COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

THOMAS C. RHINEHART
FINANCE DIRECTOR

BY AUTHORITY OF MAYOR AND COUNCIL

THE CITY OF CARTERSVILLE
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INTRODUCTORY SECTION

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December 29, 2011

To the Honorable Mayor, Members of the City Council
And Citizens of the City of Cartersville

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Cartersville, Georgia, for the fiscal year ended June 30, 2011. The financial statements and related notes have been audited by Williamson & Company, CPA's, a firm of licensed certified public accountants whose report is included herein. This audit satisfies Article IV, Section 4.09 of the City Charter, which requires an annual audit of all accounts of the City by an independent Certified Public Accountant. The report was prepared by the Finance Department, with the assistance of the Administration Department and in close cooperation with the external auditors. It represents the official report of the City's financial operations and condition to the citizens, City Council, City management, rating agencies, and other interested persons.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the City. We believe the data, as presented, are accurate in all material respects and are presented in a manner which fairly sets forth the financial position and results of operations of the City on a government-wide and fund basis. Furthermore, we believe all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). GASB Statement No. 34 entitled *"Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"* requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

Profile of the Government

Cartersville, the county seat of Bartow County, was incorporated on February 1, 1850 and operates under a revised charter adopted March 28, 1974. The City is located approximately 42 miles northwest of Atlanta and has an incorporated area of approximately twenty-one square miles. Highways serving the City are U.S. 41 and 411, State Highways 20, 61, 113, and 293, and Interstate 75. The City has an excellent climate with average annual rainfall of 54 inches and average annual temperature of 79.4° Fahrenheit high and 42.7° Fahrenheit low. Average humidity is 69.6 percent.

The City is governed by a Mayor and a City Council comprised of seven members. The Mayor is elected citywide every two years for a two-year term. Council members are elected from each of the six wards of the City. Council members are elected for four-year terms, three council members every two years. In 1918 the City adopted the City Manager form of government and was the first city in the state to do so. The City Manager is appointed by the Mayor and Council.

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The Reporting Entity

The accompanying CAFR includes all governmental activities, organizations, and functions for which the City is financially accountable. The criteria considered in determining the activities to be reported within the City's financial statements include: 1) whether an organization is part of the City's legal entity, or 2) whether the City appoints the voting majority of the organization's governing body, and either a) the City is able to impose its will on the organization, or b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. In addition, an organization may be fiscally dependent on the City and also included in its reporting entity. These criteria are based upon, and are consistent with, those set forth in the Codification of Governmental Accounting Standards, Section 2100, "Defining the Financial Reporting Entity".

The City provides a full range of municipal government and utility services. Included in these services are traditional city functions such as police and fire protection, highway and street maintenance, culture and recreation, public improvements, planning and zoning, and general administrative services. In addition to general government activities, the City has several enterprise operations including electric, gas, sanitation, water and sewer, stormwater and fiber optic services. These services are enjoyed by the citizens and transients of the City. Furthermore, the City exercises fiduciary responsibility for the Cartersville Pension Fund, which exists to exclusively serve or benefit the City's employees, retirees, and their beneficiaries and is included in the City's reporting entity.

Other legally separate entities, known as component units, are also included in the City's reporting entity based on the criteria discussed above:

City School Board - independent K – 12th grade school system that serves children inside the City of Cartersville and other students from outside the school district who pay a tuition fee.

Downtown Development Authority – an organization that works to develop, revitalize and promote downtown Cartersville.

Cartersville Building Authority – created in May 2003 to issue debt for City construction projects.

Related organizations not included as part of the reporting entity are the Etowah Area Consolidated Housing Authority, which provides low-income housing to City residents, the Cartersville Development Authority and the Development Authority of Cartersville, both of which promote development of industrial and manufacturing activities. The Joint Cartersville-Bartow County Regional Industrial Development Authority was created to promote development of industrial and manufacturing activities in Cartersville and Bartow County. The reason for not including these entities is that the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for these organizations.

