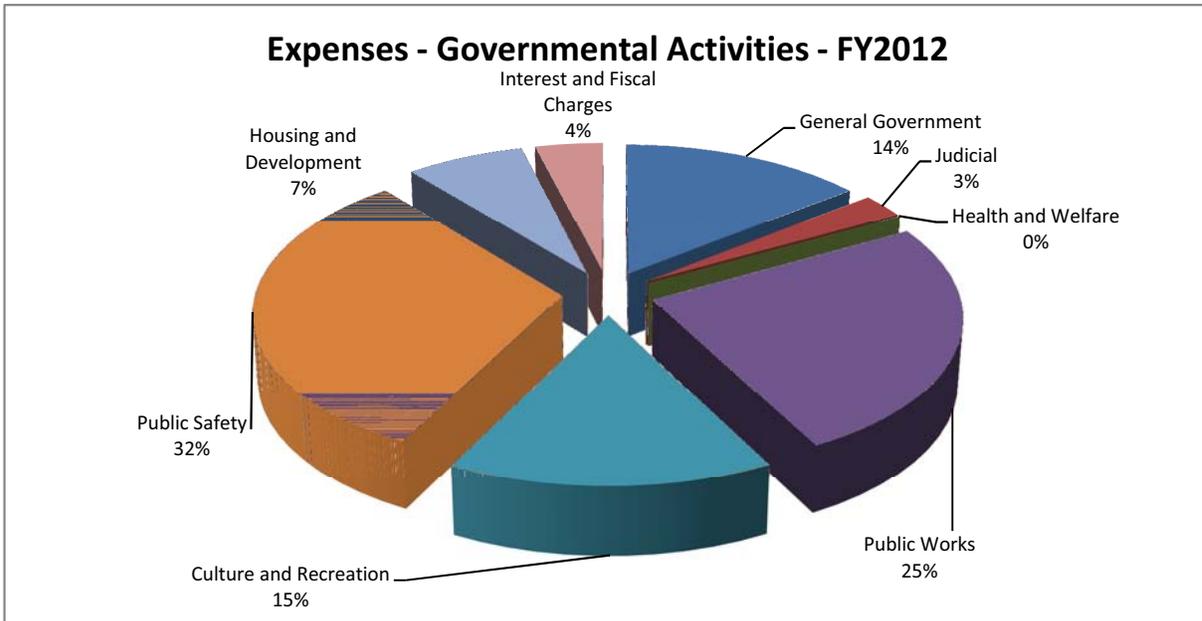
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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City of Acworth, Georgia



Governmental expenses totaled \$13,704,088 for the year. This was an increase of less than 1% from prior year.



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

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

	Governmental Activities	
	FY 2012 Total Cost of Services	FY 2012 Net Cost of Services
General Government	<u>\$1,968,349</u>	<u>(\$1,751,065)</u>
Judicial	350,971	597,904
Health and Welfare	6,272	(6,272)
Public Works	3,470,031	(793,019)
Culture and Recreation	2,084,218	(1,625,421)
Public Safety	4,312,644	(4,212,808)
Housing and Development	970,252	(776,757)
Interest and Fiscal Charges	<u>541,351</u>	<u>(541,351)</u>
 Total	 <u><u>\$13,704,088</u></u>	 <u><u>(\$9,108,789)</u></u>

The most significant expense for the City is Public Safety at \$4,312,644 which accounts for 32% 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 from charges for service and grants and contributions. Public Works is the second largest governmental activity at 25%, with expenses of \$3,470,031 which were offset by \$2,656,030 and \$20,982 which is capital grants and contributions and charges for service, respectively. The decrease in Public Works from prior year is related to the progress of SPLOST projects.

Culture and recreation expenses represent 15.2% of governmental expenses at \$2,084,218. User fees in the amount of \$394,608 primarily offset culture and recreation. Operating grant and contributions were received in the amount of \$55,289 for various culture and recreation programs throughout the City.

Judicial Activities for the operation of Court Services, is offset by municipal fines of \$948,875; which is a decrease of 17.9% from prior year as a result of fewer citations issued. This also caused incremental costs in judicial activities to decrease. Housing and development is offset by \$193,495 in charges for services which is primarily building code permits, newly implement duct testing and other administrative fees. General Government represents 14% of the governmental expenses showing an increase of 6.9%; while interest and fiscal charges on long-term debt represents 4%.

Total expenses increased less than 1% from prior year in spite of increase personnel and fuel costs.

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 \$752,604 before net transfers out of \$344,754. In light of increased expenses, there was an increase of \$407,853 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	
	<u>2012</u>	<u>2011</u>
Operating Income (Loss):		
Acworth Power	\$ 951,483	\$ 1,581,002
Acworth Sanitation	281,176	297,232
Total	<u>1,232,659</u>	<u>1,878,234</u>
Non-Operating Revenues (Expenses)	<u>(669,880)</u>	<u>(624,237)</u>
Contributed Capital from Developers	15,295	9,025
Income (Loss) Before Operating Transfers	<u>578,074</u>	<u>1,263,022</u>
Transfers In (Out)	<u>(225,000)</u>	<u>(187,000)</u>
Change in Net Assets	<u><u>\$ 353,074</u></u>	<u><u>\$ 1,076,022</u></u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

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 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, 2012, the City's governmental funds reported combined ending fund balances of \$11,253,339, an increase of \$179,321 in comparison with the prior year. SPLOST Revenues were the primary reason for the increase in governmental revenues. Capital project expenditures increased due to the completion SPLOST projects such as resurfacing and School Street road project as well as property acquisition in the School Street redevelopment area. The bulk of the personnel increases were due to pay adjustments and increases in employee insurance coverage.

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. Fund balance can be committed by formal resolution for projects or through authorization of a board approved purchase.
- *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, 2012, Acworth's total fund balance for governmental funds was \$11,253,339 of which \$247,193 was nonspendable (primarily pre-paid insurance), \$7,638,289 was restricted (mostly SPLOST and voter appropriation), \$288,717 was committed (future projects and board approved purchases), \$196,940 was assigned and \$2,882,200 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 chief operating fund of the City. On June 30, 2012, unassigned fund balance of the General Fund was \$2,882,200. 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 25.2% of the total fiscal year 2012 expenditures and transfers, while total fund balance is 59.6% of the same amount.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

General Fund - Revenues by Source

	FY2012		FY2011		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 8,184,459	81%	\$ 8,091,838	79%	\$ 92,621	1%
License & Permits	248,398	2%	228,062	2%	20,336	9%
Intergovernmental	55,593	1%	83,084	1%	(27,491)	-33%
Charges for Services	495,091	5%	526,048	5%	(30,957)	-6%
Fines & Forfeitures	949,025	9%	1,156,300	11%	(207,275)	-18%
Investment Earnings	11,692	0%	63,749	1%	(52,057)	-82%
Contributions & Donations	55,289	1%	29,067	0%	26,222	90%
Other	93,852	1%	74,056	1%	19,796	27%
Total	\$ 10,093,399	100%	\$ 10,252,204	100%	\$ (158,805)	-2%

The following provides an explanation of revenues by source changes from FY2011 to FY2012:

Total revenues in the Special Purpose Local Option Sales Tax (SPLOST) fund were \$2,656,030 in FY2012 and accounts for the majority of the \$2,696,513 in Capital grants and Contributions. This increase is the result of the completion of SPLOST (2005) and the beginning of SPLOST (2011).

- **Taxes.** Property taxes are the most significant revenue source during the year and represent 60.2% of tax revenues. During the FY2012 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; the millage rate remained stable at 7.60 mills. The tax digest decreased 3.9%. An increase in taxpayer appeals as well as legislative changes in valuating assessments on properties at sale price when sold under distress for a period of one year. Insurance Premium Taxes increased 33% due to new census data that is used in this calculation; thus, Acworth had a favorable change. Occupational Taxes increased due to a 2.2% growth in licenses issued as well as increased collection efforts for renewals. Alcohol Taxes for 2012 were \$458,547 which is 6.6% higher than prior year due to legislation being passed permitting Sunday sales within the City limits.
- **Licenses and permits.** License and permits saw an increase of \$20,336 (8.9%). Building permits decreased \$3,321 to \$105,063. Implementation of duct testing during the year yielded \$8,400 in fees. Legislation permitting Sunday alcohol sales attributed to the 17.2% increase in Alcohol Privilege License. Licenses and permits represent 2.5% 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 \$27,491 (33.1%); the bulk of the decrease is attributed to the substantive completion of Department of Justice grants in FY2011 while there were some carryover in FY2012. In FY2012, the City recognized \$20,864 in Georgia Emergency Management Agency funds for the purchase of a biometric rapid identification device. Housing Authority redevelopment yielded decreased payment in lieu of taxes in FY2012 at 69.5% lower than prior year.
- **Charges for service.** Charges for services decreased 5.9% to \$495,091. Culture and recreation related fees account for 75.8% of the revenue. However, participation in recreational programs and parking fees decreased from prior year. The administrative fee associated with the Tax Allocation District decreased from prior year 15.9% to \$59,393 as a result of a decrease in the tax district.
- **Fines and forfeitures.** Fines and forfeitures represent 9.4% of total General Fund revenues and show a decrease from prior period of 17.9% to \$949,025. The decrease in fines is attributed decrease in citations issued and processed through the court as well as the collectability of fines levied.
- **Investment earnings.** Investment earnings decreased approximately 81.6% from the prior year due to the decline in the interest rate market and the end of a promotional interest rate on investments. This decrease is dependent on market rates which are out of the control of the City.
- **Contributions and donations.** Contributions and donations increased \$26,222 to \$55,289; the increase is attributed donations received for the Acworth Achievers Program in addition to the sponsorship received for the Expanding Horizons Program.
- **Other.** Other revenue increased to \$93,852. The 26.7% increase is attributed predominantly to increases in rental receipts associated with a cell tower.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

General Fund - Expenditures by Function

	FY2012		FY2011		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government	\$ 1,737,926	17%	\$ 1,705,337	17%	\$ 32,589	2%
Public Safety	3,870,827	38%	3,779,331	38%	91,496	2%
Public Works	922,055	9%	944,356	9%	(22,301)	-2%
Health & welfare	6,272	0%	1,052	0%	5,220	496%
Housing & Development	920,153	9%	982,539	10%	(62,386)	-6%
Judicial	338,509	3%	358,569	4%	(20,060)	-6%
Culture & recreation	1,565,884	16%	1,489,321	15%	76,563	5%
Debt Service	729,632	7%	732,234	7%	(2,602)	0%
Total	\$ 10,091,258	100%	\$ 9,992,739	100%	\$ 98,519	1%

The following provides an explanation of expenditures by function changes from FY2011 to FY2012:

Overall, personnel costs increased 2.8%. During the year, salary adjustments were done which accounts for majority of this increase. Benefits related to employee health and worker’s compensation insurance increased at renewal as well as retirement contributions. Fuel costs increased 10% from prior year. In light of the increased costs, the City was able to keep expenses within budget.

- **General government.** Increases of \$32,589 or 2% are primarily attributed to personnel costs mentioned earlier. Other items include:
 - Bi-annual election conducted at a cost of \$2,328.
 - Attorney fees for general matters decreased \$8,107.
 - Decreased capital outlay for computers at a cost of \$4,792.
 - Acworth Industrial Drive office layout remodeling at a cost of \$24,905.
 - Risk Management decreased \$7,027 at the renewal.
- **Public Safety.** Public safety consists of the police department and the jail operations. FY2012 had an increase of \$91,496 or 2%. Salary adjustments and a reduced turnover rate in public safety personnel accounts for the majority of the increase in personnel costs of \$91,628. An additional \$20,759 in fuel costs occurred in FY2012; while decreases in grant funded capital outlay were seen in FY2012.
- **Public Works.** Public works decreased \$22,301 or 2%. Factors attributing to this net decrease include salary savings due to staff re-organization in public works administration and a decrease in capital outlay in the amount of \$6,328.
- **Housing and Development.** Housing and development had a net decrease of \$62,386 or 6% as a result of the pay adjustments, decreased Tax Allocation District disbursements of excess funds (\$40,849), and decreased capital outlay in planning and zoning from FY2011 in the amount of \$12,625.
- **Judicial.** Municipal court operations decreased by \$20,060 or 6%. Fine refunds decreased \$14,176 to \$55,489. Reduced traffic citations and changing merchant processors reduced other fees by \$9,016.
- **Culture and Recreation.** Culture and recreation increases of \$76,563 or 5% are a product of staffing re-organization and pay adjustments. Capital outlay for equipment, computers and repairs increased \$10,343 from prior year. Programs such as Summer Camp, Sports Camps and Youth Basketball charge user fees to cover costs. The Expanding Horizons Program and Acworth Achievers Program receive donations for funding.

The special revenue funds of the City account for proceeds of specific revenues which are legally restricted and cannot be diverted to other uses. The City operates the following five special revenue funds:

- **Confiscated Asset Fund** – Total revenues of \$36,796 related to the seizure of property associated with illegal substances or activities. Expenditures of \$107,912 were for training, vehicles, equipment and a canine purchase. A local donation of \$5,000 supplemented the canine acquisition costs.
- **Hotel Motel Tax Fund** – Levied at a rate of 8%. Taxes received were \$112,969; a decrease of \$2,303 or 2%. By law, 25% of the revenue funds tourism (\$28,242) and 37.5% (\$42,364) funds the Marietta Coliseum Exhibit Hall Authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

- **Recreational Impact Fee Fund** – Assessed at \$500 per residential dwelling for recreational purposes. There were \$15,000 in impact fees received FY2012 while \$59,500 were received in FY2011. FY2012 expenditures of \$4,400 were related to trail development.
- **Soil Erosion Fees Fund** – Fees received in FY2012 were \$1,267, a decrease from FY2011 at \$2,540. Expenditures of \$4,689 are related to storm water; including public education concerning runoff and capital outlay.
- **Veteran's Memorial Fund** – Funds have been transferred to the General Fund for the ongoing maintenance and repairs related to Patriot's Point.

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, 2012 was \$432,033; committed funds were \$264,315 (approved by board resolution) and assigned fund balance was \$167,718. The \$384,842 decrease from the prior year fund balance of \$816,845 resulted from utilizing current funding and prior year fund balance for the following projects: a) property acquisition (\$436,554); b) police vehicle purchases (\$280,973); c) Information Technology Servers \$26,016; d) LED Lighted Christmas Tree for downtown area (\$20,000); e) vehicles and equipment for public works and parks and recreation (\$87,183); and f) other miscellaneous purchases. Transfers in of \$624,800 included \$15,000 from Acworth Power for future improvements to the Acworth Industrial Drive facility and \$609,800 from the General Fund.

The SPLOST fund is a major fund and its fund balance of \$3,781,005 is restricted. SPLOST proceeds from SPLOST (2005) and SPLOST (2011) are included in this fund. SPLOST (2005) receipts ended during FY2012 while SPLOST (2011) collections began January 2012. The increase in fund balance is attributed to the beginning of SPLOST (2011). During FY 2012, a final reconciliation was done for SPLOST (2005) whereas Cobb County re-evaluated the revenue stream and reduced each participating municipality's share accordingly. The original SPLOST (2005) funding in the amount of \$14.2 million has been reduced by \$1.4 million to \$12.8 million in projects for the City. SPLOST (2011) is projected to yield \$413.3 million over a 48-month period. FY2012 SPLOST expenditures included:

- \$62,261 – Sen. Richard B. Russell Ave.
- \$13,980 – various storm drainage improvements.
- \$1,042,500 – School Street project.
- \$53,366 – General resurfacing projects within the City.
- \$729,291 – Downtown parking.

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 \$13 for a total of \$1,263 as of June 30, 2012. 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. The City operates two enterprise funds and two internal service funds. The change in net assets of the proprietary funds for FY2012 was \$407,853.

Acworth Power provides electrical service to 6,314 residential and commercial customers. Operating revenues of Acworth Power increased 0.7% from the prior year. Operating expenses increased 6.7% in fiscal year 2012. Therefore, the operating income saw a decrease of 39.8%. Milder temperatures and environmental compliance costs resulted in increases for wholesale power costs; thus the need to implement an environmental costs compliance recovery rate to offset some of the additional expenses.

Equity of this fund at the end of the year amounted to \$2,944,561. This is an increase from the prior reporting period year equity balance of \$2,700,451. The change in fund equity was \$283,815 before net transfers out of \$55,000 and capital contributions of \$15,295. Total operating revenues were \$12,280,471 (a less than 1% increase from prior year). Consumption decreased from FY2011. Implementation of a cost recovery rate pertaining to environmental compliance

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

gulations helped offset the additional wholesale power costs. Motor vehicle fuel costs increased 18.1% from prior year.

The wholesale power kWh for the 2011 and 2012 fiscal years were 100,339,782 and 93,332,043, respectively (decreasing 7%). Fiscal Year 2011 included hot summer months from Summer 2010 which caused the large variance. Wholesale power costs of \$8,395,020 were \$705,789 or 9.1% higher than FY2011 at \$7,689,231. The excess wholesale power was sold in the market at costs lower than the cost to generate. Therefore, generation costs were not recovered. Total operating expenses are \$711,863 or 6.7% higher than fiscal year 2011 at \$10,617,125.

Acworth Sanitation provides solid waste sanitation services to 6,410 residents and commercial customers; collecting 7,658 tons of refuse. Equity of this fund at June 30, 2012 was \$890,001. This is an increase of \$108,964. Acworth Sanitation had a less than 1% increase in operating revenues while operating expenses increased 2.5%. This resulted in an operating gain of \$281,176 in fiscal year 2012. Sanitation rates remained stable during the year. A net increase in personnel costs was seen due to employee pay adjustments, increases in insurance and a decrease in the amortization of the net pension obligation. Increasing fuel costs of \$8,881 accounts for the bulk of the operating cost increase seen. The operating income in the current year is 5.4% less than prior year.

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 and administration of property tax collections. 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 and increased insurance deductibles 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.

2012 General Fund Budget

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
Revenues and other financing sources	\$ 11,116,114	\$ 11,494,424	\$ 11,469,485
Expenditures and other financing uses	\$ 11,159,893	\$ 11,683,109	\$ 11,451,058

During June 2011, the City adopted a General Fund budget of \$11,159,893 for General Fund expenditures for FY2012. The FY2012 original budget appropriated unassigned fund balance in the amount of \$43,779. At the end of the fiscal year, the final actual expenditures were \$11,451,058 (including transfers out) which was an increase of \$291,165 from the original adopted budget. The final amended budget expenditures were \$11,683,109. The difference between the original budget (\$11,159,893) and the final amended budget is an overall increase of \$523,216. The increase is attributed to transfers to the Capital Improvement Fund in the amount of \$399,800, additional capital outlay of \$121,810, fuel cost increases of \$23,350 and other nominal adjustments to reflect expected operations.