Local Economy

Even through our State and Nation is still experiencing an economic recession, the City of Cartersville remains in good financial condition, as is demonstrated by the financial statements and schedules included in this report. The net digest of taxable property for fiscal year 2011 decreased by 6.0% over the 2010 valuation, resulting in property taxes decreasing by $84,000. The business environment outlook for Cartersville continues to be favorable as industries, like Toyo Tire, which opened in 2005, completed a plant expansion that enabled the plant to go to full production capacity. New chain restaurants like Chili's, International House of Pancakes, Zaxby's, and Arby's along with Kohl's department store have opened in recent years. Although the construction industry as a whole was not real lucrative, this fiscal year saw the opening of the Floyd Medical Center Office Complex. These new industries, stores, and restaurants will bring in tourists and jobs, and help grow the sales tax base, utility revenue, as well increase the property tax base.

department heads were instructed to take a conservative approach at revenue and expenditure projections. As shown in the annual financial report, City management and staff continued to find ways to keep expenses to a minimum while still continuing to provide quality services and to meet the needs of our citizens.

The current economic recession continues to impact the unemployment rate for Cartersville as Bartow County's unemployment rate decreased by 1.0% to 10.9% as of June 2011 from the prior year. Although the decrease in unemployment affects some City revenue, the City has a diversified economic base which supports several nationally known companies, including Anheuser-Busch, brewery plant; Shaw Industries, carpet manufacturer; Toyo Tire Company, tire manufacturer; as well as other smaller commercial and industrial companies which has allowed the City to weather the current recession. The diversified economic base and continued growth in restaurants, retail operations, and lodging facilities allows Cartersville to survive even during the tough economic times as we have seen local option sales tax collections decrease over the prior fiscal year and property tax and utility collections to remain relatively consistent with prior years.

Some of the reasons that these enterprises chose Cartersville as a local or regional business center includes: the City's strategic Southeast location, convenience to local and national highways, rail and air transportation, city owned utilities at low rates, abundant labor, educational and cultural resources, and overall quality of life.

Long-term Financial Planning

As detailed within the following financial statements, the unassigned fund balance in the general fund is $5,086,905 at year end or 20.8% of total city-related general fund revenues of $24.4 million. The current total fund balance has increased over last year by $1.0 million and is still below guidelines set by the Council for budgetary and planning purposes. City management continues to emphasize the importance of a strong financial position and intends to improve the unassigned fund balance in the general fund by maintaining a balanced budget, and reviewing revenues and expenses monthly to ensure that city departments are operating in an efficient manner. Once the economic downturn is over, City staff intends to once again improve the unassigned fund balance in the general fund.

A significant part of the long-term financial planning process for the city includes laying the foundation for the city both short-term and long-term. In order to build for the future of the city, the City Council, City Manager and staff have an annual retreat to plan for and address the short-term and long-term needs of our citizens. Economic development is one area that City Council and management have placed a strong emphasis on and several years ago we partnered with Bartow County to create and share funding for a Joint Development Authority. This Authority has helped to bring new jobs to the area and is currently working to develop a new industrial park for new industries to locate in. The annual funding required by the city for the Joint Development Authority and industrial park development has decreased to under $200,000 and has been funded through existing revenue sources. The long-term benefits of this Authority to the city will be more jobs for local residents, increased property and sales taxes, and additional utility revenues.

Cartersville's strengths continue to be the ones that led to growth in the past: local ownership of electric, gas, water and sewer, solid waste, and fiber optic services, a highly capable and educated workforce, strong community involvement and a superior quality of life.

FINANCIAL INFORMATION

Accounting Systems and Budgetary Control

In developing and evaluating the City's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance-related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability for assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. Reasonable assurance recognizes that the cost of a control should not exceed the expected benefit.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The official level of City budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the activity (department) level. The City Manager and all department heads are provided with monthly budget reports showing appropriations, expenditures to date, remaining balances and percentages. The City's budget procedures are more fully explained in the accompanying Notes to the Financial Statements.

Pension Trust Fund

The Pension Trust Fund is used to account for assets held by the City in a trustee capacity, contributions from employees and the City's operating funds, investment earnings and benefit payments to retired City personnel. The City is responsible for funding liabilities of the plan based upon actuarial valuations. At January 1, 2011, the City's pension plan had net assets of $25.9 million. In order to obtain the highest possible yield on pension assets, substantially all of the assets are managed with a private investment company. Further details concerning pension expenses, vested benefits, and actuarial assumptions are included in the Notes to the Financial Statements.

OTHER INFORMATION

Independent Audit

The City Charter requires an annual audit by independent certified public accountants. The accounting firm of Williamson & Company was selected by the City Council. 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 general-purpose financial statements and combining and individual fund 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.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cartersville for its comprehensive annual financial report for the year ended June 30, 2010. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

We wish to take this opportunity to thank the Mayor and Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. In closing, the preparation of this report on a timely basis could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation.

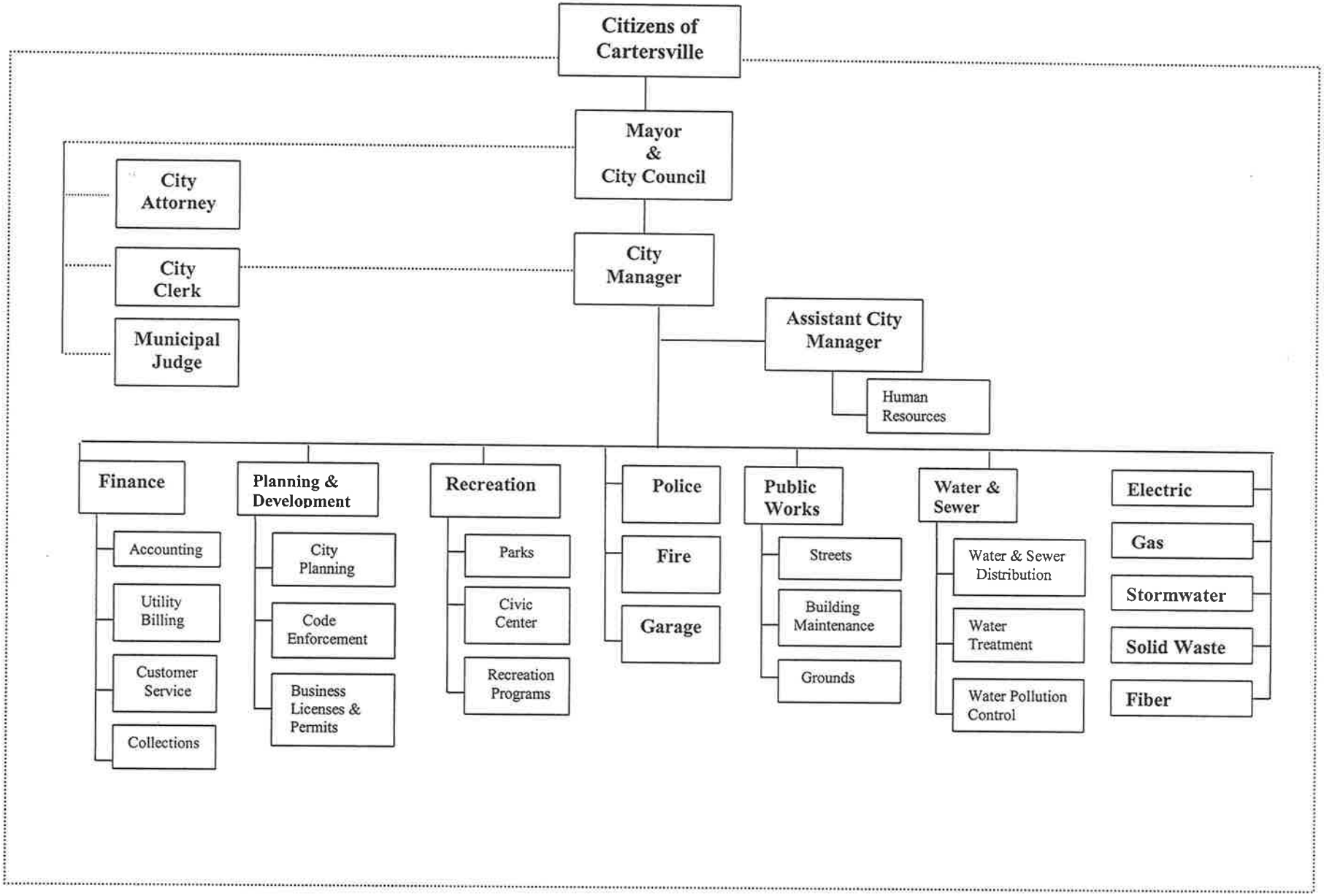
Respectfully submitted,

Samuel E. Grove
City Manager

Thomas C. Rhinehart
Finance Director

CITY OF CARTERSVILLE ORGANIZATIONAL CHART

June 30, 2011



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cartersville Georgia

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

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



Linda C. Davidson

President

Jeffrey P. Ernst

Executive Director

CITY OF CARTERSVILLE, GEORGIA
List of Elected and Appointed Officials
June 30, 2011