Actual expenditures were 2% below final amended budget and revenues were above the final budget by less than 0.3%. This resulted in an increase in fund balance for the General Fund. A detailed budgetary comparison schedule for the fiscal year ended June 30, 2012 can be found in Required Supplementary Information.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

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, 2012, amounts to \$36,752,793 and \$5,513,464 respectively. These are net of accumulated depreciation and related debt. This investment includes land, buildings, vehicles and equipment as well as infrastructure.

	2012 Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Construction in Progress	\$ 1,259,352	\$ 328,336	\$ -	\$ -	\$ 1,259,352	\$ 328,336
Land	5,927,606	4,937,860	265,917	228,954	6,193,523	5,166,814
Buildings and improvements	4,611,125	4,808,234	358,646	396,433	4,969,771	5,204,667
Electrical System	-	-	4,515,244	4,485,032	4,515,244	4,485,032
Improvements other than buildings	5,778,273	5,863,356	-	-	5,778,273	5,863,356
Vehicles and Equipment	864,557	612,229	373,657	676,665	1,238,214	1,288,894
Infrastructure	18,311,880	20,395,175	-	-	18,311,880	20,395,175
Total	\$ 36,752,793	\$ 36,945,190	\$ 5,513,464	\$ 5,787,084	\$ 42,266,257	\$ 42,732,274

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

Governmental activities:

- Infrastructure \$191,267
- Construction In Progress – Infrastructure \$948,603
- Vehicles and Equipment \$603,349
- Land \$989,746
- Downtown parking \$306,560

Business-type activities:

- Electrical System Improvements \$257,002
- Property acquisition for electrical power right of way \$36,963
- Sanitation Capital Vehicle Repairs \$30,340

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, 2012, the City of Acworth had the following outstanding long-term debt:

- \$102,115 FY1998 Certificates of Participation for a General Government Building
- \$630,000 FY2008 Installment Sales Agreement with the Acworth Lake Authority for Recreational Facilities
- \$3,570,000 FY2003 Intergovernmental Agreement with Acworth Downtown Development Authority for construction of Acworth City Hall and expansion of Acworth Sports Complex
- \$5,455,000 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
- \$8,320,000 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
- \$64,719 capital lease funded through the City for Acworth Sanitation Fund for sanitation truck
- \$7,735 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 \$66,604,759. The debt outstanding applicable to this limit is \$102,115; for which debt service resources satisfy this. Additional information on the City’s debt can be found in Note 8 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

Economic Factors Affecting the City of Acworth

The Mayor and Board of Aldermen consider many factors when adopting the fiscal year ending June 30, 2013 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 unassigned fund balance in the amount of \$3,112. The expected unassigned fund balance for the General Fund at the end of the FY2013 to be approximately \$2.88 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 2012 remained at 7.60. The adopted budget for FY 2013 has the millage rate remaining stable.
- The 2011 taxable digest was \$639,729,408; which was \$26,267,304 or 3.9% lower than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. The 2012 approved taxable digest decreased 5.69%. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.
- The 2012 population is estimated at 21,458 by the Acworth Economic Development Department. This is an increase of approximately 5% from the 2010 census of 20,425.
- Debt Service FY2013 is budgeted for \$637,403 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. Certificates of Participation will be fully amortized in FY2013.
- 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 \$5,455,000 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.
- SPLOST (2005) receipts have ended with projects still underway. SPLOST (2011) collections began January 2012. SPLOST (2011) projects include a new police facility, parks and recreation needs and public works infrastructure as well as silent railroad crossings.
- The City transferred funds in FY2012 to the Capital Improvement Fund for the following budgeted FY2013 projects: residual property acquisition costs related to redevelopment, police vehicle acquisition, improvements as Cauble Park and other projects.
- Estimated costs of wholesale power in fiscal year 2013 are budgeted at \$9.7 million. This is primarily attributed to market prices dropping while fixed costs remain as well as environmental compliance retrofitting at generation plants that subjects the City to additional costs.
- 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 outstanding amount of this debt is \$8,320,000 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

June 30, 2012

City of Acworth, Georgia

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, 2012

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Cash and cash equivalents	\$ 2,291,965	\$ 860,302	\$ 3,152,267	\$ 64,336
Investments	1,941,197	2,337,306	4,278,503	93,963
Receivables, net	239,376	1,790,468	2,029,844	-
Due from other governments	671,342	-	671,342	7,396
Due from primary government	-	-	-	9,082
Note receivable from primary government	-	-	-	630,000
Due from component unit	1,295	-	1,295	-
Internal balances	(255,557)	255,557	-	-
Inventories	-	878,547	878,547	-
Prepaid items	454,047	3,641	457,688	-
Other assets, net	145,981	107,167	253,148	27,000
Restricted assets	7,728,075	2,376,591	10,104,666	-
Capital assets, non depreciated	7,186,958	265,917	7,452,875	32,645
Capital assets, depreciated, net	29,565,835	5,247,547	34,813,382	12,541
Total assets	49,970,514	14,123,043	64,093,557	876,963
Liabilities:				
Accounts payable and other current liabilities	919,718	799,447	1,719,165	2,080
Due to primary government	-	-	-	1,295
Due to component unit	9,082	-	9,082	-
Customer deposits	-	1,078,907	1,078,907	-
Unearned revenue	340,929	608,761	949,690	-
Noncurrent liabilities:				
Due within one year	773,970	452,123	1,226,093	95,000
Due in more than one year	10,994,332	7,152,947	18,147,279	535,000
Total liabilities	13,038,031	10,092,185	23,130,216	633,375
Net Assets				
Invested in capital assets, net of related debt	32,450,678	5,441,010	37,891,688	45,186
Restricted for:				
Debt service	507,349	-	507,349	-
Public works	3,813,626	-	3,813,626	-
Culture and recreation	83,518	-	83,518	-
Public safety	233,783	-	233,783	-
Housing and Development	1,263	-	1,263	-
Voter appropriation	3,000,000	-	3,000,000	-
Unrestricted	(3,157,734)	(1,410,152)	(4,567,886)	198,402
Total net assets	\$ 36,932,483	\$4,030,858	\$40,963,341	\$ 243,588

See accompanying notes to financial statements.

**CITY OF ACWORTH, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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	\$ 1,968,349	\$ 217,284	\$ -	\$ -	\$ (1,751,065)	\$ -	\$ (1,751,065)	
Judicial	350,971	948,875	-	-	597,904	-	597,904	
Health and welfare	6,272	-	-	-	(6,272)	-	(6,272)	
Public works	3,470,031	20,982	-	2,656,030	(793,019)	-	(793,019)	
Culture and recreation	2,084,218	394,608	55,289	8,900	(1,625,421)	-	(1,625,421)	
Public safety	4,312,644	27,389	40,864	31,583	(4,212,808)	-	(4,212,808)	
Housing and development	970,252	193,495	-	-	(776,757)	-	(776,757)	
Interest & fiscal charges on long-term debt	541,351	-	-	-	(541,351)	-	(541,351)	
Total governmental activities	13,704,088	1,802,633	96,153	2,696,513	(9,108,789)	-	(9,108,789)	
Business-type activities:								
Electric	11,836,746	12,280,471	-	15,295	-	459,020	459,020	
Sanitation	1,221,425	1,499,678	-	-	-	278,253	278,253	
Total business-type activities	13,058,171	13,780,149	-	15,295	-	737,273	737,273	
Total Primary Government	\$ 26,762,259	\$ 15,582,782	\$ 96,153	\$ 2,711,808	(9,108,789)	737,273	(8,371,516)	
Component units	\$ 61,721	\$ -	\$ 52,086	\$ -			\$ (9,635)	
General Revenues:								
Property taxes					4,874,050	-	4,874,050	-
Insurance premium tax					958,018	-	958,018	-
Alcohol taxes					458,547	-	458,547	-
Hotel/motel tax					112,969	-	112,969	-
Franchise taxes					1,383,083	-	1,383,083	-
Financial institution tax					25,798	-	25,798	-
Business taxes					409,776	-	409,776	-
Contributions not restricted to a specific program					638,610	-	638,610	-
Operating grants not restricted to a specific program					246,349	-	246,349	-
Unrestricted investment earnings					12,370	15,334	27,704	-
Transfers					344,754	(344,754)	-	-
Total general revenues and transfers					9,464,324	(329,420)	9,134,904	-
Change in net assets					355,535	407,853	763,388	(9,635)
Net assets - beginning					36,576,948	3,623,005	40,199,953	253,223
Net assets - ending					\$ 36,932,483	\$ 4,030,858	\$ 40,963,341	\$ 243,588

See accompanying notes to financial statements.

CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 2,291,734	\$ -	\$ 231	\$ 2,291,965
Investments	1,694,501	-	246,696	1,941,197
Restricted assets	4,037,591	3,472,100	218,384	7,728,075
Receivables, net	239,376	-	-	239,376
Prepaid items	245,943	-	1,250	247,193
Due from other funds	261,750	-	210,000	471,750
Due from component unit	1,295	-	-	1,295
Due from other governments	3,846	666,606	890	671,342
Total assets	\$ 8,776,036	\$ 4,138,706	\$ 677,451	\$13,592,193
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 653,903	\$ -	\$ 2,320	\$ 656,223
Retainage payable	-	114,717	890	115,607
Accrued liabilities	93,102	-	-	93,102
Due to other funds	677,596	202,984	24,949	905,529
Due to component unit	9,082	-	-	9,082
Deferred revenue	514,701	40,000	4,610	559,311
Total liabilities	1,948,384	357,701	32,769	2,338,854
Fund Balances:				
Nonspendable	245,943	-	1,250	247,193
Restricted	3,645,885	3,781,005	211,399	7,638,289
Committed	24,402	-	264,315	288,717
Assigned	29,222	-	167,718	196,940
Unassigned	2,882,200	-	-	2,882,200
Total fund balances	6,827,652	3,781,005	644,682	11,253,339
Total liabilities and fund balances	\$ 8,776,036	\$ 4,138,706	\$ 677,451	

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.	36,752,793
Property tax revenue earned but unavailable is not reported in the funds.	218,382
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.	330,290
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	(9,757,115)
Unamortized bond issue costs	145,981
Accrued compensated absences	(171,009)
Net OPEB obligation	(1,755,667)
Net pension obligation	(84,511)
Net assets of governmental activities	\$ 36,932,483

CITY OF ACWORTH, GEORGIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	SPLOST	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$8,184,459	\$ -	\$ 275,727	\$ 8,460,186
Licenses and permits	248,398	-	-	248,398
Intergovernmental	55,593	2,652,567	647,510	3,355,670
Charges for services	495,091	-	16,267	511,358
Fines and forfeitures	949,025	-	31,734	980,759
Investment earnings	11,692	3,463	678	15,833
Contributions and donations	55,289	-	5,000	60,289
Other	93,852	-	-	93,852
Total revenues	10,093,399	2,656,030	976,916	13,726,345
Expenditures:				
Current:				
General government	1,737,926	-	-	1,737,926
Public safety	3,870,827	-	107,912	3,978,739
Public works	922,055	-	4,689	926,744
Health and welfare	6,272	-	-	6,272
Housing and development	920,153	-	-	920,153
Judicial	338,509	-	-	338,509
Culture and recreation	1,565,884	-	75,005	1,640,889
Capital projects	-	2,085,461	978,796	3,064,257
Debt service	729,632	-	508,938	1,238,570
Total expenditures	10,091,258	2,085,461	1,675,340	13,852,059
Excess (deficiency) of revenues over (under) expenditures	2,141	570,569	(698,424)	(125,714)
Other financing sources (uses):				
Transfers in	1,356,051	40,192	624,800	2,021,043
Transfers out	(1,359,800)	-	(376,243)	(1,736,043)
Sale of capital assets	20,035	-	-	20,035
Total other financing sources (uses)	16,286	40,192	248,557	305,035
Net change in fund balance	18,427	610,761	(449,867)	179,321
Fund balance at beginning of year	6,809,225	3,170,244	1,094,549	11,074,018
Fund balance at end of year	\$ 6,827,652	\$ 3,781,005	\$ 644,682	\$ 11,253,339

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, 2012

Net change in fund balances - total governmental funds		\$ 179,321
Amounts reported for governmental activities in the statement of activities are different because:		
Some revenues in the statement of activities do not provide current financial resources and, therefore, are not reported in the governmental funds.		
Capital assets transferred from proprietary funds		59,754
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	(3,225,902)	
Capital outlays	3,027,962	
Loss on disposal of assets	<u>(54,211)</u>	(252,151)
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 capital leases	260,000	
Matured principal on certificates of participation	197,523	
Matured principal on note payable	90,000	
Matured principal on bonds payable	<u>160,000</u>	707,523
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.		
		(7,504)
The Insurance Internal Service Fund is used by management to charge the cost of insurance to individual funds.		
		58,721
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	3,545	
Net OPEB obligation	(381,294)	
Accrued compensated absences	<u>(2,076)</u>	<u>(390,129)</u>
Change in net assets of governmental activities		<u>\$ 355,535</u>

CITY OF ACWORTH, GEORGIA
PROPRIETARY FUNDS
BALANCE SHEET
JUNE 30, 2012

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
ASSETS				
Current assets:				
Cash	\$ 79,521	\$ 655,664	\$ 735,185	\$ 125,117
Investments	2,337,306	-	2,337,306	-
Restricted assets:				
Cash	896,857	180,316	1,077,173	-
Investments	1,299,418	-	1,299,418	-
Receivables, net				
Utility accounts	1,664,257	124,008	1,788,265	-
Other	-	-	-	2,203
Due from other funds	187,478	13,457	200,935	267,372
Inventory	878,547	-	878,547	-
Prepaid expenses	-	-	-	210,495
Total current assets	<u>7,343,384</u>	<u>973,445</u>	<u>8,316,829</u>	<u>605,187</u>
Noncurrent assets:				
Property, plant and equipment, net	<u>5,287,537</u>	<u>225,927</u>	<u>5,513,464</u>	<u>-</u>
Other assets:				
Bond issue costs	<u>107,167</u>	<u>-</u>	<u>107,167</u>	<u>-</u>
Total noncurrent assets	<u>5,394,704</u>	<u>225,927</u>	<u>5,620,631</u>	<u>-</u>
Total assets	<u>\$12,738,088</u>	<u>\$1,199,372</u>	<u>\$13,937,460</u>	<u>\$ 605,187</u>
LIABILITIES AND FUND EQUITY				
Current liabilities:				
Accounts and claims payable	\$ 722,743	\$ -	\$ 722,743	\$ 55,765
Customer deposits	898,591	180,316	1,078,907	-
Accrued liabilities	60,280	9,384	69,664	6,061
Accrued compensated absences	26,095	13,216	39,311	8,997
Unearned revenue	608,761	-	608,761	-
Due to other funds	3,671	30,578	34,249	279
Capital leases - current	<u>377,735</u>	<u>26,080</u>	<u>403,815</u>	<u>-</u>
Total current liabilities	<u>2,697,876</u>	<u>259,574</u>	<u>2,957,450</u>	<u>71,102</u>
Long-term liabilities (net of current portion):				
Accrued compensated absences	6,524	3,304	9,828	2,249
Net OPEB obligation	404,891	-	404,891	-
Net pension liability	14,586	7,854	22,440	5,250
Capital lease obligations	<u>6,669,650</u>	<u>38,639</u>	<u>6,708,289</u>	<u>-</u>
Total long-term liabilities	<u>7,095,651</u>	<u>49,797</u>	<u>7,145,448</u>	<u>7,499</u>
Total liabilities	<u>9,793,527</u>	<u>309,371</u>	<u>10,102,898</u>	<u>78,601</u>
Fund equity:				
Invested in capital assets, net of related debt	5,279,802	161,208	5,441,010	-
Unrestricted	<u>(2,335,241)</u>	<u>728,793</u>	<u>(1,606,448)</u>	<u>526,586</u>
Total fund equity	<u>2,944,561</u>	<u>890,001</u>	<u>3,834,562</u>	<u>526,586</u>
Total liabilities and fund equity	<u>\$12,738,088</u>	<u>\$1,199,372</u>		<u>\$ 605,187</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds			<u>196,296</u>	
Net assets of business-type activities			<u>\$ 4,030,858</u>	

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			Internal Service Funds
	Major			
	Electrical Power	Sanitation	Totals	
Operating revenues:				
Charges for services	\$11,804,109	\$1,499,678	\$13,303,787	\$ 2,006,395
Other	476,362	-	476,362	38,297
Total operating revenues	<u>12,280,471</u>	<u>1,499,678</u>	<u>13,780,149</u>	<u>2,044,692</u>
Operating expenses:				
Personal services	1,085,516	653,943	1,739,459	371,841
Operating	9,800,001	454,259	10,254,260	1,497,395
Depreciation	443,471	110,300	553,771	1,956
Total operating expenses	<u>11,328,988</u>	<u>1,218,502</u>	<u>12,547,490</u>	<u>1,871,192</u>
Operating income	<u>951,483</u>	<u>281,176</u>	<u>1,232,659</u>	<u>173,500</u>
Nonoperating revenues (expenses):				
Gain (loss) on disposal of capital assets	(59,754)	(14)	(59,768)	-
Interest income	14,623	711	15,334	-
Interest expense	(622,537)	(2,909)	(625,446)	-
Total nonoperating revenues (expenses)	<u>(667,668)</u>	<u>(2,212)</u>	<u>(669,880)</u>	<u>-</u>
Income before contributions and transfers	<u>283,815</u>	<u>278,964</u>	<u>562,779</u>	<u>173,500</u>
Contributed capital from developers	15,295	-	15,295	-
Transfers in	750,000	-	750,000	-
Transfers out	<u>(805,000)</u>	<u>(170,000)</u>	<u>(975,000)</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	244,110	108,964	353,074	113,500
Fund equity at beginning of year	<u>2,700,451</u>	<u>781,037</u>		<u>413,086</u>
Fund equity at end of year	<u>\$ 2,944,561</u>	<u>\$ 890,001</u>		<u>\$ 526,586</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			54,779	
Change in net assets of business-type activities			<u>\$ 407,853</u>	

See accompanying notes to financial statements.

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Cash flows from (to) operating activities:				
Cash received from contributions and services provided	\$12,657,087	\$ 1,503,625	\$14,160,712	\$ 1,963,378
Cash payments for goods and services	(9,756,519)	(463,385)	(10,219,904)	(108,533)
Cash payments for benefits and claims	-	-	-	(1,391,719)
Cash payments for employee services and fringe benefits	(1,019,706)	(651,432)	(1,671,138)	(370,796)
Net cash from (to) operating activities	1,880,862	388,808	2,269,670	92,330
Cash flows from (to) noncapital financing activities:				
Transfers in	750,000	-	750,000	-
Transfers out	(805,000)	(170,000)	(975,000)	(60,000)
Net cash from (to) noncapital financing activities	(55,000)	(170,000)	(225,000)	(60,000)
Cash flows from (to) capital and related financing activities:				
Contributed capital	15,295	-	15,295	-
Interest paid	(345,034)	(2,909)	(347,943)	-
Payments for capital acquisitions	(299,715)	(42,160)	(341,875)	-
Principal payments on long-term obligations	(372,060)	(25,132)	(397,192)	-
Net cash from (to) capital and related financing activities	(1,001,514)	(70,201)	(1,071,715)	-
Cash flows from (to) investing activities:				
(Purchases) proceeds from sale of investments	(752,611)	-	(752,611)	-
Interest received from investments	14,623	711	15,334	-
Net cash from (to) investing activities	(737,988)	711	(737,277)	-
Net increase (decrease) in cash	86,360	149,318	235,678	32,330
Cash at beginning of year (including \$1,036,086 in restricted cash)	890,018	686,662	1,576,680	92,787
Cash at end of year (including \$1,077,173 in restricted cash)	\$ 976,378	\$ 835,980	\$ 1,812,358	\$ 125,117

**CITY OF ACWORTH, GEORGIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Enterprise Funds			Internal Service Funds
	Major		Totals	
	Electrical Power	Sanitation		
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 951,483	\$281,176	\$1,232,659	\$ 173,500
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	443,471	110,300	553,771	1,956
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	131,069	(1,872)	129,197	(365)
(Increase) decrease in prepaid expenses	-	-	-	(19,383)
(Increase) decrease in inventory	(152,819)	-	(152,819)	-
(Increase) decrease in due from other funds	155,881	13,156	169,037	(80,949)
Increase (decrease) in net OPEB liability	67,287	-	67,287	-
Increase (decrease) in net pension liability	(1,539)	(829)	(2,368)	(554)
Increase (decrease) in accounts payable	36,749	-	36,749	20,465
Increase (decrease) in accrued liabilities	62	3,340	3,402	1,599
Increase (decrease) in unearned revenue	212,523	-	212,523	-
Increase (decrease) in due to other funds	3,671	(22,282)	(18,611)	(3,939)
Increase (decrease) in customer deposits	33,024	5,819	38,843	-
Net cash from (to) operating activities	<u>\$1,880,862</u>	<u>\$388,808</u>	<u>\$2,269,670</u>	<u>\$ 92,330</u>
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	<u>\$ (345,034)</u>	<u>\$ (2,909)</u>	<u>\$ (347,943)</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, 2012**

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, 2012

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, 2012

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, 2012

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, 2012

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, Debt Service Fund, 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, 2012

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, 2012

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.

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, 2012

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, 2012

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. The committed fund balance classification includes amounts that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of a fiscal year, committed fund balances. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (adoption of another resolution) to remove or revise the limitation. 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. The City Council has by resolution authorized the City Manager to assigned fund balance. 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.

The City has adopted a policy to maintain a minimum level of unrestricted fund balance (committed, assigned, and unassigned fund balances) in the General Fund. The target level is set at 17% of annual operating expenditures.

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, 2012**

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, 2012, 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, 2012, 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	\$ 6,067,265	\$ -	\$ -	\$ -	\$ 6,067,265
Money market mutual funds	AAAm	237,345	-	-	-	237,345
Municipal Competitive Trust	not rated	1,982,040	-	-	-	1,982,040
Total		\$ 8,286,650	\$ -	\$ -	\$ -	\$ 8,286,650

The above table of investments includes \$3,770,802 of investments classified on the financial statements as restricted assets and \$237,345 classified on the financial statements as cash. 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, 2012**

(3) RECEIVABLES

Receivables at June 30, 2012 consist of the following:

	Taxes and Fines	Utility Accounts	Other	Allowance for Uncollectibles	Net Receivables
General Fund	\$ 246,373	\$ -	\$ 714	\$ (7,711)	\$ 239,376
Electrical Power Fund	-	1,714,257	-	(50,000)	1,664,257
Sanitation Fund	-	124,408	-	(400)	124,008
Internal Service Funds	-	-	2,203	-	2,203
Total	<u>\$ 246,373</u>	<u>\$ 1,838,665</u>	<u>\$ 2,917</u>	<u>\$ (58,111)</u>	<u>\$ 2,029,844</u>

(4) DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2012 consist of the following:

	Cobb County, GA	Cobb County Tax Commissioner	State of Georgia Department of Transportation	Other	Total
General Fund	\$ -	\$ 3,846	\$ -	\$ -	\$ 3,846
SPLOST Fund	626,606	-	40,000	-	666,606
Nonmajor Funds: Capital Projects Funds	-	-	-	890	890
	<u>\$ 626,606</u>	<u>\$ 3,846</u>	<u>\$ 40,000</u>	<u>\$ 890</u>	<u>\$ 671,342</u>

(5) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund loans receivable are considered "available spendable resources". Such balances at June 30, 2012 include Due from (to) and Interfund receivable (payable) and are summarized as follows:

PAYABLE FROM	RECEIVABLE TO					Total
	General Fund	Electrical Power Fund	Sanitation Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 187,478	\$ 12,746	\$ 210,000	\$ 267,372	\$ 677,596
SPLOST Fund	202,984	-	-	-	-	202,984
Electrical Power Fund	2,960	-	711	-	-	3,671
Sanitation Fund	30,578	-	-	-	-	30,578
Internal Service Funds	279	-	-	-	-	279
Nonmajor Governmental Funds	24,949	-	-	-	-	24,949
Total	<u>\$ 261,750</u>	<u>\$ 187,478</u>	<u>\$ 13,457</u>	<u>\$ 210,000</u>	<u>\$ 267,372</u>	<u>\$ 940,057</u>

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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	\$ -	\$ 790,000	\$ 170,000	\$ 336,051	\$ 60,000	\$ 1,356,051
SPLOST Fund	-	-	-	40,192	-	40,192
Power Fund	750,000	-	-	-	-	750,000
Nonmajor Governmental Funds	609,800	15,000	-	-	-	624,800
Total	\$ 1,359,800	\$ 805,000	\$ 170,000	\$ 376,243	\$ 60,000	\$ 2,771,043

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, 2012 consist of the following:

	Total
Governmental Funds	
General Fund:	
Current debt service requirements	\$ 508,223
Municipal court bonds	253,249
Public safety communications equipment	137,968
Development performance bonds	130,500
Proceeds from sale of water & sewer system	3,000,000
Other	7,651
	<u>4,037,591</u>
SPLOST Fund:	
Unspent SPLOST proceeds	<u>3,472,100</u>
Nonmajor governmental funds:	
Tax Allocation District	13
Recreational Impact Fee	83,518
Soil Erosion Fee	32,108
Confiscated Assets	102,745
	<u>218,384</u>
Total governmental funds	<u>\$ 7,728,075</u>
Proprietary Funds	
Sanitation Fund:	
Security deposits	<u>\$ 180,316</u>
Power Fund:	
MEAG Power project	1,299,418
Security deposits	896,857
	<u>\$ 2,196,275</u>
Total proprietary funds	<u>\$ 2,376,591</u>

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(7) CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,937,860	\$ 989,746	\$ -	\$ 5,927,606
Construction in progress	328,336	948,603	(17,587)	1,259,352
Total capital assets not being depreciated	<u>5,266,196</u>	<u>1,938,349</u>	<u>(17,587)</u>	<u>7,186,958</u>
Capital assets, being depreciated:				
Buildings	6,899,743	48,191	-	6,947,934
Improvements other than buildings	8,110,913	306,560	-	8,417,473
Vehicles and equipment	4,040,820	603,349	(211,815)	4,432,354
Infrastructure (streets)	49,024,031	191,267	(117,941)	49,097,357
Total capital assets being depreciated	<u>68,075,507</u>	<u>1,149,367</u>	<u>(329,756)</u>	<u>68,895,118</u>
Less accumulated depreciation for:				
Buildings	(2,091,509)	(245,300)	-	(2,336,809)
Improvements other than buildings	(2,247,557)	(391,643)	-	(2,639,200)
Vehicles and equipment	(3,428,591)	(351,021)	211,815	(3,567,797)
Infrastructure (streets)	(28,628,856)	(2,237,938)	81,317	(30,785,477)
Total accumulated depreciation	<u>(36,396,513)</u>	<u>(3,225,902)</u>	<u>293,132</u>	<u>(39,329,283)</u>
Total capital assets being depreciated, net	<u>31,678,994</u>	<u>(2,076,535)</u>	<u>(36,624)</u>	<u>29,565,835</u>
Governmental activities capital assets, net	<u>\$36,945,190</u>	<u>\$ (138,186)</u>	<u>\$ (54,211)</u>	<u>\$36,752,793</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 228,954	\$ 36,963	\$ -	\$ 265,917
Total capital assets not being depreciated	<u>228,954</u>	<u>36,963</u>	<u>-</u>	<u>265,917</u>
Capital assets, being depreciated:				
Buildings	788,061	-	-	788,061
Electrical System	8,711,038	257,002	-	8,968,040
Vehicles and equipment	3,355,088	47,910	(154,138)	3,248,860
Total capital assets being depreciated	<u>12,854,187</u>	<u>304,912</u>	<u>(154,138)</u>	<u>13,004,961</u>
Less accumulated depreciation for:				
Buildings	(391,628)	(37,787)	-	(429,415)
Electrical System	(4,136,635)	(316,161)	-	(4,452,796)
Vehicles and equipment	(2,767,794)	(201,779)	94,370	(2,875,203)
Total accumulated depreciation	<u>(7,296,057)</u>	<u>(555,727)</u>	<u>94,370</u>	<u>(7,757,414)</u>
Total capital assets being depreciated, net	<u>5,558,130</u>	<u>(250,815)</u>	<u>(59,768)</u>	<u>5,247,547</u>
Business-type activities capital assets, net	<u>\$ 5,787,084</u>	<u>\$ (213,852)</u>	<u>\$ (59,768)</u>	<u>\$ 5,513,464</u>

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Governmental Activities:	
General government	\$ 167,446
Judicial	1,023
Public safety	275,630
Public works, including depreciation of general infrastructure	2,390,386
Housing and development	9,166
Culture and recreation	382,251
 Total depreciation expense - governmental activities	 <u><u>\$ 3,225,902</u></u>
 Business-type activities:	
Electric	\$ 443,471
Sanitation	110,300
Capital assets held by the government's internal services fund are charged to the various functions based on their usage of the assets	 1,956
 Total depreciation expense - business-type activities	 <u><u>\$ 555,727</u></u>

(8) LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Capital leases	\$ 3,830,000	\$ -	\$ (260,000)	\$ 3,570,000	\$ 270,000
Certificates of participation	299,638	-	(197,523)	102,115	102,115
Note payable to component unit	720,000	-	(90,000)	630,000	95,000
Tax allocation district bonds	5,615,000	-	(160,000)	5,455,000	170,000
Net pension obligation	88,056	230,482	(234,027)	84,511	-
Net OPEB obligation	1,374,373	408,356	(27,062)	1,755,667	-
Compensated absences	168,933	221,335	(219,259)	171,009	136,855
Governmental activities long-term liabilities	<u><u>\$ 12,096,000</u></u>	<u><u>\$ 860,173</u></u>	<u><u>\$ (1,187,871)</u></u>	<u><u>\$ 11,768,302</u></u>	<u><u>\$ 773,970</u></u>
 Business-type activities:					
Capital leases	\$ 8,789,646	\$ -	\$ (397,192)	\$ 8,392,454	\$ 403,815
Less: deferred amounts on refunding	(1,536,420)	-	256,070	(1,280,350)	-
Net pension obligation	30,612	71,740	(74,662)	27,690	-
Net OPEB obligation	337,604	72,062	(4,775)	404,891	-
Compensated absences	58,612	79,282	(77,509)	60,385	48,308
Business-type activities long-term liabilities	<u><u>\$ 7,680,054</u></u>	<u><u>\$ 223,084</u></u>	<u><u>\$ (298,068)</u></u>	<u><u>\$ 7,605,070</u></u>	<u><u>\$ 452,123</u></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, 2012**

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
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	310,000	91,126	401,126
2018 - 2022	1,735,000	272,438	2,007,438
2023 - 2027	385,000	14,432	399,432
Total	<u>\$ 3,570,000</u>	<u>\$ 851,249</u>	<u>\$ 4,421,249</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, \$106,990 vehicles and equipment, and \$725,996 land. Accumulated depreciation related to these assets is \$2,428,111.

**CITY OF ACWORTH, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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>
2013	\$ 102,115	\$ 2,232	\$ 104,347
Total	<u>\$ 102,115</u>	<u>\$ 2,232</u>	<u>\$ 104,347</u>

There are several financial covenants included in the installment purchase agreement relating to the jail facility. At June 30, 2012, 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, 2012

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, 2012, 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
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	110,000	8,100	118,100
2018 - 2022	115,000	4,140	119,140
Total	<u>\$ 630,000</u>	<u>\$ 81,720</u>	<u>\$ 711,720</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 \$508,938 and \$801,380, respectively.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Governmental - TAD Bonds			
Year Ending June 30,	Principal	Interest	Total
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	220,000	287,501	507,501
2018 - 2022	1,315,000	1,207,972	2,522,972
2023 - 2027	1,795,000	725,780	2,520,780
2028 - 2030	1,380,000	133,125	1,513,125
Total	<u>\$ 5,455,000</u>	<u>\$ 3,628,597</u>	<u>\$ 9,083,597</u>

Business-type Activities:

Capital Leases

The City and the Acworth Downtown Development Authority entered into an intergovernmental contract for the purpose of constructing a Cable/Fiber Optic System within the City. Bonds were issued in 1999 and 2000 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.

The bonds issued by the Authority have been refinanced to allow for the sale of the system. 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 existing 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.

The hybrid fiber/coax broadband network constructed has been sold and is no longer an asset owned by the City. However, the City still makes 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. Since no asset is owned by the City; the capital lease debt is not included in the calculation of net assets invested in capital assets, net of related debt.

Additionally, the City is obligated under multiple capital lease agreements covering equipment.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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
2013	\$ 403,815	\$ 330,523	\$ 734,338
2014	412,064	316,591	728,655
2015	416,575	300,439	717,014
2016	420,000	284,252	704,252
2017	440,000	267,578	707,578
2018 - 2022	2,505,000	1,059,990	3,564,990
2023 - 2027	3,095,000	518,453	3,613,453
2028 - 2029	700,000	27,818	727,818
Total	<u>\$ 8,392,454</u>	<u>\$ 3,105,644</u>	<u>\$ 11,498,098</u>

The gross amount of Business-type Activities capital assets on the balance sheet recorded under capital leases is \$86,576, and the accumulated depreciation is \$62,870.

(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 \$8,214,716 from the Authority during the period ended June 30, 2012.

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. The City's cost for these services were \$151,335 during the period ended June 30, 2012.

**CITY OF ACWORTH, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Encumbrances

Encumbrances outstanding as of June 30, 2012 are as follows:

General Fund	\$ 41,345
SPLOST Fund	1,478,944
Nonmajor Funds	
Confiscated Assets	24,837
Capital Improvement	<u>103,002</u>
Total	<u>\$ 1,648,128</u>

(10) PROPERTY TAXES

The City bills and collects real and personal property taxes. Prior to fiscal year 2011, Cobb County, Georgia was billing and collecting those taxes on behalf of the City. Ad valorem tax on motor vehicles and mobile homes is collected by the Cobb County Tax Commissioner and remitted to the City. City property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes are levied in September of each year on the assessed valuation of property as of the preceding January 1 and are due within 60 days. Taxes levied on September 16 were due on or before November 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, 2011 were \$572,854,477 and \$41,638,334, respectively.

Based on the 2011 digest millage levy of 7.60, a property tax owner would pay \$7.60 per \$1,000 of assessed valuation. Current tax collections of \$4,270,739 for the fiscal year ended June 30, 2012 were 96.79% of the levy.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(11) FUND BALANCE

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

	General Fund	SPLOST Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Prepays	\$ 245,943	\$ -	\$ 1,250	\$ 247,193
Inventories				
Restricted for:				
Capital projects	-	3,781,005	-	3,781,005
Public safety	137,968	-	95,815	233,783
Culture and recreation	-	-	83,518	83,518
Housing and development	-	-	13	13
Public works	568	-	32,053	32,621
Debt service	507,349	-	-	507,349
Voter appropriation	3,000,000	-	-	3,000,000
Committed for:				
Capital projects	-	-	264,315	264,315
Culture and recreation	13,650	-	-	13,650
Public works	10,752	-	-	10,752
Assigned for:				
Capital projects	-	-	167,718	167,718
Public safety	8,697	-	-	8,697
Culture and recreation	16,965	-	-	16,965
Public works	367	-	-	367
General Gov't	3,193	-	-	3,193
Unassigned	2,882,200	-	-	2,882,200
	<u>\$ 6,827,652</u>	<u>\$ 3,781,005</u>	<u>\$ 644,682</u>	<u>\$ 11,253,339</u>

(12) EMPLOYEE RETIREMENT SYSTEM

The City contributes to the Georgia Municipal Employees Benefit System ("System"), an agent multi-employer public employee retirement system that acts as a common investment and administrative agent for cities in the state of Georgia. For the year ended June 30, 2012, the City's payroll for employees covered by the System's defined benefit plan was \$5,308,998. 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. 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.

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

Amendments were adopted in May 2012 concerning the benefit level and vesting for elected officials. The prior plan called for immediate participation for elected officials. Under the amended plan, future elected officials will have to meet a seven year vesting schedule.

Total pension contributions for the year ended June 30, 2012 were \$435,964 (\$308,689 from the City and \$127,275 from employee contributions).

The net pension obligation was computed from information obtained from the actuarial valuation performed as of January 1, 2012. 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 at 3.5% based on a table of rates based on age and service, which include inflation, (c) no adjustments for cost of living, and (d) no post retirement benefit increases.

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

The amortization of the unfunded actuarial accrued liability is level dollar over 30 years for the initial unfunded accrued liability, 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods. The total amortization must be within a corridor of the 10-year and the 30-year amortization of the unfunded/(surplus) actuarial accrued liability. In a year when the 10-year or 30-year corridor applies, the following year, the prior year bases are combined into one 10-year or 30-year base.

Employer contributions represented 5.81% of current period covered payroll and were in accordance with actuarial recommendations. The normal contribution requirement was \$308,689.