Mayor

Matt Santini

City Council

Kari Hodge
Lindsey McDaniel
Lori Pruitt
Dianne Tate
Louis Tonsmeire
Jayce Stepp

City Management

Samuel E. Grove
City Manager

Daniel T. Porta
Assistant City Manager

City Administration

Harry White	City Judge
David G. Archer	City Attorney
Randy Mannino	Planning & Development Director
Thomas C. Rhinehart	Finance Director
Connie Keeling	City Clerk
Reneé Faunce	Deputy City Clerk
Scott Carter	Fire Chief
Thomas Culpepper	Police Chief
Bobby Elliott	Public Works Director
Greg Anderson	Recreation Director
James Stafford	Water & Sewer Superintendent
Gary Riggs	Gas Superintendent
David Myers	Electric Superintendent
Johnny Forsyth	Garage Superintendent
Lamar Greeson	Fiber Manager

FINANCIAL SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of Cartersville
Cartersville, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cartersville, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental and enterprise funds presented as supplementary information in the accompanying combining financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Cartersville, Georgia'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 above present fairly, in all material aspects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cartersville, Georgia as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Capital Projects Fund, and of each nonmajor governmental and enterprise fund of the City of Cartersville, Georgia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2011 on our consideration of the City of Cartersville, Georgia's internal control over financial reporting and our tests of its compliance with certain 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 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.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

The accompanying management's discussion and analysis, pension fund schedule of employer contributions, and schedules of funding progress on pages 3 through 16, 78 and 79, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cartersville's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Cartersville, Georgia. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The combining and individual fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The schedule of projects constructed with special local option sales tax proceeds, as required by the Georgia code section O.C.G.A. §48-8-121, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Cartersville, Georgia. The information in the schedule of projects constructed with special local option sales tax proceeds has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Williamson & Company

Williamson and Company
Certified Public Accountants
December 16, 2011

Management's Discussion and Analysis

This section of the City of Cartersville's annual financial report is designed to provide the reader a better understanding of the City's financial activity for the fiscal year that ended June 30, 2011. It should be read in conjunction with the Transmittal Letter at the front of this report and the City's financial statements, which follow this section. Notes mentioned below are Notes to the Financial Statements, which follow the statements.

Financial Highlights

- The City's total net assets increased by $7.3 million, or 3.2% during fiscal year 2011 to $235.6 million, including prior period adjustments. The net assets for governmental activities increased by $3.3 million, or 3.4% from the previous year and business-type net assets increased by $4.0 million, or 3.0% from the previous year.

- Unrestricted net assets, which may be used to meet the City's future obligations, consist of $19.8 million, or 8.4% of the City's total net assets. Unrestricted net assets for governmental activities are $6.0 million, or 5.8% of total net assets for governmental activities; unrestricted net assets for business activities are $13.8 million, or 10.1% of total net assets for business-type activities.

- Total revenues for governmental activities, excluding transfers, decreased by $0.1 million, or 0.2% less than fiscal year 2010. Expenditures, excluding transfers, were $0.3 million or 4.1% more than the previous fiscal year. Expenses exceeded revenues, excluding transfers from utilities, by $0.7 million.

- The business-type activities, excluding transfers, generated revenues that were $0.6 million or 0.7% less than the previous fiscal year. Expenses, excluding transfers increased by $3.0 million, or 4.1% more than fiscal year 2010. These variances were due to significant increases in the cost of purchased electricity over the prior year. Excluding transfers, revenues were $7.2 million greater than expenditures.

- Total expenses of primary government programs exceeded program revenues by $22.8 million in fiscal year 2011. This is $3.5 million more than fiscal year 2010 and is due to increases in cost of purchased electricity.

- In fiscal year 2011, the ending unassigned fund balance for the General Fund, which is the City's primary operating fund, increased by $0.1 million, or 1.7%, to $5.1 million.

- The principal balance on the City's outstanding bonds (Note 7) decreased by $2.0 million for governmental activities. The principal balance on the outstanding bonds for business-type activities decreased by $2.3 million.