Period Ended	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Amount Contributed
06/30/10	\$ 282,257	101%	\$ 124,037	\$ 284,200
06/30/11	294,615	102%	118,668	299,984
06/30/12	302,222	102%	112,201	308,689

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Required contribution	\$ 308,689
Interest on net pension obligation	9,493
Adjustment to required contribution	<u>(15,960)</u>
Pension cost	302,222
Contributions made	<u>(308,689)</u>
Increase (decrease) in net pension obligation	(6,467)
Net pension obligation, beginning of period	<u>118,668</u>
Net pension obligation, end of period	<u><u>\$ 112,201</u></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)
1/1/2012	\$ 4,732,480	\$ 5,401,138	\$ 668,658	87.62%	\$ 5,308,998	12.59%

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

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

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

(13) POST EMPLOYMENT HEALTHCARE PLAN

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

Plan Description - The City of Acworth OPEB Plan is a single-employer defined benefit healthcare plan administered by the City of Acworth. The City provides medical, prescription drug, and life insurance benefits to retirees. Retirees' spouses are eligible for the same benefits as the retiree with the exception of life insurance. Employees retiring after March 1, 2009 are not provided 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. Per the January 1, 2011 valuation, there were 5 employees fully 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. As of June 30, 2012 there were 9 employees and spouses receiving benefits.

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2012, the City contributed \$31,837 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 employee 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
6/30/2010	\$ 502,127	5%	\$1,232,730	\$ 24,684
6/30/2011	503,226	5%	1,711,976	23,979
6/30/2012	480,418	7%	2,160,558	31,837

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:

Required contribution	\$ 554,111
Interest on net OPEB obligation	68,479
Adjustment to required contribution	(142,172)
OPEB cost	480,418
Contributions made	(31,837)
Increase (decrease) in net OPEB obligation	448,581
Net OPEB obligation, beginning of period	1,711,977
Net OPEB obligation, end of period	<u>\$2,160,558</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

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a twenty five year period. 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	22 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

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

(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, 2012, there were 106 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 1, 2007 to be automatically vested. Employees hired after October 1, 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 1, 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, 2012 was \$876. The City made actual contributions during the year of \$148,520. The participants made actual contributions during the year of \$148,520. The plan held no securities of the City or other related parties during the year.

(15) RISK MANAGEMENT

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

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

The City must participate at all times in at least one fund which is established by

CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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.

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.

**CITY OF ACWORTH, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the RC in Georgia. The RC 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 RC. 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, 2012**

(17) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following funds had expenditures in excess of appropriations for the year ended June 30, 2012:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund:			
General Government			
Former Employees	\$ 33,375	\$ 34,164	\$ 789

These over expenditures were funded by available fund balance.

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)
03/01/07	\$ 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%
01/01/12	4,732,480	5,401,138	668,658	87.6%	5,308,998	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, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Taxes	\$ 7,696,825	\$ 8,164,938	\$ 8,184,459	\$ 19,521
Licenses and Permits	187,800	237,945	248,398	10,453
Intergovernmental	24,500	67,811	55,593	(12,218)
Charges for Services	457,767	505,460	495,091	(10,369)
Fines and Forfeitures	1,075,000	935,669	949,025	13,356
Investment Earnings	15,000	12,000	11,692	(308)
Contributions and Donations	34,750	55,300	55,289	(11)
Other	76,104	89,217	93,852	4,635
Total Revenues	<u>9,567,746</u>	<u>10,068,340</u>	<u>10,093,399</u>	<u>25,059</u>
Expenditures:				
General Government				
Board of Aldermen	169,991	164,584	154,966	9,618
Administration - City Manager's Office	386,792	405,349	394,176	11,173
Elections	5,525	2,590	2,328	262
Financial Administration	386,490	395,183	378,258	16,925
Attorney/Legal Services	83,565	58,565	46,357	12,208
Information Systems	181,648	190,240	176,532	13,708
Former Employees	29,875	33,375	34,164	(789)
Insurance/Risk Management	295,000	285,000	283,835	1,165
External Auditors	35,500	31,170	31,128	42
Government Bldg - City Hall	101,750	97,150	93,451	3,699
Government Bldg - 4400 Acworth Ind Dr	107,500	125,000	117,967	7,033
Government Bldg - 4406 Acworth Ind Dr	8,850	7,850	6,236	1,614
Government Bldg - Other City Property	2,300	2,900	2,149	751
Government Bldg - Old Jail	4,410	4,910	2,913	1,997
Public Information	7,674	5,694	4,186	1,508
General Administration Fees	9,450	9,450	9,280	170
Judicial				
Municipal Court	417,879	380,527	338,509	42,018
Public Safety				
Police	3,291,555	3,352,516	3,254,457	98,059
Jail	680,405	655,208	616,370	38,838
Public Works				
Public Works Administration	233,141	216,141	210,148	5,993
Highways and Streets	527,516	533,254	519,961	13,293
Storm Drainage	18,814	9,814	4,296	5,518
Fleet Maintenance	116,174	116,997	111,535	5,462
Building Maintenance	59,291	61,943	57,214	4,729
Cemetery	20,877	20,811	18,901	1,910
Health and Welfare				
Mosquito Control	5,415	6,292	6,272	20
Culture and Recreation				
Recreation	983,987	1,025,117	991,296	33,821
Athletics	76,298	69,688	63,940	5,748
Community Programs	54,144	57,423	52,598	4,825
Roberts School Rec Facility	29,325	32,932	30,394	2,538
Rosenwald Community Center	7,750	11,350	7,690	3,660
Neighborhood Playgrounds	3,625	3,625	2,967	658
Southshore Park and Beach	4,050	4,550	3,117	1,433
Dallas Landing Beach and Park	27,778	31,330	28,552	2,778

**CITY OF ACWORTH
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Proctor Landing Beach and Park	27,440	30,654	28,751	1,903
Acworth Sports Complex	113,433	118,938	113,967	4,971
Tanyard Creek Park	5,350	7,645	5,773	1,872
Bobby Van Newberry Park	18,080	20,744	18,621	2,123
Cauble Park Facilities	42,185	48,740	40,190	8,550
Logan Farm Park Facilities	21,075	30,816	23,467	7,349
Special Needs Programs	600	16	16	-
Summer Camp Operations	84,956	85,769	67,830	17,939
Special Events Activities	38,750	47,523	45,857	1,666
Concert	14,000	12,110	10,770	1,340
Senior Citizen Luncheon	14,350	13,350	11,550	1,800
Veteran's Memorial	1,181	-	-	-
Parks	5,775	6,050	5,663	387
Tree Commission	1,000	2,495	969	1,526
Historic Preservation	5,700	5,700	1,906	3,794
Transfer to Component Unit	10,000	10,000	10,000	-
Housing and Development				
Conservation / Soil Erosion	55,271	56,037	53,570	2,467
Protective Building Inspections	209,701	211,967	204,464	7,503
Planning and Zoning	166,780	160,989	149,568	11,421
Code Enforcement	49,544	37,603	36,687	916
Economic Development	171,419	179,929	176,152	3,777
Façade Grant Expenditures	2,500	13,000	4,750	8,250
Tax Allocation District	290,868	292,429	292,429	-
Transfer to Component Unit	5,847	2,533	2,533	-
Debt Service	729,744	729,744	729,632	112
Total Expenditures	10,459,893	10,533,309	10,091,258	442,051
Excess (deficiency) of Revenues over Expenditures	(892,147)	(464,969)	2,141	467,110
Other Financing Sources (uses):				
Transfers In	1,548,368	1,406,049	1,356,051	(49,998)
Transfers Out	(700,000)	(1,149,800)	(1,359,800)	(210,000)
Sale of Capital Assets	-	20,035	20,035	-
Total Other Financing Sources (uses)	848,368	276,284	16,286	(259,998)
Net Change in Fund Balance	\$ (43,779)	\$ (188,685)	18,427	\$ 207,112
Fund balance at beginning of year			6,809,225	
Fund balance at end of year			<u>\$ 6,827,652</u>	

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GOVERNMENTAL FUNDS

NONMAJOR COMBINING STATEMENTS

**CITY OF ACWORTH, GEORGIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2012**

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Confiscated Assets	Soil Erosion Fees	Capital Improvement	Debt Service	
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231	\$ -	\$ 231
Investments	-	-	-	-	-	246,696	-	246,696
Prepaid items	-	-	-	-	-	-	1,250	1,250
Due from other funds	-	-	-	-	-	210,000	-	210,000
Due from other governments	-	-	-	-	-	890	-	890
Restricted assets:								
Cash	-	-	-	102,745	-	-	13	102,758
Investments	-	-	83,518	-	32,108	-	-	115,626
Total assets	\$ -	\$ -	\$ 83,518	\$ 102,745	\$ 32,108	\$ 457,817	\$ 1,263	\$ 677,451
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 2,320	\$ -	\$ -	\$ -	\$ 2,320
Retainage payable	-	-	-	-	-	890	-	890
Due to other funds	-	-	-	-	55	24,894	-	24,949
Deferred revenue	-	-	-	4,610	-	-	-	4,610
Total liabilities	-	-	-	6,930	55	25,784	-	32,769
Fund balances:								
Nonspendable	-	-	-	-	-	-	1,250	1,250
Restricted	-	-	83,518	95,815	32,053	-	13	211,399
Committed	-	-	-	-	-	264,315	-	264,315
Assigned	-	-	-	-	-	167,718	-	167,718
Total fund balances	-	-	83,518	95,815	32,053	432,033	1,263	644,682
Total liabilities and fund balances	\$ -	\$ -	\$ 83,518	\$ 102,745	\$ 32,108	\$ 457,817	\$ 1,263	\$ 677,451

**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, 2012**

	Special Revenue Funds					Capital Projects Funds		Total Nonmajor
	Hotel/Motel Tax	Veteran's Memorial	Recreational Impact Fee	Confiscated Assets	Soil Erosion Fees	Capital Improvement	Debt Service	
Revenues:								
Taxes	\$ 112,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,758	\$ 275,727
Charges for services	-	-	15,000	-	1,267	-	-	16,267
Fines and forfeitures	-	-	-	31,734	-	-	-	31,734
Intergovernmental	-	-	-	-	-	8,900	638,610	647,510
Investment earnings	-	-	88	62	40	476	12	678
Contributions and donations	-	-	-	5,000	-	-	-	5,000
Total revenues	112,969	-	15,088	36,796	1,307	9,376	801,380	976,916
Expenditures:								
Current:								
Public safety	-	-	-	107,912	-	-	-	107,912
Public works	-	-	-	-	4,689	-	-	4,689
Culture and recreation	70,605	-	4,400	-	-	-	-	75,005
Capital projects	-	-	-	-	-	978,796	-	978,796
Debt service	-	-	-	-	-	-	508,938	508,938
Total expenditures	70,605	-	4,400	107,912	4,689	978,796	508,938	1,675,340
Excess (deficiency) of revenues over (under) expenditures	42,364	-	10,688	(71,116)	(3,382)	(969,420)	292,442	(698,424)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	624,800	-	624,800
Transfers out	(42,364)	(1,257)	-	-	-	(40,192)	(292,430)	(376,243)
Total other financing sources (uses)	(42,364)	(1,257)	-	-	-	584,608	(292,430)	248,557
Net change in fund balance	-	(1,257)	10,688	(71,116)	(3,382)	(384,812)	12	(449,867)
Fund balance at beginning of year	-	1,257	72,830	166,931	35,435	816,845	1,251	1,094,549
Fund balance at end of year	\$ -	\$ -	\$ 83,518	\$ 95,815	\$ 32,053	\$ 432,033	\$ 1,263	\$ 644,682

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, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 2,291,734	\$ 2,154,300
Investments	1,694,501	1,848,923
Receivables (net of allowance for estimated uncollectibles):		
Taxes	238,662	265,737
Other	714	900
Due from other funds	261,750	137,188
Due from other governments	3,846	7,258
Due from component unit	1,295	577
Prepaid expenditures	245,943	269,441
Restricted assets:		
Cash	3,897,829	3,878,958
Investments	139,762	119,287
Total assets	<u>\$ 8,776,036</u>	<u>\$ 8,682,569</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 653,903	\$ 510,355
Deferred revenue	514,701	528,874
Accrued liabilities	93,102	76,768
Due to other funds	677,596	724,383
Due to component unit	9,082	32,964
Total liabilities	<u>1,948,384</u>	<u>1,873,344</u>
Fund balance:		
Nonspendable	245,943	269,441
Restricted	3,645,885	3,729,973
Committed	24,402	59,525
Assigned	29,222	29,984
Unassigned	2,882,200	2,720,302
Total fund balance	<u>6,827,652</u>	<u>6,809,225</u>
Total liabilities and fund balance	<u>\$ 8,776,036</u>	<u>\$ 8,682,569</u>

**CITY OF ACWORTH, GEORGIA
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 and 2011**

	2012	2011
Revenues:		
Taxes	\$ 8,184,459	\$ 8,091,838
Licenses and permits	248,398	228,062
Charges for services	495,091	526,048
Intergovernmental	55,593	83,084
Fines and forfeitures	949,025	1,156,300
Investment earnings	11,692	63,749
Contributions and donations	55,289	29,067
Other	93,852	74,056
Total revenues	<u>10,093,399</u>	<u>10,252,204</u>
Expenditures:		
Current:		
General government	1,737,926	1,705,337
Public safety	3,870,827	3,779,331
Public works	922,055	944,356
Health and welfare	6,272	1,052
Housing and development	920,153	982,539
Judicial	338,509	358,569
Culture and recreation	1,565,884	1,489,321
Debt service	729,632	732,234
Total expenditures	<u>10,091,258</u>	<u>9,992,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,141</u>	<u>259,465</u>
Other financing sources (uses):		
Transfers in	1,356,051	1,321,505
Transfers out	(1,359,800)	(1,327,700)
Sale of capital assets	20,035	11,214
Total other financing sources (uses)	<u>16,286</u>	<u>5,019</u>
Net change in fund balance	18,427	264,484
Fund balance at beginning of year	<u>6,809,225</u>	<u>6,544,741</u>
Fund balance at end of year	<u>\$ 6,827,652</u>	<u>\$ 6,809,225</u>

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Taxes	\$ 112,969	\$ 115,272
Expenditures:		
Current:		
Culture and recreation	70,605	72,045
Excess of revenues over expenditures	<u>42,364</u>	<u>43,227</u>
Other financing sources (uses):		
Transfers out	<u>(42,364)</u>	<u>(43,227)</u>
Net change in fund balance	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>
Fund balance at end of year	<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, 2012**

	Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$112,971	\$112,969	\$ (2)
Expenditures:			
Current:			
Culture and recreation	70,607	70,605	2
Excess of revenues over expenditures	42,364	42,364	-
Other financing sources (uses):			
Transfers out	(42,364)	(42,364)	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year		-	
Fund balance at end of year		<u>\$ -</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Contributions and donations	\$ -	\$ 675
Total revenues	<u>-</u>	<u>675</u>
Expenditures:		
Current:		
Culture and recreation	-	1,517
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(842)</u>
Other financing sources (uses):		
Transfers out	(1,257)	-
Total other financing sources (uses)	<u>(1,257)</u>	<u>-</u>
Net change in fund balance	(1,257)	(842)
Fund balance at beginning of year	<u>1,257</u>	<u>2,099</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,257</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, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Other financing sources (uses):			
Transfers out	\$ (1,257)	\$ (1,257)	\$ -
Total other financing sources (uses)	<u>(1,257)</u>	<u>(1,257)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,257)</u>	<u>(1,257)</u>	<u>\$ -</u>
Fund balance at beginning of year		<u>1,257</u>	
Fund balance at end of year		<u>\$ -</u>	

**CITY OF ACWORTH, GEORGIA
 RECREATIONAL IMPACT FEE
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Restricted assets:		
Investments	\$ 83,518	\$ 72,830
Total assets	\$ 83,518	\$ 72,830
<u>FUND BALANCE</u>		
Fund balance:		
Restricted	\$ 83,518	\$ 72,830
Total fund balance	\$ 83,518	\$ 72,830

**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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Charges for services	\$ 15,000	\$ 59,500
Investment earnings	88	13
Total revenues	<u>15,088</u>	<u>59,513</u>
Expenditures:		
Current:		
Culture and recreation	<u>4,400</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,688</u>	<u>59,513</u>
Other financing sources (uses):		
Transfers in	<u>-</u>	<u>9,275</u>
Total other financing sources (uses)	<u>-</u>	<u>9,275</u>
Net change in fund balance	10,688	68,788
Fund balance at beginning of year	<u>72,830</u>	<u>4,042</u>
Fund balance at end of year	<u>\$ 83,518</u>	<u>\$ 72,830</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, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 8,000	\$ 15,000	\$ 7,000
Investment earnings	-	88	88
Total revenues	<u>8,000</u>	<u>15,088</u>	<u>7,088</u>
Expenditures:			
Current:			
Culture and recreation	<u>20,000</u>	<u>4,400</u>	<u>15,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,000)</u>	<u>10,688</u>	<u>22,688</u>
Net change in fund balance	<u>\$ (12,000)</u>	10,688	<u>\$ 22,688</u>
Fund balance at beginning of year		<u>72,830</u>	
Fund balance at end of year		<u>\$ 83,518</u>	

**CITY OF ACWORTH, GEORGIA
CONFISCATED ASSETS FUND
SPECIAL REVENUE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Restricted assets:		
Cash	\$ 102,745	\$ 178,971
Total assets	<u>\$ 102,745</u>	<u>\$ 178,971</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,320	\$ 2,396
Deferred revenue	4,610	7,268
Due to other funds	-	2,376
Total liabilities	<u>6,930</u>	<u>12,040</u>
Fund balance:		
Restricted	<u>95,815</u>	<u>166,931</u>
Total fund balance	<u>95,815</u>	<u>166,931</u>
Total liabilities and fund balance	<u>\$ 102,745</u>	<u>\$ 178,971</u>

**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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Fines and forfeitures	\$ 31,734	\$ 93,953
Investment earnings	62	141
Contributions and donations	5,000	-
Other	-	135
Total revenues	<u>36,796</u>	<u>94,229</u>
Expenditures:		
Current:		
Public safety	<u>107,912</u>	<u>49,314</u>
Total expenditures	<u>107,912</u>	<u>49,314</u>
Net change in fund balance	(71,116)	44,915
Fund balance at beginning of year	<u>166,931</u>	<u>122,016</u>
Fund balance at end of year	<u><u>\$ 95,815</u></u>	<u><u>\$ 166,931</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, 2012**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 23,972	\$ 31,734	\$ 7,762
Investment earnings	50	62	12
Contributions and donations	5,000	5,000	-
Total revenues	<u>29,022</u>	<u>36,796</u>	<u>7,774</u>
Expenditures:			
Current:			
Public safety	147,915	107,912	40,003
Total expenditures	<u>147,915</u>	<u>107,912</u>	<u>40,003</u>
Net change in fund balance	<u>\$ (118,893)</u>	(71,116)	<u>\$ 47,777</u>
Fund balance at beginning of year		<u>166,931</u>	
Fund balance at end of year		<u>\$ 95,815</u>	

**CITY OF ACWORTH, GEORGIA
 SOIL EROSION FEES
 SPECIAL REVENUE FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Due from other funds	\$ -	\$ 1,886
Restricted assets:		
Investments	<u>32,108</u>	<u>33,585</u>
Total assets	<u>\$ 32,108</u>	<u>\$ 35,471</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	<u>\$ 55</u>	<u>\$ 36</u>
Total liabilities	<u>55</u>	<u>36</u>
Fund balance:		
Restricted	<u>32,053</u>	<u>35,435</u>
Total fund balance	<u>32,053</u>	<u>35,435</u>
Total liabilities and fund balance	<u>\$ 32,108</u>	<u>\$ 35,471</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Charges for services	\$ 1,267	\$ 2,540
Intergovernmental	-	1,667
Investment earnings	<u>40</u>	<u>61</u>
Total revenues	<u>1,307</u>	<u>4,268</u>
Expenditures:		
Current:		
Public works	<u>4,689</u>	<u>4,967</u>
Total expenditures	<u>4,689</u>	<u>4,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,382)</u>	<u>(699)</u>
Net change in fund balance	(3,382)	(699)
Fund balance at beginning of year	<u>35,435</u>	<u>36,134</u>
Fund balance at end of year	<u>\$ 32,053</u>	<u>\$ 35,435</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, 2012**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for services	\$ 815	\$ 1,267	\$ 452
Investment earnings	35	40	5
Total revenues	<u>850</u>	<u>1,307</u>	<u>457</u>
Expenditures:			
Current:			
Public works	6,387	4,689	1,698
Total expenditures	<u>6,387</u>	<u>4,689</u>	<u>1,698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,537)</u>	<u>(3,382)</u>	<u>2,155</u>
Net change in fund balance	<u>\$ (5,537)</u>	<u>(3,382)</u>	<u>\$ 2,155</u>
Fund balance at beginning of year		<u>35,435</u>	
Fund balance at end of year		<u>\$ 32,053</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.