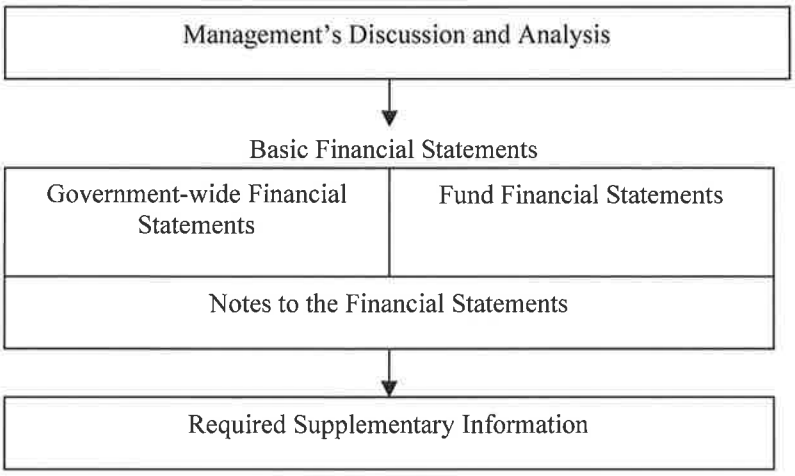
- The total fair market value of the City's pooled investments and cash, excluding fiduciary funds (Note 3) at June 30, 2011 was $35.8 million.

- The capital assets, net of accumulated depreciation, (Note 6) of the City at the end of the 2011 fiscal year totaled $236.6 million.

An Overview of the Financial Statements

In light of the fact that this is a different presentation from the pre-GASB Statement 34 model, the following graph is provided to assist in understanding the component parts.

Required Components of the City's Annual Financial Report



The focus of the financial statements is on both the City's overall financial status and the major individual funds. The following briefly describes the component parts.

GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are designed to report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets combines, for the first time, all of the City's current financial resources with capital assets and long-term obligations. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's financial health.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities** – These include the basic services provided by the City including police, fire, parks and recreation, public works, planning and development and general administration. Property, sales, and other taxes finance the majority of these activities.

- **Business-type activities** – These include services for which the City charges specific fees which are meant to cover the cost of providing the services. These include electric, fiber optic, gas, solid waste collection, stormwater management and water and sewer services.

- **Component units** – Included in the component units for the City is the Downtown Development Authority, the City of Cartersville Board of Education and the Cartersville Building Authority. Although these organizations are separate legal entities, the City is financially accountable for them. The Etowah Area Consolidated Housing Authority, the Cartersville Development Authority, the Development Authority of Cartersville, and the Joint Cartersville-Bartow County Regional Industrial Development Authority are related organizations, however, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for these organizations.

Governmental activities and business-type activities are consolidated and add to the total for the primary government.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's major funds rather than the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City has three types of funds as described in the chart below.

Fund Financial Statements

	Governmental Funds	**Proprietary Funds**	**Fiduciary Funds**
Scope	Includes the City's basic services such as police, fire, traffic control, cultural activities, and parks	Services provided by the City that are operated similar to private businesses and for which the City charges a fee	Funds for which the City is the trustee or agent for someone else's resources
Examples	Police, fire, planning and development, street maintenance, parks and recreational activities	Electric, Solid Waste, Gas, Fiber, Stormwater, Water and Sewer and Risk Management	City's retirement funds – pension, 457 plan
Required financial statements	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net assets - Statement of revenues, expenses, and changes in net assets - Statement of cash flows	- Statement of fiduciary net assets - Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short and long-term	All assets and liabilities, both short and long-term; capital assets, if any, are included
Type of inflow / outflow information	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The following table reflects the condensed Statement of Net Assets compared to the prior year. Before prior period adjustments, the City's net assets increased by $6.5 million or 2.8% in fiscal year 2011. The net assets of the governmental activities of the City increased by $2.9 million while the business-type activities increased by $3.6 million. Almost all of the increase in the net assets of the business-type activities came from the major City utility operation, as water and sewer utility increased by $1.2 million, electric increased by $0.6 million, and gas increased by $0.5 million. The City's total assets increased by $1.7 million to $285.9 million. Of the City's $235.6 million in net assets, $197.4 million is invested in capital assets, net of related debt. For more detailed information see the Statement of Net Assets on page 19 of the financial statements and the notes to the financial statements.

Table 1
Statement of Net Assets
As of June 30
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	$ 22.9	$ 19.3	$ 26.4	$ 25.1	$ 49.3	$ 44.4
Capital assets	94.7	96.8	141.9	143.0	236.6	239.8
Total Assets	117.6	116.1	168.3	168.1	285.9	284.2
LIABILTIES						
Current and other liabilities	1.3	1.5	7.1	7.5	8.4	9.0
Long-term debt outstanding	17.3	18.9	24.6	28.0	41.9	46.9
Total Liabilities	18.6	20.4	31.7	35.5	50.3	55.9
NET ASSETS						
Invested in capital assets, net of related debt	79.3	79.4	118.1	116.2	197.4	195.6
Restricted	13.9	11.2	4.7	8.9	18.6	20.1
Unrestricted	5.8	5.1	13.8	7.5	19.6	12.6
Total Net Assets	$ 99.0	$ 95.7	$ 136.6	$ 132.6	$ 235.6	$ 228.3

CHANGES IN NET ASSETS

The City's total revenues before transfers decreased by $0.7 million (0.5%) in the 2011 fiscal year. Expenses before transfers increased by $3.3 million (2.8%) during the same period. The increase in revenues of the business-type activities came mainly from the electric system due to increases in electric consumption. For the year, electric revenue increased by $1.7 million, while gas revenue decreased by $2.4 million and stormwater revenue increased by $0.5 million due to a grant to repair stormwater drainage. The increase in electric generation costs drove electric expenses higher by $3.1 million over the previous year. Other city funds had decreases in expenses over the prior year as follows, gas by $0.1 million and water and sewer by $0.2 million. Fiber optics expenses and stormwater expenses both remained the same, while solid waste expenses increased $0.5 million. The next chart shows revenues and expenses by sources and programs and the resulting change in net assets.

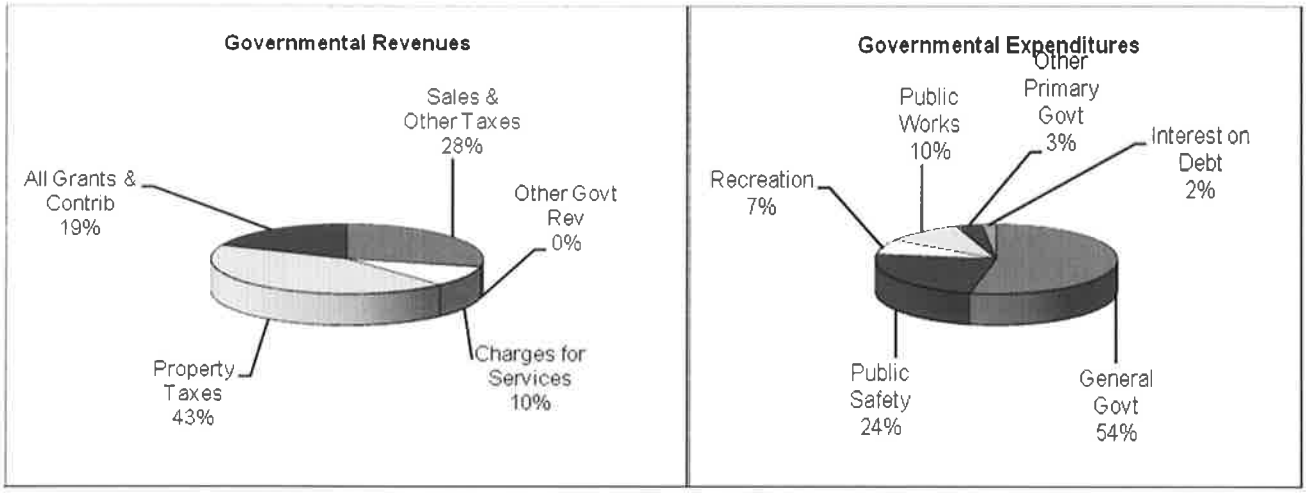
Table 2
Changes in Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for services	$ 3.8	$ 4.1	$ 82.9	$ 83.8	$ 86.7	$ 87.9
Operating grants and contributions	2.6	3.1	-	-	2.6	3.1
Capital grants and contributions	5.0	3.8	0.6	0.2	5.6	4.0
General revenues						
Property taxes	17.5	18.2	-	-	17.5	18.2
Local option sales tax	4.7	4.8	-	-	4.7	4.8
Other taxes	6.8	6.4	-	-	6.8	6.4
Investment income	0.1	0.1	0.1	0.2	0.2	0.3
Other general revenues	0.1	0.2	-	-	0.1	0.2
Total Revenues	40.6	40.7	83.6	84.2	124.2	124.9
Expenses						
General government	22.4	22.3	-	-	22.4	22.3
Public safety	9.9	9.7	-	-	9.9	9.7
Culture and recreation	2.9	3.0	-	-	2.9	3.0
Public works	4.4	4.0	-	-	4.4	4.0
Planning and development	0.9	1.0	-	-	0.9	1.0
Interest on long-term debt	0.8	1.0	-	-	0.8	1.0
Water and sewer	-	-	10.5	10.7	10.5	10.7
Electric	-	-	40.6	37.4	40.6	37.4
Gas	-	-	20.8	20.9	20.8	20.9
Other business-type activities	-	-	4.5	4.4	4.5	4.4
Total Expenses	41.3	41.0	76.4	73.4	117.7	114.4
Excess (deficiency) before transfers	(0.7)	(0.3)	7.2	10.8	6.5	10.5
Special items	-	-	-	(5.3)	(6.5)	(10.5)
Transfers	3.6	3.2	(3.6)	(3.2)	-	-
Increase (decrease) in net assets	$ 2.9	$ 2.9	$ 3.6	$ 2.3	$ 6.5	$ 5.2