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, recreation and public safety improvements within the City. The Special Purpose Local Option Sales Tax levies were voter approved in 2005 and 2011.

**CITY OF ACWORTH, GEORGIA
 CAPITAL IMPROVEMENT
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash	\$ 231	\$ 8,362
Investments	246,696	642,488
Receivables	-	-
Due from other governments	890	-
Due from other funds	210,000	165,995
Total assets	<u>\$ 457,817</u>	<u>\$ 816,845</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Retainage payable	\$ 890	\$ -
Due to other funds	24,894	-
Total liabilities	<u>25,784</u>	<u>-</u>
Fund balance:		
Committed	264,315	498,442
Assigned	167,718	318,403
Total fund balance	<u>432,033</u>	<u>816,845</u>
Total liabilities and fund balance	<u>\$ 457,817</u>	<u>\$ 816,845</u>

**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, 2012 AND 2011**

	2012	2011
Revenues:		
Intergovernmental	\$ 8,900	\$ -
Investment earnings	476	330
Total revenues	<u>9,376</u>	<u>330</u>
Expenditures:		
Capital projects	<u>978,796</u>	<u>321,924</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(969,420)</u>	<u>(321,594)</u>
Other financing sources (uses):		
Transfers in	624,800	894,094
Transfers out	<u>(40,192)</u>	<u>(9,275)</u>
Total other financing sources (uses)	<u>584,608</u>	<u>884,819</u>
Net change in fund balance	(384,812)	563,225
Fund balance at beginning of year	<u>816,845</u>	<u>253,620</u>
Fund balance at end of year	<u><u>\$ 432,033</u></u>	<u><u>\$ 816,845</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, 2012**

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 8,811	\$ 8,900	\$ 89
Investment earnings	390	476	86
Total revenues	<u>9,201</u>	<u>9,376</u>	<u>175</u>
Expenditures:			
Capital projects	<u>1,200,427</u>	<u>978,796</u>	<u>221,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,191,226)</u>	<u>(969,420)</u>	<u>221,806</u>
Other financing sources (uses):			
Transfers in	414,800	624,800	210,000
Transfers out	<u>(40,192)</u>	<u>(40,192)</u>	<u>-</u>
Total other financing sources (uses)	<u>374,608</u>	<u>584,608</u>	<u>210,000</u>
Net change in fund balance	<u><u>\$ (816,618)</u></u>	<u>(384,812)</u>	<u><u>\$ 431,806</u></u>
Fund balance at beginning of year		<u>816,845</u>	
Fund balance at end of year		<u><u>\$ 432,033</u></u>	

**CITY OF ACWORTH, GEORGIA
 SPLOST
 CAPITAL PROJECTS FUND
 COMPARATIVE BALANCE SHEET
 JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Due from other governments	\$ 666,606	\$ 405,324
Restricted assets:		
Cash	1,256,104	981,130
Investments	<u>2,215,996</u>	<u>1,903,241</u>
Total assets	<u>\$ 4,138,706</u>	<u>\$ 3,289,695</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Deferred revenue	\$ 40,000	\$ 40,000
Retainage payable	114,717	1,753
Due to other funds	<u>202,984</u>	<u>77,698</u>
Total liabilities	<u>357,701</u>	<u>119,451</u>
Fund balance:		
Restricted	<u>3,781,005</u>	<u>3,170,244</u>
Total fund balance	<u>3,781,005</u>	<u>3,170,244</u>
Total liabilities and fund balance	<u>\$ 4,138,706</u>	<u>\$ 3,289,695</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Intergovernmental	\$ 2,652,567	\$ 2,106,342
Investment earnings	3,463	8,454
Other	-	2,088
	<u>2,656,030</u>	<u>2,116,884</u>
Total revenues		
Expenditures:		
Capital projects	<u>2,085,461</u>	<u>1,963,372</u>
Excess (deficiency) of revenues over (under) expenditures	<u>570,569</u>	<u>153,512</u>
Other financing sources (uses):		
Transfers in	<u>40,192</u>	<u>-</u>
Total other financing sources (uses)	<u>40,192</u>	<u>-</u>
Net change in fund balance	610,761	153,512
Fund balance at beginning of year	<u>3,170,244</u>	<u>3,016,732</u>
Fund balance at end of year	<u><u>\$ 3,781,005</u></u>	<u><u>\$ 3,170,244</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, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,150,386	\$ 2,652,567	\$ 502,181
Investment earnings	3,400	3,463	63
Total revenues	<u>2,153,786</u>	<u>2,656,030</u>	<u>502,244</u>
Expenditures:			
Capital projects	<u>4,537,699</u>	<u>2,085,461</u>	<u>2,452,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,383,913)</u>	<u>570,569</u>	<u>2,954,482</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>40,192</u>	<u>40,192</u>
Total other financing sources (uses)	<u>-</u>	<u>40,192</u>	<u>40,192</u>
Net change in fund balance	<u>\$(2,383,913)</u>	610,761	<u>\$ 2,994,674</u>
Fund balance at beginning of year		<u>3,170,244</u>	
Fund balance at end of year		<u>\$ 3,781,005</u>	

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Prepaid items	\$ 1,250	\$ 1,250
Restricted assets:		
Cash	<u>13</u>	<u>1</u>
Total assets	<u>\$ 1,263</u>	<u>\$ 1,251</u>
<u>FUND BALANCE</u>		
Fund balance:		
Nonspendable	\$ 1,250	\$ 1,250
Restricted	<u>13</u>	<u>1</u>
Total fund balance	<u>1,263</u>	<u>1,251</u>
Total liabilities and fund balance	<u>\$ 1,263</u>	<u>\$ 1,251</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Revenues:		
Taxes	\$ 162,758	\$ 178,328
Intergovernmental	638,610	663,575
Investment earnings	12	-
Total revenues	<u>801,380</u>	<u>841,903</u>
Expenditures:		
Debt service	<u>508,938</u>	<u>508,625</u>
Total expenditures	<u>508,938</u>	<u>508,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>292,442</u>	<u>333,278</u>
Other financing sources (uses):		
Transfers out	<u>(292,430)</u>	<u>(333,278)</u>
Net change in fund balance	12	-
Fund balance at beginning of year	<u>1,251</u>	<u>1,251</u>
Fund balance at end of year	<u><u>\$ 1,263</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, 2012**

	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 162,757	\$ 162,758	\$ 1
Intergovernmental	638,609	638,610	1
Investment earnings	1	12	11
Total revenues	<u>801,367</u>	<u>801,380</u>	<u>13</u>
Expenditures:			
Debt service	508,938	508,938	-
Total expenditures	<u>508,938</u>	<u>508,938</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>292,429</u>	<u>292,442</u>	<u>13</u>
Other financing sources (uses):			
Transfers out	(292,429)	(292,430)	(1)
Total other financing sources (uses)	<u>(292,429)</u>	<u>(292,430)</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	12	<u>\$ 12</u>
Fund balance at beginning of year		<u>1,251</u>	
Fund balance at end of year		<u>\$ 1,263</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, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 79,521	\$ 28,429
Investments	2,337,306	2,065,969
Restricted assets:		
Cash	896,857	861,589
Investments	1,299,418	818,144
Receivables (net of allowance for estimated uncollectibles)		
Utility accounts	1,664,257	1,795,326
Due from other funds	187,478	343,359
Inventory	878,547	725,728
Total current assets	<u>7,343,384</u>	<u>6,638,544</u>
Noncurrent assets:		
Property, plant and equipment, net	5,287,537	5,491,047
Other assets:		
Bond issue costs	107,167	128,600
Total noncurrent assets	<u>5,394,704</u>	<u>5,619,647</u>
Total assets	<u><u>\$ 12,738,088</u></u>	<u><u>\$ 12,258,191</u></u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 722,743	\$ 685,994
Customer deposits	898,591	865,567
Accrued liabilities	60,280	60,804
Accrued compensated absences	26,095	32,033
Unearned revenue	608,761	396,238
Due to other funds	3,671	-
Capital leases - current	377,735	372,057
Total current liabilities	<u>2,697,876</u>	<u>2,412,693</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	6,524	-
Net OPEB obligation	404,891	337,604
Net pension liability	14,586	16,125
Capital lease obligations	6,669,650	6,791,318
Total long-term liabilities	<u>7,095,651</u>	<u>7,145,047</u>
Total liabilities	<u>9,793,527</u>	<u>9,557,740</u>
Fund equity		
Invested in capital assets, net of related debt	5,279,802	5,466,252
Unrestricted	(2,335,241)	(2,765,801)
Total fund equity	<u>2,944,561</u>	<u>2,700,451</u>
Total liabilities and fund equity	<u><u>\$ 12,738,088</u></u>	<u><u>\$ 12,258,191</u></u>

**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, 2012 AND 2011**

	2012	2011
Operating revenues:		
Charges for services	\$ 11,804,109	\$ 11,698,016
Other	476,362	500,111
Total operating revenues	<u>12,280,471</u>	<u>12,198,127</u>
Operating expenses:		
Personal services	1,085,516	1,113,164
Operating	9,800,001	9,051,608
Depreciation	443,471	452,353
Total operating expenses	<u>11,328,988</u>	<u>10,617,125</u>
Operating income	<u>951,483</u>	<u>1,581,002</u>
Nonoperating revenues (expenses):		
Gain (loss) on disposal of capital assets	(59,754)	2,326
Interest income	14,623	13,416
Interest expense	(622,537)	(637,432)
Total nonoperating revenues (expenses)	<u>(667,668)</u>	<u>(621,690)</u>
Income before contributions and transfers	<u>283,815</u>	<u>959,312</u>
Capital contributions	15,295	9,025
Transfers in	750,000	698,000
Transfers out	(805,000)	(715,000)
Increase (decrease) in fund equity	244,110	951,337
Fund equity at beginning of year	<u>2,700,451</u>	<u>1,749,114</u>
Fund equity at end of year	<u>\$ 2,944,561</u>	<u>\$ 2,700,451</u>

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Cash flows from (to) operating activities:		
Cash received from customers	\$12,657,087	\$12,403,995
Cash payments for goods and services	(9,756,519)	(9,175,341)
Cash payments for employee services and fringe benefits	(1,019,706)	(1,023,694)
Net cash from operating activities	<u>1,880,862</u>	<u>2,204,960</u>
Cash flows from (to) noncapital financing activities:		
Transfers in	750,000	698,000
Transfers out	(805,000)	(715,000)
Net cash to noncapital financing activities	<u>(55,000)</u>	<u>(17,000)</u>
Cash flows from (to) capital and related financing activities:		
Contributed capital	15,295	9,025
Proceeds from sale of capital assets	-	3,254
Interest paid	(345,034)	(359,929)
Payments for capital acquisitions	(299,715)	(162,515)
Principal payments on long-term obligations	(372,060)	(383,600)
Net cash from (to) capital and related financing activities	<u>(1,001,514)</u>	<u>(893,765)</u>
Cash flows from (to) investing activities:		
(Purchases) proceeds from sale of investments	(752,611)	(1,576,300)
Interest received from investments	14,623	13,416
Net cash from (to) investing activities	<u>(737,988)</u>	<u>(1,562,884)</u>
Net increase (decrease) in cash	86,360	(268,689)
Cash at beginning of year (including \$861,589 and \$839,379 in restricted cash)	<u>890,018</u>	<u>1,158,707</u>
Cash at end of year (including \$896,857 and \$861,589 in restricted cash)	<u>\$ 976,378</u>	<u>\$ 890,018</u>

**CITY OF ACWORTH, GEORGIA
ELECTRICAL POWER
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 951,483	\$ 1,581,002
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	443,471	452,353
Change in assets and liabilities:		
(Increase) decrease in utility accounts receivable	131,069	33,052
(Increase) decrease in inventory	(152,819)	21,432
(Increase) decrease in due from other funds	155,881	(88,760)
Increase (decrease) in net OPEB liability	67,287	91,058
Increase (decrease) in net pension liability	(1,539)	16,125
Increase (decrease) in accounts payable	36,749	(2,418)
Increase (decrease) in accrued liabilities	62	(17,713)
Increase (decrease) in unearned revenue	212,523	150,162
Increase (decrease) in due to other funds	3,671	(53,987)
Increase (decrease) in customer deposits	33,024	22,654
Net cash from operating activities	<u>\$ 1,880,862</u>	<u>\$ 2,204,960</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 345,034</u>	<u>\$ 359,929</u>

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 655,664	\$ 512,165
Restricted assets:		
Cash	180,316	174,497
Receivables (net of allowance for estimated uncollectibles):		
Utility accounts	124,008	122,136
Due from other funds	13,457	26,613
Total current assets	<u>973,445</u>	<u>835,411</u>
Noncurrent assets:		
Property, plant and equipment, net	<u>225,927</u>	<u>294,081</u>
Total assets	<u>\$ 1,199,372</u>	<u>\$ 1,129,492</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accrued liabilities	\$ 9,384	\$ 7,224
Accrued compensated absences	13,216	15,340
Customer deposits	180,316	174,497
Due to other funds	30,578	52,860
Capital leases - current	26,080	25,132
Total current liabilities	<u>259,574</u>	<u>275,053</u>
Long-term liabilities (net of current portion):		
Accrued compensated absences	3,304	-
Net pension liability	7,854	8,683
Capital lease obligations	38,639	64,719
Total long-term liabilities	<u>49,797</u>	<u>73,402</u>
Total liabilities	<u>309,371</u>	<u>348,455</u>
Fund equity:		
Invested in capital assets, net of related debt	161,208	204,230
Unrestricted	728,793	576,807
Total fund equity	<u>890,001</u>	<u>781,037</u>
Total liabilities and fund equity	<u>\$ 1,199,372</u>	<u>\$ 1,129,492</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,499,678	\$ 1,485,443
Other	-	51
Total operating revenues	<u>1,499,678</u>	<u>1,485,494</u>
Operating expenses:		
Personal services	653,943	643,696
Operating	454,259	445,912
Depreciation	110,300	98,654
Total operating expenses	<u>1,218,502</u>	<u>1,188,262</u>
Operating income (loss)	<u>281,176</u>	<u>297,232</u>
Nonoperating revenues (expenses):		
Interest income	711	1,371
Interest expense	(2,909)	(3,823)
Gain (loss) on sale of capital assets	(14)	(95)
Total nonoperating revenues (expenses)	<u>(2,212)</u>	<u>(2,547)</u>
Income (loss) before transfers	<u>278,964</u>	<u>294,685</u>
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>
Increase (decrease) in fund equity	108,964	124,685
Fund equity at beginning of year	<u>781,037</u>	<u>656,352</u>
Fund equity at end of year	<u>\$ 890,001</u>	<u>\$ 781,037</u>

**CITY OF ACWORTH, GEORGIA
SANITATION
ENTERPRISE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
Cash flows from (to) operating activities:		
Cash received from customers	\$ 1,503,625	\$ 1,488,640
Cash payments for goods and services	(463,385)	(434,329)
Cash payments for employee services and fringe benefits	(651,432)	(645,816)
Net cash from (to) operating activities	<u>388,808</u>	<u>408,495</u>
Cash flows from (to) noncapital financing activities:		
Transfers out	(170,000)	(170,000)
Net cash from (to) noncapital financing activities	<u>(170,000)</u>	<u>(170,000)</u>
Cash flows from (to) capital and related financing activities:		
Interest paid	(2,909)	(3,823)
Payments for capital acquisitions	(42,160)	(35,992)
Principal payments on long-term obligations	(25,132)	(24,218)
Net cash from (to) capital and related financing activities	<u>(70,201)</u>	<u>(64,033)</u>
Cash flows from (to) investing activities:		
(Purchases) proceeds from sale of investments	-	101,038
Interest received from investments	711	1,371
Net cash from (to) investing activities	<u>711</u>	<u>102,409</u>
Net increase (decrease) in cash	149,318	276,871
Cash at beginning of year (including \$174,497 and \$170,414 in restricted cash)	<u>686,662</u>	<u>409,791</u>
Cash at end of year (including \$180,316 and \$174,497 in restricted cash)	<u>\$ 835,980</u>	<u>\$ 686,662</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 281,176	\$ 297,232
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	110,300	98,654
Change in assets and liabilities:		
(Increase) decrease in utility accounts receivable	(1,872)	(937)
(Increase) decrease in due from other funds	13,156	(26,613)
Increase (decrease) in net pension liability	(829)	8,683
Increase (decrease) in accrued liabilities	3,340	(10,803)
Increase (decrease) in customer deposits	5,819	4,083
Increase (decrease) in due to other funds	(22,282)	38,196
Net cash from operating activities	<u>\$ 388,808</u>	<u>\$ 408,495</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 2,909</u>	<u>\$ 3,823</u>

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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, administers the City's Occupational Tax and Property Tax programs. 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, 2012**

ASSETS	Customer Service Fund	Insurance	Totals
Current assets:			
Cash	\$ 125,117	\$ -	\$ 125,117
Accounts receivable	2,203	-	2,203
Prepaid items	3,641	206,854	210,495
Due from other funds	2,169	265,203	267,372
	<hr/>	<hr/>	<hr/>
Total current assets	133,130	472,057	605,187
	<hr/>	<hr/>	<hr/>
Total assets	\$ 133,130	\$ 472,057	\$ 605,187
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts and claims payable	\$ 979	\$ 54,786	\$ 55,765
Accrued liabilities	6,061	-	6,061
Accrued compensated absences	8,997	-	8,997
Due to other funds	279	-	279
	<hr/>	<hr/>	<hr/>
Total current liabilities	16,316	54,786	71,102
Long-term liabilities (net of current portion):			
Accrued compensated absences	2,249	-	2,249
Net pension liability	5,250	-	5,250
	<hr/>	<hr/>	<hr/>
Total long-term liabilities	7,499	-	7,499
	<hr/>	<hr/>	<hr/>
Total liabilities	23,815	54,786	78,601
	<hr/>	<hr/>	<hr/>
Fund equity (deficit):			
Unrestricted	109,315	417,271	526,586
	<hr/>	<hr/>	<hr/>
Total fund equity (deficit)	109,315	417,271	526,586
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	\$ 133,130	\$ 472,057	\$ 605,187
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Customer Service Fund	Insurance	Totals
Operating revenues:			
Charges for services	\$ 559,232	\$ 1,447,163	\$ 2,006,395
Other	13,297	25,000	38,297
Total operating revenues	<u>572,529</u>	<u>1,472,163</u>	<u>2,044,692</u>
Operating expenses:			
Personal services	371,841	-	371,841
Operating	99,562	1,397,833	1,497,395
Depreciation	1,956	-	1,956
Total operating expenses	<u>473,359</u>	<u>1,397,833</u>	<u>1,871,192</u>
Operating income (loss)	<u>99,170</u>	<u>74,330</u>	<u>173,500</u>
Income (loss) before transfers	<u>99,170</u>	<u>74,330</u>	<u>173,500</u>
Transfers out	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	39,170	74,330	113,500
Fund equity at beginning of year	<u>70,145</u>	<u>342,941</u>	<u>413,086</u>
Fund equity at end of year	<u>\$ 109,315</u>	<u>\$ 417,271</u>	<u>\$ 526,586</u>

**CITY OF ACWORTH, GEORGIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Customer Service Fund	Insurance	Totals
Cash flows from (to) operating activities:			
Cash received from contributions and services provided	\$ 571,659	\$ 1,391,719	\$ 1,963,378
Cash payments for goods and services	(108,533)	-	(108,533)
Cash payments for benefits and claims	-	(1,391,719)	(1,391,719)
Cash payments for employee services and fringe benefits	(370,796)	-	(370,796)
Net cash from (to) operating activities	<u>92,330</u>	<u>-</u>	<u>92,330</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	32,330	-	32,330
Cash at beginning of year	<u>92,787</u>	<u>-</u>	<u>92,787</u>
Cash at end of year	<u>\$ 125,117</u>	<u>\$ -</u>	<u>\$ 125,117</u>
Reconciliation of operating income (loss) to net cash from (to) operating activities:			
Operating income (loss)	\$ 99,170	\$ 74,330	\$ 173,500
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:			
Depreciation	1,956	-	1,956
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(365)	-	(365)
(Increase) decrease in prepaid expenses	(3,641)	(15,742)	(19,383)
(Increase) decrease in due from other funds	(505)	(80,444)	(80,949)
Increase (decrease) in net pension liability	(554)	-	(554)
Increase (decrease) in accounts and claims payable	(1,391)	21,856	20,465
Increase (decrease) in accrued liabilities	1,599	-	1,599
Increase (decrease) in due to other funds	(3,939)	-	(3,939)
Net cash from (to) operating activities	<u>\$ 92,330</u>	<u>\$ -</u>	<u>\$ 92,330</u>

**CITY OF ACWORTH, GEORGIA
CUSTOMER SERVICE
INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Cash	\$ 125,117	\$ 92,787
Accounts receivable	2,203	1,838
Prepaid items	3,641	-
Due from other funds	2,169	1,664
	<u>133,130</u>	<u>96,289</u>
Total current assets		
Property, plant and equipment, net	-	1,956
	<u>-</u>	<u>1,956</u>
Total assets	<u>\$ 133,130</u>	<u>\$ 98,245</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 979	\$ 2,370
Accrued liabilities	6,061	4,469
Accrued compensated absences	8,997	11,239
Due to other funds	279	4,218
	<u>16,316</u>	<u>22,296</u>
Total current liabilities		
Long-term liabilities (net of current portion):		
Accrued compensated absences	2,249	-
Net pension liability	5,250	5,804
	<u>7,499</u>	<u>5,804</u>
Total long-term liabilities		
Total liabilities	<u>23,815</u>	<u>28,100</u>
Fund equity (deficit):		
Invested in capital assets, net of related debt	-	1,956
Unrestricted	109,315	68,189
	<u>109,315</u>	<u>70,145</u>
Total fund equity (deficit)	<u>109,315</u>	<u>70,145</u>
Total liabilities and fund equity	<u>\$ 133,130</u>	<u>\$ 98,245</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 559,232	\$ 568,935
Other	13,297	10,865
Total operating revenues	<u>572,529</u>	<u>579,800</u>
Operating expenses:		
Personal services	371,841	389,790
Operating	99,562	124,900
Depreciation	1,956	4,326
Total operating expenses	<u>473,359</u>	<u>519,016</u>
Operating income (loss)	<u>99,170</u>	<u>60,784</u>
Income (loss) before transfers	99,170	60,784
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>
Increase (decrease) in fund equity	39,170	784
Fund equity at beginning of year	<u>70,145</u>	<u>69,361</u>
Fund equity at end of year	<u>\$ 109,315</u>	<u>\$ 70,145</u>

**CITY OF ACWORTH, GEORGIA
CUSTOMER SERVICE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from (to) operating activities:		
Cash received from customers	\$ 571,659	\$ 624,642
Cash payments for goods and services	(108,533)	(129,265)
Cash payments for employee services and fringe benefits	<u>(370,796)</u>	<u>(393,045)</u>
Net cash from (to) operating activities	<u>92,330</u>	<u>102,332</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	32,330	42,332
Cash at beginning of year	<u>92,787</u>	<u>50,455</u>
Cash at end of year	<u><u>\$ 125,117</u></u>	<u><u>\$ 92,787</u></u>
Reconciliation of operating income (loss) to net cash from (to) operating activities:		
Operating income (loss)	\$ 99,170	\$ 60,784
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:		
Depreciation	1,956	4,326
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(365)	(804)
(Increase) decrease in prepaid expenses	(3,641)	-
(Increase) decrease in due from other funds	(505)	45,646
Increase (decrease) in net pension liability	(554)	5,804
Increase (decrease) in accounts payable	(1,391)	1,060
Increase (decrease) in accrued liabilities	1,599	(9,059)
Increase (decrease) in due to other funds	<u>(3,939)</u>	<u>(5,425)</u>
Net cash from (to) operating activities	<u><u>\$ 92,330</u></u>	<u><u>\$ 102,332</u></u>

**CITY OF ACWORTH, GEORGIA
INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2012 AND 2011**

<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Current assets:		
Prepaid items	\$ 206,854	\$ 191,112
Due from other funds	265,203	184,759
Total assets	<u>\$ 472,057</u>	<u>\$ 375,871</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities:		
Accounts and claims payable	\$ 54,786	\$ 32,930
Total liabilities	<u>54,786</u>	<u>32,930</u>
Fund equity:		
Unrestricted	<u>417,271</u>	<u>342,941</u>
Total fund equity	<u>417,271</u>	<u>342,941</u>
Total liabilities and fund equity	<u>\$ 472,057</u>	<u>\$ 375,871</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Operating revenues:		
Charges for services	\$ 1,447,163	\$ 1,441,876
Other	25,000	-
Total operating revenues	<u>1,472,163</u>	<u>1,441,876</u>
Operating expenses:		
Operating	<u>1,397,833</u>	<u>1,320,185</u>
Total operating expenses	<u>1,397,833</u>	<u>1,320,185</u>
Operating income (loss)	<u>74,330</u>	<u>121,691</u>
Increase (decrease) in fund equity	74,330	121,691
Fund equity at beginning of year	<u>342,941</u>	<u>221,250</u>
Fund equity at end of year	<u>\$ 417,271</u>	<u>\$ 342,941</u>

**CITY OF ACWORTH, GEORGIA
INSURANCE
INTERNAL SERVICE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from (to) operating activities:		
Cash received from customers	\$ 1,391,719	\$ 1,396,033
Cash payments for benefits and claims	<u>(1,391,719)</u>	<u>(1,396,033)</u>
Net increase (decrease) in cash	-	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Reconciliation of operating income (loss) to net cash from (to) operating activities:		
Operating income (loss)	\$ 74,330	\$ 121,691
Adjustments to reconcile operating income (loss) to net cash from (to) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaid expenses	(15,742)	(86,081)
(Increase) decrease in due from other funds	(80,444)	(45,843)
Increase (decrease) in accounts and claims payable	21,856	10,233
Increase (decrease) in due to other funds	<u>-</u>	<u>-</u>
Net cash from (to) operating activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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SUPPLEMENTAL INFORMATION

CITY OF ACWORTH, GEORGIA
NON-MAJOR DISCRETELY PRESENTED COMPONENT UNITS
COMBINING BALANCE SHEET
JUNE 30, 2012

	Nonmajor			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
ASSETS				
Cash	\$ 48,013	\$ -	\$ 16,323	\$ 64,336
Investments	4	-	93,959	93,963
Due from other governments	-	-	7,396	7,396
Due from primary government	2,300	6,782	-	9,082
Total assets	\$ 50,317	\$ 6,782	\$ 117,678	\$ 174,777
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	\$ 580	\$ -	\$ 1,500	\$ 2,080
Due to primary government	-	-	1,295	1,295
Total liabilities	580	-	2,795	3,375
Equity:				
Fund balance:				
Unassigned	49,737	6,782	114,883	171,402
Total equity	49,737	6,782	114,883	171,402

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.

-	630,000	-	630,000
---	---------	---	---------

Capital assets used in the component units are not financial resources and, therefore, are not reported in the funds.

32,645	5,500	7,041	45,186
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Unmatured bonds

-	(630,000)	-	(630,000)
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Unamortized bond issue costs

-	27,000	-	27,000
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Net assets of component units

\$ 82,382	\$ 39,282	\$ 121,924	\$ 243,588
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**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, 2012**

	Non-major			Total
	Acworth Downtown Development Authority	Acworth Lake Authority	Acworth Convention and Visitors Bureau	
Revenues:				
Intergovernmental	\$ 2,533	\$ 10,000	\$ 28,242	\$ 40,775
Investment earnings	34	-	110	144
Other	4,286	-	6,881	11,167
Total revenues	6,853	10,000	35,233	52,086
Expenditures:				
Culture and recreation	-	13,471	26,405	39,876
Housing and development	13,282	-	-	13,282
Total expenditures	13,282	13,471	26,405	53,158
Excess (deficiency) of revenues over (under) expenditures	(6,429)	(3,471)	8,828	(1,072)
Net change in fund balance	(6,429)	(3,471)	8,828	(1,072)
Fund balance at beginning of year	56,166	10,253	106,055	172,474
Fund balance at end of year	\$ 49,737	\$ 6,782	\$ 114,883	\$ 171,402

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)
----------------------	------	------------	------------	------------

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	(6,429)	(3,471)	8,828	(1,072)
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Change in net assets of component units on the statement of activities	\$ (6,429)	\$ (8,971)	\$ 5,765	\$ (9,635)
--	------------	------------	----------	------------

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2012**

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	10/1/2012	\$ 52,175	\$ 1,263	\$ 50,912
	1/1/2013	52,172	969	51,203
		<u>\$ 104,347</u>	<u>\$ 2,232</u>	<u>\$ 102,115</u>
City Hall and Sports Complex 4/2/03 ; \$5,580,000 ; Interest payment semi-annual; Principal payment annually	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	<u>392,213</u>	<u>7,213</u>	<u>385,000</u>	
	<u>\$ 4,421,249</u>	<u>\$ 851,249</u>	<u>\$ 3,570,000</u>	
Tax Allocation District Bonds Lakeside Project Series 2004 bi-annual debt service; 6.25% Debt service is paid from tax increment within district	12/01/12	\$ 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

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2012**

DESCRIPTION	PAYMENT DATE	DEBT		
		SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	06/01/20	117,188	117,188	-
	12/01/20	397,188	117,188	280,000
	06/01/21	108,438	108,438	-
	12/01/21	403,438	108,438	295,000
	06/01/22	99,219	99,219	-
	12/01/22	414,219	99,219	315,000
	06/01/23	89,375	89,375	-
	12/01/23	424,375	89,375	335,000
	06/01/24	78,906	78,906	-
	12/01/24	438,906	78,906	360,000
	06/01/25	67,656	67,656	-
	12/01/25	447,656	67,656	380,000
	06/01/26	55,781	55,781	-
	12/01/26	460,781	55,781	405,000
	06/01/27	43,125	43,125	-
	12/01/27	473,125	43,125	430,000
	06/01/28	29,688	29,688	-
	12/01/28	489,688	29,688	460,000
	06/01/29	15,312	15,312	-
	12/01/29	<u>505,312</u>	<u>15,312</u>	<u>490,000</u>
		<u>\$ 9,083,597</u>	<u>\$ 3,628,597</u>	<u>\$ 5,455,000</u>
Recreation Facilities	1/1/2013	\$ 11,340	\$ 11,340	\$ -
Installment Sales Agreement - Acworth Lake Authority revenue Bonds, Series 2008	7/1/2013	106,340	11,340	95,000
\$975,000 @ 3.6% interest rate	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	<u>117,070</u>	<u>2,070</u>	<u>115,000</u>
		<u>\$ 711,720</u>	<u>\$ 81,720</u>	<u>\$ 630,000</u>
		<u>\$ 14,320,913</u>	<u>\$ 4,563,798</u>	<u>\$ 9,757,115</u>
Net pension obligation				\$ 84,511
Net OPEB obligation				1,755,667
Accrued compensated absences				<u>171,009</u>
TOTAL GENERAL LONG-TERM DEBT				<u>\$ 11,768,302</u>

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2012**

DESCRIPTION	PAYMENT DATE	DEBT		
		SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
ENTERPRISE FUNDS				
Electrical Power Fund				
CableNET Project Refunding Bonds; Series 2008	1/1/2013	\$ 165,152	\$ 165,152	\$ -
\$9,645,000; Fixed Rate - 3.97%	7/1/2013	535,152	165,152	370,000
Mature - 07/01/2028	1/1/2014	157,808	157,808	-
	7/1/2014	542,808	157,808	385,000
	1/1/2015	150,166	150,166	-
	7/1/2015	555,166	150,166	405,000
	1/1/2016	142,126	142,126	-
	7/1/2016	562,126	142,126	420,000
	1/1/2017	133,789	133,789	-
	7/1/2017	573,789	133,789	440,000
	1/1/2018	125,055	125,055	-
	7/1/2018	585,055	125,055	460,000
	1/1/2019	115,924	115,924	-
	7/1/2019	595,924	115,924	480,000
	1/1/2020	106,396	106,396	-
	7/1/2020	606,396	106,396	500,000
	1/1/2021	96,471	96,471	-
	7/1/2021	616,471	96,471	520,000
	1/1/2022	86,149	86,149	-
	7/1/2022	631,149	86,149	545,000
	1/1/2023	75,331	75,331	-
	7/1/2023	640,331	75,331	565,000
	1/1/2024	64,116	64,116	-
	7/1/2024	654,116	64,116	590,000
	1/1/2025	52,404	52,404	-
	7/1/2025	672,404	52,404	620,000
	1/1/2026	40,097	40,097	-
	7/1/2026	685,097	40,097	645,000
	1/1/2027	27,279	27,279	-
	7/1/2027	702,279	27,279	675,000
	1/1/2028	13,909	13,909	-
	7/1/2028	713,909	13,909	700,000
		<u>\$ 11,424,344</u>	<u>\$ 3,104,344</u>	<u>\$ 8,320,000</u>
2007 Yanmar Skid Steer				
07/09/2007; \$44,076; 4.860%	7/15/2012	\$ 831	\$ 5	\$ 826
\$829.61 / month		<u>\$ 831</u>	<u>\$ 5</u>	<u>\$ 826</u>
2008 Turrett Flat Bed trailer	7/15/2012	\$ 780	\$ 21	\$ 759
02/06/2008; \$42,500; 3.660%	8/15/2012	779	19	760
\$779.27/ month	9/15/2012	779	16	763

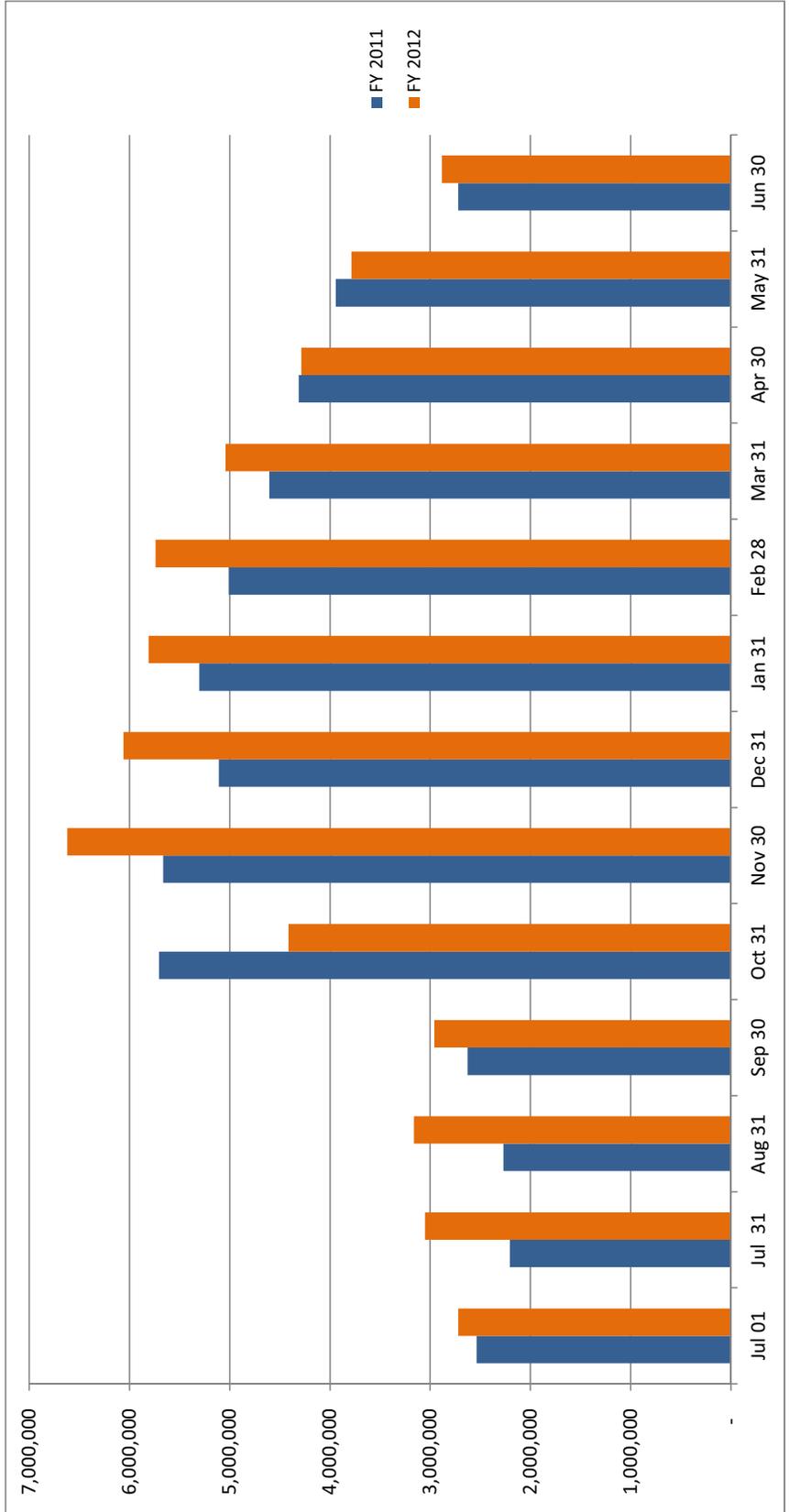
**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2012**

DESCRIPTION	PAYMENT DATE	DEBT		PRINCIPAL PORTION
		SERVICE PAYMENT	INTEREST PORTION	
	10/15/2012	779	14	765
	11/15/2012	780	12	768
	12/15/2012	779	9	770
	1/15/2013	779	6	773
	2/15/2013	779	4	775
	3/15/2013	778	2	776
		<u>\$ 7,012</u>	<u>\$ 103</u>	<u>\$ 6,909</u>
Deferred Charges - Loss on refunding				\$ (1,280,350)
Net pension obligation				14,586
Net OPEB obligation				404,891
Compensated absences				<u>32,619</u>
Total Electrical Power Fund				<u>\$ 7,499,481</u>
Sanitation Fund				
2010 Freightliner Leaf Vacuum; 12/04/2009; 3.71%; \$2,336.71/monthly	8/4/2012	\$ 2,337	\$ 200	\$ 2,137
	9/4/2012	2,337	193	2,144
	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	2,184
	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	130	2,207
	8/4/2013	2,337	119	2,218
	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

**CITY OF ACWORTH, GEORGIA
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2012**

DESCRIPTION	PAYMENT DATE	DEBT SERVICE PAYMENT	INTEREST PORTION	PRINCIPAL PORTION
	11/4/2014	2,337	14	2,323
	12/4/2014	2,336	11	2,325
		<u>\$ 67,772</u>	<u>\$ 3,053</u>	<u>\$ 64,719</u>
Net pension obligation				\$ 7,854
Compensated Absences				<u>16,520</u>
Total Solid Waste Sanitation Fund				<u>\$ 89,093</u>
TOTAL ENTERPRISE FUNDS				<u>\$ 7,588,574</u>
INTERNAL SERVICE FUNDS				
Customer Service Fund				
Net pension obligation				\$ 5,250
Compensated Absences				<u>11,246</u>
TOTAL INTERNAL SERVICE FUNDS				<u>\$ 16,496</u>

**CITY OF ACWORTH, GEORGIA
GENERAL FUND SCHEDULE OF UNASSIGNED FUND BALANCE BY MONTH
FISCAL YEARS 2011 AND 2012**



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.	111 – 117
Revenue Capacity These schedules contain information to help readers assess the City's most significant local revenue sources.	118 – 124
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.	125 – 128
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.	129, 130
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.	131 – 133

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 Ten 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	2012
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	\$32,450,678
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	7,639,539
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)	(3,157,734)
Subtotal Governmental Activities Net Assets	13,674,353	14,583,030	9,676,598	38,199,041	39,390,634	39,681,478	36,431,341	36,610,531	36,576,948	36,932,483
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	5,441,010
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)	(1,410,152)
Subtotal Business-Type Activities Net Assets	10,070,162	201,121	(373,843)	657,623	2,500,160	2,245,261	1,989,547	2,517,830	3,623,005	4,030,858
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	37,891,688
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	7,639,539
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)	(4,567,886)
Total Primary Government Net Assets	\$ 23,744,515	\$ 14,784,151	\$ 9,302,755	\$38,856,664	\$41,890,794	\$41,926,739	\$38,420,888	\$39,128,361	\$40,199,953	\$40,963,341

Notes:
 (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 Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended December 31,									
	2003	2004	2005 (1)	2006	2007	2008	2009 (2)	2010	2011	2012
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	\$ 13,704,088
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	13,058,171
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	26,762,259
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	4,595,299
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	13,795,444
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	18,390,743
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)	(8,371,516)
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	9,464,324
Business-type activities	(845,258)	(10,689,322)	351,163	290,138	1,097,141	(457,360)	(80,027)	(80,270)	(232,213)	(329,420)
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	9,134,904
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	\$ 763,388

Notes:

- (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 Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009 (1)	2010	2011	2012
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	\$ 1,968,349
Judicial	244,813	256,038	243,558	291,072	363,383	406,441	237,822	423,891	371,570	350,971
Health and welfare	2,871	1,550	2,566	13,517	3,112	3,112	1,456	1,749	1,052	6,272
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	3,470,031
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	2,084,218
Public safety	2,657,134	2,902,935	2,857,775	3,025,874	3,583,909	4,067,441	1,950,445	4,068,427	4,122,196	4,312,844
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	970,252
Interest and fiscal charges	203,818	309,222	654,166	660,325	643,457	635,536	313,112	603,875	573,085	541,351
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	13,646,566	13,704,088
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	217,284
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228	1,156,300	948,875
Public works	9,970	41,527	37,892	35,746	24,085	25,724	6,820	9,090	26,793	20,982
Culture and recreation	313,230	316,186	291,369	367,783	363,368	336,271	171,720	363,160	457,073	394,608
Public safety	87,909	136,303	113,146	47,943	64,367	27,246	11,401	25,312	22,526	27,389
Housing and development	388,694	342,062	386,137	439,748	423,272	302,367	70,775	215,680	125,153	193,495
Operating grants and contributions	-	5,000	7,549	4,769	2,855	41,629	52,761	185,071	51,166	96,153
Capital grants and contributions	302,583	23,042	229,308	5,792,213	3,011,179	2,201,668	1,116,991	2,631,914	2,166,754	2,696,513
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	4,595,299
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)	(9,108,789)
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	4,874,050
Insurance premium tax	576,543	624,816	672,221	703,311	733,632	751,205	-	744,158	722,530	958,018
Alcohol taxes	273,214	306,848	372,953	417,803	454,868	461,838	222,419	434,368	430,223	458,547
Hotel, motel tax	124,420	124,992	122,679	134,925	127,745	115,685	49,262	109,608	115,272	112,969
Franchise taxes	638,683	750,487	857,847	920,760	1,110,268	1,092,569	690,534	1,288,181	1,381,657	1,383,083
Financial institution tax	13,600	22,773	22,766	14,394	17,638	17,636	50,373	20,287	29,702	25,798
Business Taxes	-	-	276,886	373,889	436,204	436,024	823	401,509	392,470	409,776
Contributions not restricted to a specific program	-	-	176,364	236,892	791,847	789,745	17,767	743,031	663,575	638,610
Operating grants not restricted to a specific program	-	-	283,163	280,749	344,105	291,701	-	369,494	247,293	246,349
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	12,370
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	344,754
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	9,464,324
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)	\$ 355,535

(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 Ten 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	2012				
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	\$ 11,836,746				
CableNET (1)	-	-	1,865,541	-	-	-	-	-	-	-				
Sanitation	889,054	1,013,363	1,064,027	1,083,968	1,131,930	1,227,152	567,482	1,177,329	1,192,180	1,221,425				
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	13,058,171				
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	12,280,471				
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	1,499,678				
Operating grants and contributions	192,024	209,399	207,012	-	-	-	-	-	-	-				
Capital grants and contributions	58,281	163,773	68,324	268,700	128,265	35,409	9,531	2,125	9,025	15,295				
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	13,795,444				
Net (Expense) Revenue	910,703	820,281	(926,127)	741,328	745,396	202,461	(195,687)	580,746	1,337,388	737,273				
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	15,334				
Gain (loss) on Lease Receivable	-	(9,900,000)	-	-	-	-	-	-	-	-				
Gain (loss) on sale of capital assets	144	-	-	-	-	-	-	-	-	-				
Transfers	(655,803)	(800,803)	339,387	(52,593)	(157,973)	(635,332)	(77,387)	(96,083)	(247,000)	(344,754)				
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)	(329,420)				
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	\$ 407,853				

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 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 Ten 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	2012
Governmental Activities										
General government	\$ 401,585	\$ 375,042	\$ 140,928	\$ 188,993	\$ 193,933	\$ 180,197	\$ 71,358	\$ 167,312	\$ 190,155	\$ 217,284
Judicial	434,770	535,294	541,993	577,548	846,483	852,567	538,723	1,061,228	1,156,300	948,875
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	2,677,012
Culture and recreation	510,188	334,777	522,303	460,149	1,247,849	660,011	328,999	625,495	486,815	458,797
Public safety	87,909	136,303	119,069	126,229	191,209	68,415	64,162	152,132	94,241	99,836
Housing and development	388,694	347,062	386,137	433,748	423,272	302,367	70,775	215,680	125,153	193,495
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	4,595,299
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	12,295,766
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	1,499,678
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	13,795,444
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	\$ 18,390,743

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 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>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>	<u>2012</u>
General Fund										
Reserved	\$ 3,711,543	\$ 9,653,592	\$ 3,790,647	\$ 3,831,239	\$ 3,808,080	\$ 3,808,585	\$ 4,014,399	\$ -	\$ -	\$ -
Unreserved	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	245,943
Restricted	-	-	-	-	-	-	-	3,710,718	3,729,973	3,645,885
Committed	-	-	-	-	-	-	-	7,698	59,525	24,402
Assigned	-	-	-	-	-	-	-	34,468	29,984	29,222
Unassigned	-	-	-	-	-	-	-	2,537,862	2,720,302	2,882,200
Total General Fund	\$ 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	\$ 6,827,652
All Other Governmental Funds										
Reserved	\$ 130,864	\$ 128,497	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Revenue Funds	3,476,092	616,897	19,245	752,241	118,037	1,137,042	186,617	-	-	-
Capital Projects/Improvements	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	(72,249)	696,906	666,154	381,377	361,116	260,841	-	-	-
Capital Projects/Improvements	-	-	430,695	521,819	1,806,940	924,119	1,609,492	-	-	-
Non-spendable	-	-	-	-	-	-	-	1,250	1,250	1,250
Restricted	-	-	-	-	-	-	-	3,181,024	3,446,698	3,992,404
Committed	-	-	-	-	-	-	-	10,167	498,442	264,315
Assigned	-	-	-	-	-	-	-	507,681	318,403	167,718
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 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	\$ 4,425,687

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. All subsequent years end 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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 4,174,416	\$ 5,631,546	\$ 6,327,560	\$ 7,048,319	\$ 7,906,346	\$ 8,001,223	\$ 1,371,320	\$ 8,531,068	\$ 8,385,438	\$ 8,460,186
Licenses and permits	1,672,266	381,622	435,239	523,353	343,770	275,196	89,141	217,691	228,062	248,398
Intergovernmental	285,948	17,511	683,020	2,094,595	3,626,295	3,008,241	1,049,663	3,370,402	2,854,668	3,355,670
Charges for services	-	1,338,325	426,213	466,873	439,446	703,809	205,484	491,125	517,494	511,558
Culture and recreation	132,270	-	-	-	-	-	-	-	-	-
Fines and forfeitures	444,601	552,507	605,605	605,048	881,110	893,736	585,684	1,074,817	1,250,253	980,759
Investment earnings	111,551	132,601	187,133	322,276	426,679	319,312	77,005	125,120	72,914	15,833
Contributions and donations	-	11,495	19,340	57,075	98,746	115,709	96,781	77,857	29,742	60,289
Grant Revenue	-	-	-	-	-	-	-	-	-	-
Other	56,378	54,246	44,408	81,888	68,630	94,001	37,539	64,073	76,279	93,852
Total revenues	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	13,726,345
Expenditures:										
Current:										
General Government	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	1,737,926
Public Safety	2,528,010	3,169,750	2,750,247	3,301,920	3,598,405	3,779,038	1,676,764	3,740,213	3,828,645	3,978,739
Public Works	603,581	703,800	637,875	796,544	872,567	932,068	419,362	950,192	949,323	926,744
Health and Welfare	2,871	1,928	2,566	13,517	2,393	3,112	1,456	1,749	1,052	6,272
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	920,153
Judicial	244,813	288,097	243,558	291,072	369,160	405,082	237,142	413,747	358,569	338,509
Culture and recreation	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	1,640,889
Capital Projects	3,684,266	3,278,872	418,828	877,733	2,449,295	2,537,876	1,305,336	809,171	2,285,296	3,064,257
Debt Service										
Principal	333,211	523,752	522,242	536,741	585,661	703,244	449,331	678,889	678,078	707,523
Interest	317,180	428,524	635,694	642,295	625,427	622,359	307,961	607,036	562,781	531,047
Total Expenditures	10,736,936	11,056,259	13,682,041	10,020,888	13,350,340	14,161,788	6,626,626	12,200,081	12,843,909	13,852,059
Excess (deficiency) of revenues over expenditures	(3,859,506)	(2,936,406)	(4,953,523)	1,178,539	440,682	(750,561)	(3,114,009)	1,752,072	570,941	(125,714)
Other financing sources (uses):										
Transfers in	749,159	784,826	6,747,051	1,064,035	1,717,889	1,902,956	599,510	1,239,544	2,224,874	2,021,043
Transfers from component units	-	-	-	-	-	-	-	-	-	-
Transfers out	(93,356)	(775,303)	(7,086,438)	(1,011,442)	(1,559,916)	(1,267,624)	(522,123)	(1,143,461)	(1,977,874)	(1,736,043)
Transfers to component units	-	-	-	-	-	-	-	-	-	-
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	-	613	2,227	3,119	1,984	11,225	4,720	1,301	11,214	20,035
Total other financing sources (uses)	6,745,803	6,198,304	(337,160)	55,712	271,019	1,174,042	326,742	97,384	258,214	305,035
Net change in fund balance	2,886,297	3,261,898	(5,290,683)	1,234,251	711,701	423,481	(2,787,267)	1,849,456	829,155	179,321
Restatement	431,626	-	-	-	-	-	-	-	-	-
Total Net change in fund balance, after restatement	3,317,923	3,261,898	(5,290,683)	1,234,251	711,701	423,481	(2,787,267)	1,849,456	829,155	179,321
Debt service as a percentage of noncapital expenditures (1)	9.50%	12.89%	8.86%	13.75%	11.22%	12.01%	14.41%	11.65%	11.54%	11.42%

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) Other	Total
2003	3,073,135	576,543	89,475	273,214	124,672	37,375	-	-	4,174,414
2004	3,233,329	624,816	50,936	306,848	124,992	25,108	750,847	261,931	5,378,807
2005	3,969,739	672,221	53,349	372,953	122,731	24,068	857,846	299,704	6,372,611
2006	4,412,595	703,311	49,875	417,803	134,925	20,765	920,760	388,283	7,048,317
2007	4,967,959	733,632	46,741	454,828	127,745	11,290	1,110,268	453,883	7,906,346
2008	5,091,896	751,205	26,689	461,838	115,685	7,680	1,092,569	453,660	8,001,222
2009	*	*	*	*	*	*	*	*	*
2010	5,509,677	744,158	19,163	434,368	109,608	4,118	1,288,181	421,795	8,531,068
2011	5,288,575	722,530	19,020	430,223	115,272	5,989	1,381,657	422,172	8,385,438
2012	5,086,566	958,018	21,769	458,547	112,969	5,002	1,383,083	434,232	8,460,186

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 2003 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 subsequent years.

(3) 2004 - 2012 Includes franchise taxes previously classified as fees in prior years.

(4) 2004 - 2012 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													Estimated Actual Value	Annual Percentage Change
	Residential Property	Agricultural Property	Commercial Property	Industrial Property	Historical Property	Conservation Use Property	Public Utility	Motor Vehicles and Mobile Homes	Other Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate			
2002	261,340,916	-	64,030,374	2,675,696	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	1,788,287,238	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%	
2011	372,302,549	-	194,290,388	6,161,082	100,458	-	11,870,518	39,684,262	41,638,334	26,318,183	639,729,408	7.600	1,599,323,520	-3.9%	

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	County Millage	Total County Millage	General Millage	School Millage	Total State Millage	
2002	7.500	7.500	6.800	0.270	2.650	9.720	19.000	0.900	19.900	0.250	37.370
2003	7.450	7.450	6.850	0.220	2.650	9.720	19.000	0.900	19.900	0.250	37.320
2004	7.370	7.370	6.850	0.220	2.650	9.720	19.000	0.900	19.900	0.250	37.240
2005	7.870	7.870	6.850	0.220	2.650	9.720	19.000	0.900	19.900	0.250	37.740
2006	7.688	7.688	6.820	0.220	2.560	9.600	19.000	0.900	19.900	0.250	37.438
2007	7.600	7.600	6.820	0.220	2.560	9.600	18.900	-	18.900	0.250	36.350
2008	7.600	7.600	6.820	0.220	2.560	9.600	18.900	-	18.900	0.250	36.350
2009	7.600	7.600	6.820	0.220	2.560	9.600	18.900	-	18.900	0.250	36.350
2010	7.600	7.600	6.820	0.220	2.560	9.600	18.900	-	18.900	0.250	36.350
2011	7.600	7.600	7.720	0.330	3.060	11.110	18.900	-	18.900	0.250	37.860

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)

		2011			2012		
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	\$ 8,800,000	1	1.38%	Stanton Place	\$ 6,485,333	1	2.52%
Wal-Mart (3826 N Cobb Pkwy)	6,340,000	2	0.99%	Wingate Falls LP	5,302,000	2	2.06%
Wal-Mart (3105 N Cobb Pkwy)	6,210,200	3	0.97%	Home Depot	5,053,467	3	1.96%
Target	6,186,490	4	0.97%	Walden Ridge Apartments	4,207,200	4	1.63%
Walden Ridge Apartments	6,037,280	5	0.94%	Wal-Mart	4,158,133	5	1.62%
Stanton Place Apartments	5,356,800	6	0.84%	Kohl's Department Stores	3,928,000	6	1.53%
Lowes Home Centers Inc	5,232,880	7	0.82%	Bellsouth Communications	3,474,933	7	1.35%
Acworth Hwy 41 LLC	4,531,736	8	0.71%	Home Federal Savings	3,461,733	8	1.34%
Bellsouth Telecommunications	3,634,655	9	0.57%	Ingle's Market	2,814,933	9	1.09%
Cobblestone Landing LP	3,498,939	10	0.55%	Seiz Pringing	2,187,067	10	0.85%
Total Principal Taxpayers	55,828,980		8.73%		41,072,799		15.95%
All Other Taxpayers	583,900,428		91.27%		310,116,265		84.05%
Total	\$ 639,729,408		100.00%		\$ 351,189,064		100.00%

Source: Cobb County Tax Commissioners Office(2002) and City of Acworth Finance Department (2011)

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
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%	94,653	3,083,018	99.98%
2005	3,697,980	3,510,790	94.94%	186,485	3,697,275	99.98%
2006	4,095,880	3,859,214	94.22%	236,020	4,095,234	99.98%
2007	4,568,039	4,356,677	95.37%	208,417	4,565,094	99.94%
2008	4,862,105	4,264,903	87.72%	589,819	4,854,722	99.85%
2009	4,903,920	4,749,622	96.85%	143,952	4,893,574	99.79%
2010	4,729,136	4,573,747	96.71%	97,235	4,670,982	98.77%
2011	4,468,702	4,326,349	96.81%	-	4,326,349	96.81%

Source: Cobb County Tax Commissioners Office

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)	
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		
2012	93,332,043	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 2003 to 2004 are June through September; Fiscal years 2005 to 2012 are June through October.

(2) Fiscal years 2003 to 2004 are October through May; Fiscal years 2005 to 2012 are November through May.

(3) Fiscal years 2003 to 2004 - cost per first 600 kilowatt hours; Fiscal years 2005 to 2012 - cost per first 900 kilowatt hours.

(4) Fiscal years 2003 to 2004 - cost per next 400 kilowatt hours; Fiscal years 2005 to 2012 - cost per kilowatt hours over 900.

(5) Fiscal years 2003 to 2004 - cost per kilowatt hours over 1000; Fiscal years 2005 to 2012 do not have a third tier.

City of Acworth
Principal Electric Revenue Customers
(unaudited)

		2012					2013				
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	3,945,400	1	4.23%	Ingles Market	Retail	3,857,012	1	4.79%		
Ingles Markets	Retail	3,678,353	2	3.94%	Bellsouth	Telecommunications	1,209,447	2	1.50%		
Bellsouth	Telecommunications	1,664,610	3	1.78%	City of Acworth	Government	1,164,408	3	1.45%		
City of Acworth	Government	1,329,311	4	1.42%	Glenncast Inc	Manufacturer	672,384	4	0.83%		
NCG Acworth Inc.	Theater	1,277,040	5	1.37%	Day's Chevrolet	Retail	660,384	5	0.82%		
Glenncast Inc.	Manufacturing	1,068,672	6	1.15%	Acworth Save A Lot	Retail	647,301	6	0.80%		
Cobb County Board of Ed.	School District	836,880	7	0.90%	Big Lots	Retail	571,500	7	0.71%		
Cobb County	Government	685,206	8	0.73%	Stanton Place	Apartments	497,267	8	0.62%		
Big Lots	Retail	537,900	9	0.58%	Battles	Retail	485,520	9	0.60%		
Degussa Construction	Manufacturing	533,680	10	0.57%	Acworth United Methodist	Church	454,138	10	0.56%		
	Total	15,557,052		16.67%			10,219,361		12.69%		

Source : City of Acworth Utility Billing

The City changed Fiscal Years. Fiscal Year 2003 ended on December 31. Fiscal Year 2012 ends June 30, 2012.

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

Fiscal Year (f)	Governmental Activities				Business-type Activities							
	General Bonded Debt		Certificates of Participation		General Bonded Debt		Business-type Activities					
	(2) Capital Leases	Intergovernmental Contracts	(3) Tax Allocation Bonds	Total Governmental Activities	(4) Capital Lease	Capital Leases	Loans Payable	Total Business-type Activities				
2003	5,580,000	306,052	1,995,560	7,881,612	14,900,000	878,003	-	15,778,003				
2004	5,477,088	1,763,268	1,763,268	13,546,228	14,900,000	663,069	-	15,563,069				
2005	5,251,446	202,004	1,520,539	13,023,989	14,325,000	489,807	-	14,814,807				
2006	5,022,174	148,136	1,268,935	12,487,245	14,325,000	297,728	-	14,622,728				
2007	4,881,443	94,268	1,001,935	12,012,646	13,900,000	332,854	-	14,232,854				
2008	5,585,886	40,400	753,106	12,284,402	9,645,000	331,428	-	9,976,428				
2009 (1)	5,249,803	13,466	666,501	11,635,070	9,340,000	283,817	-	9,623,817				
2010	4,890,000	-	487,716	11,142,716	9,015,000	182,462	-	9,197,462				
2011	4,550,000	-	299,638	10,464,638	8,675,000	114,645	-	8,789,645				
2012	4,200,000	-	102,115	9,757,115	8,320,000	72,454	-	8,392,454				
Total Outstanding Debt												
General Bonded Debt												
Fiscal Year (f)	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
2003	7,881,612	15,778,003	23,659,615	450,774,948	5.25%	18,057	22,781,612	508,688	22,271,924	1,027,936,160	2.17%	1,233
2004	13,546,228	15,563,069	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	495,145,640	5.62%	19,220	21,298,989	976,385	20,322,604	1,296,475,590	1.57%	1,057
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	1,455,995,260	1.38%	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	569,704,286	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	541,955,000	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
2012	9,757,115	8,392,454	18,149,569	636,873,440	2.85%	21,458	12,622,115	652,596	11,969,519	1,599,323,520	0.75%	558

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, 2012

<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)	\$ 138,370,000	2.24%	\$ 3,101,948
Cobb County Board of Education	-	2.24%	-
Other Debt			
Cobb County Parking Deck Certificates	10,260,000	2.24%	230,006
Cobb-Marietta Coliseum and Exhibit Hall Authority	48,260,000	2.24%	1,081,882
Cobb County Solid Waste Management Authority	6,150,000	2.24%	137,869
Acworth Lake Authority - ISA	630,000	100.00%	630,000
Acworth DDA - City Hall and Sports Complex	3,570,000	100.00%	<u>3,570,000</u>
Subtotal, overlapping debt			8,751,706
City direct debt:			
Direct Governmental Activities Debt (2)			<u>5,557,115</u>
Total direct and overlapping debt			<u>\$ 14,308,821</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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Gross Assessed Value	\$ 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	\$ 666,047,591
Legal Debt Margin										
Debt Limit: 10 percent of assessed value	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	66,604,759
Total net debt applicable to limit (1)	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	\$ 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	\$ 66,604,759
Total net debt applicable to the limit as a percentage of debt limit	3.67%	4.01%	3.08%	2.31%	1.64%	1.08%	0.69%	0.33%	0.09%	0.00%

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. As of June 30, 2012, funds held for debt service exceeded outstanding debt applicable.

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

Legal Debt Margin Calculation for Fiscal Year 2012

Total Taxable Assessed Value	\$ 639,729,408
Add back: exempt real property	26,318,183
Total assessed value	\$ 666,047,591
Debt limit (10% of total assessed value)	66,604,759
Debt applicable to limit:	
Certificates of Participation	102,115
Less: Resources restricted to paying principal	237,345
	(135,230)
Legal debt margin	\$ 66,604,759

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	
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%
2012	801,367	3,000	798,367	160,000	345,938	158%

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
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%
2012	21,458	636,873	29,680	6,562	*	35	9.3%

* 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 years 2009 and prior are provided by Cobb Chamber of Commerce. Years 2010 through 2012 are provided by the City of Acworth Economic Development Department.
- (4) Source : Cobb County Board of Education, North Cobb Christian School and Brookwood 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 2012)

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

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	4	5	5	5	5	5	5	5	5	5
Finance	4	4	4	4	4	4	4	4	4	4
Information Systems	3	3	3	3	3	3	3	3	2	2
Customer Service	5	5	6	6	9	9	9	9	9	7
Total General Government	22	23	24	24	27	27	27	27	26	24
Judicial										
Municipal Court	2	2	2	2	2	3	3	3	3	3
Public Safety (1)										
Police	30	31	32	35	37	39	40	40	40	40
Support Staff	2	3	3	3	3	3	3	3	3	3
Detention/Jail	8	9	9	9	10	10	10	10	10	10
Dispatch	5	5	6	0	0	0	0	0	0	0
Total Public Safety	45	48	50	47	50	52	53	53	53	53
Public Works										
Public Works	12	12	12	12	12	12	12	12	11	10
Culture & Recreation										
Culture and Recreation	8	9	9	9	12	13	13	13	15	15
Housing and Development										
Economic Development	1	1	1	1	1	2	2	2	2	2
Community Development	0	0	0	0	0	1	1	1	2	2
Zoning	1	1	1	1	1	1	1	0	0	0
Soil Erosion	1	1	1	1	1	1	1	1	1	1
Building	5	5	5	5	5	4	4	4	4	4
Code Compliance	1	1	1	1	1	1	1	0	0	0
Total Housing and Development	9	9	9	9	9	10	10	8	9	9
Electrical Power										
Electrical Power	15	17	17	17	17	15	14	13	13	14
Sanitation										
Santiation	11	13	16	16	16	16	16	16	16	17
Total	124	133	139	136	145	148	148	145	146	145

Source : City Payroll Department

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

(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	2003	2004	2005	2006	2007	2008	2009 (4)	2010	2011	2012
General Government										
Business Licenses Issued (1)	630	708	927	1,078	860	1,102	*	788	936	957
Purchase Orders Issued	2,486	2,326	2,094	2,478	2,270	2,074	1,050	2,010	2,004	2,013
Public Safety										
Physical arrests	1,083	1,356	1,187	1,327	1,760	1,594	809	1,441	1,731	1,595
Parking violations	14	16	77	20	27	44	5	103	284	114
Traffic violations (2)	3,456	4,101	4,569	7,010	6,138	5,834	3,349	7,041	7,180	5,519
Parks and Recreation										
Summer Camp Participant Capacity (5)	110	110	120	120	120	110	110	100	120	120
Concerts / Movies	4	4	4	3	3	3	1	3	2	2
Youth Basketball Participants	-	-	-	-	398	398	-	400	385	385
Housing and Development										
Building Code Permits Issued (3)	468	244	428	289	276	104	61	110	29	74
Other Code Permits Issued	1,533	775	1,098	1,187	837	685	300	606	516	699
Total Code Inspections Conducted	6,629	9,743	7,597	5,612	3,946	2,512	1,160	4,286	3,045	2,197
Plan Reviews Conducted	*	23	27	24	31	33	6	3	4	3
Sanitation										
Refuse collected (tons)	6,730	7,689	8,680	8,437	8,316	8,596	3,963	8,886	7,972	7,658
Sanitation Customers - Residential	5,840	6,106	6,260	6,083	6,294	6,312	6,279	6,382	6,359	6,410
Power										
Kilowatt hours sold (3)	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	93,332,043
Electrical Power Customers (3)	5,934	6,250	6,242	6,280	6,299	6,289	6,252	6,283	6,220	6,314

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, c) 2011 Electrical Power Customers.

(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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	22	24	31	37	38	43	44	45	45
Sanitation										
Collection trucks	5	5	5	5	5	5	5	5	5	5
Highways and streets										
(1) Streets (miles)	157	159	169	169	172	172	172	172	172	172
Streetlights	1,059	1,101	1,194	1,223	1,241	1,271	1,271	1,384	1,396	1,396
Culture and recreation										
Park acreage	364.25	446.25	528.25	528.25	528.25	540.25	540.25	542.25	542.25	542.25
Parks	13	14	15	15	15	15	15	15	15	15
Beaches	3	4	4	4	4	4	4	4	4	4
Football Fields	1	2	2	2	2	2	2	2	2	2
Baseball Fields	6	9	9	9	9	9	9	11	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	3	3
Miles of service lines	85.7	88.1	91.4	93.3	94.1	94.1	94.1	94.1	94.5	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, 2012, which collectively comprise the City of Acworth, Georgia's basic financial statements and have issued our report thereon dated November 8, 2012. 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

Management of the City of Acworth, Georgia is responsible for establishing and maintaining effective 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 was not designed to identify all deficiencies in internal control over financial reporting 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 instances 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.



Crace Galvis McGrath, LLC

November 8, 2012

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

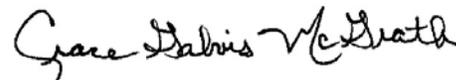
City of Acworth
Acworth, Georgia

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, 2012. 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, 2012 in conformity with accounting principles generally accepted in the United States of America.



Crace Galvis McGrath, LLC

November 8, 2012

CITY OF ACWORTH, GEORGIA
HOTEL/MOTEL TAX
SCHEDULE OF REVENUE RECEIVED AND EXPENDITURES INCURRED
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

Revenues			Expenditures		
Prior Years	Current Year	Total	Prior Years	Current Year	Total
\$1,976,426	\$112,969	\$2,089,395	\$1,976,426	\$112,969	\$2,089,395

* Expended in Hotel/Motel Tax Special Revenue Fund, General Fund and Acworth Downtown Development Authority and Acworth Area Convention and Visitors Bureau Authority Component Units.

INDEPENDENT AUDITOR'S REPORT ON DEVELOPMENT IMPACT FEES

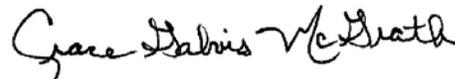
City of Acworth
Acworth, Georgia

We have audited the accompanying Schedule of Development Impact Fees for the City of Acworth, Georgia for the year ended June 30, 2012. 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, 2012 in conformity with accounting principles generally accepted in the United States of America.



Crace Galvis McGrath, LLC

November 8, 2012

**CITY OF ACWORTH, GEORGIA
RECREATION IMPACT FEE
SCHEDULE OF COLLECTIONS, ENCUMBRANCES, AND USES
AS OF JUNE 30, 2012**

Recreational Impact Fee Collections	Prior Year	Current Year	Total
	\$ 1,622,510	\$ 15,000	\$ 1,637,510
Other Funding Sources			
Interest	44,735	88	44,823
Local Funding	134,229	-	134,229
Grants/Contributions	16,262	-	16,262
Total Funding - All Sources	1,817,736	15,088	1,832,824

Fund Uses

<u>Actual Project Expenditures</u>	<u>Project Budget</u>
Repayment of Capital	9,290
Improvements Element	9,290
Cable Park Gazebo	123,088
Logan Road Property	150,000
Logan Horsefarm	708,838
Recreation Master Plan	9,000
Logan Farm Farmhouse	12,472
Cable Park Boardwalk	56,530
Southshore Park	7,757
Acworth Sports Complex	196,503
Cowan Road	5,450
Amos Durr Field	6,004
School Street Property	3,847
Recreation Office - Logan	131,192
Cowan Trail	17,300
Multi-Use Lake Trail	166,146
Facility Needs Assessment	20,683
Tanyard Park Trail	4,400
Park Land Acquisition	110,740
Rosenwald School	10,066
Total Uses - All Funding Sources	1,744,906
Fees Encumbered	-
Undetermined Projects	\$ 72,830
	\$ 10,688
	\$ 83,518

Total Uses - All Funding Sources	1,744,906	4,400	1,749,306
Fees Encumbered	-	-	-
Undetermined Projects	\$ 72,830	\$ 10,688	\$ 83,518

NOTE - Schedule differs from prior issued reports due to a change in format and inclusion of all funding sources to show gross project expenditures.

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

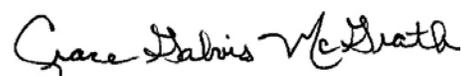
City of Acworth
Acworth, Georgia

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, 2012. 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, 2012, in conformity with accounting principles generally accepted in the United States of America.


Grace Galvis McGrath, LLC

November 8, 2012

**CITY OF ACWORTH, GEORGIA
1 PERCENT SALES TAX
SCHEDULE OF PROJECTS CONSTRUCTED WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Project	Original Estimated Cost	Revised Estimated Cost (3)	Expenditures			Estimated Percentage of Completion
			Prior Years (4)	Current Year	Total	
2006 SPLOST Program:						
800 MHz Radios	\$ 208,736	\$ 229,395	\$ 229,395	\$ -	\$ 229,395	100.00%
Road Improvement Program (1) (2)	11,611,748	11,198,815	7,084,568	1,310,034	8,394,602	74.96%
	<u>\$ 11,820,484</u>	<u>\$ 11,428,210</u>	<u>\$ 7,313,963</u>	<u>\$ 1,310,034</u>	<u>\$ 8,623,997</u>	
2012 SPLOST Program:						
Road Improvement Projects	\$ 7,403,141	\$ 7,403,141	\$ -	\$ -	\$ -	0.00%
Parks Projects	1,170,000	1,170,000	-	775,427	775,427	66.28%
Public Safety Projects	4,750,000	4,750,000	-	-	-	0.00%
	<u>\$ 13,323,141</u>	<u>\$ 13,323,141</u>	<u>\$ -</u>	<u>\$ 775,427</u>	<u>\$ 775,427</u>	

- (1) - Projects totaling \$2,602,000 were omitted since they will be sponsored by Cobb County.
(2) - Projects totaling \$1,408,672 were omitted or revised due to reduction in projected tax collections.
(3) - Revised Estimated Cost includes reductions in original SPLOST budget and other funding sources including interest, grants and local government funds.
(4) - Prior year expenditures have been revised to include other funding sources including interest, grants, and local government funds.