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities in fiscal year 2011 was $41.3 million, while revenues received were $40.6 million. After transfers and special items, the increase in net assets was $2.8 million or $0.6 million less than the prior year. See pages 20-21 of the financial statements for the net cost (total cost less revenues generated by the activities) of these programs or functions. The following charts show the source of the City's Governmental Revenues and Expenditures.

Table 3 – Governmental Activities
Fiscal Year 2011
Add new charts



Revenue Impacts:

- Property taxes, which provide 45% of governmental revenues, a majority of which goes to the City School System decreased by $0.7 million (3.8%) over the previous fiscal year. In addition to the City School System millage rate of 17.23, the City assessed 1.38 mills for fiscal year 2011, which generated $1.2 million in property tax revenue for general operations and capital expenditures.

- Local option sales tax collections decreased by $0.1 million over the prior year as the economic conditions in the city still showed small signs of a recovering economy. Local option sales taxes used for general operating purposes amounted to $4.7 million, while the special local option sales tax (SPLOST) used for road improvements and other areas approved by the voters and classified as intergovernmental revenue amounted to $4.1 million.

- Revenues from all grants and contributions increased by $0.7 million over the prior year as several projects funded by SPLOST and through grants were completed and these assets were transferred into the general fund.

Expense Impacts

- General government expenditures related to education decreased by $0.3 million compared to the prior year. The decrease was due to decreases in maintenance and operation expenses for the Cartersville School System.

- Police department expenditures increased by $0.3 million due mainly to increased personnel expenses and operating expenses.

- Fire department expenditures decreased by $0.1 million mainly due to decreases in operating expenses.

- Culture and recreation expenditures increased by $0.1 million due to increases in maintenance and operation expenses and contract labor related to officiating at various recreational programs.

BUSINESS-TYPE ACTIVITIES

Table 4
Business-type Activities
(in millions)

	Program Revenues		Program Expenses		Excess (deficiency) Before Transfers, Special Items and Investment Earnings	
	2011	2010	2011	2010	2011	2010
Water and Sewer	$ 12.9	$ 13.1	$ 10.5	$ 10.8	$ 2.4	$ 2.3
Electric	41.8	40.1	40.6	37.3	1.2	2.8
Gas	23.3	25.7	20.8	20.9	2.5	4.8
Stormwater	1.7	1.2	0.9	0.9	0.8	0.3
Solid Waste	2.0	2.0	2.0	1.9	-	0.1
Fiber Optics	1.8	1.9	1.6	1.6	0.2	0.3
Total	$ 83.5	$ 84.0	$ 76.4	$ 73.4	$ 7.1	$ 10.6

Revenues for business-type activities for the fiscal year 2011 were $83.5 million, a $0.5 million decrease compared to the prior year. Expenses were $76.4 million in 2011, $3.0 million more than the prior year. There was excess before transfers and investment earnings of $7.1 million in 2011 compared to $10.6 million in 2010. Activities for individual funds are summarized below.

- Water & Sewer program revenues decreased by $0.2 million over the prior year as user charges and fees decreased. Program expenses decreased by $0.3 million over the prior year and were due largely to decreased debt service costs.

- Electric program revenues increased by $1.7 million over the prior year due to higher consumption. Program expenses increased by $3.3 million due to the increased costs to produce electricity.

- Gas program revenues decreased by $2.4 million and expenses decreased by $0.1 million. The decreases in both revenue and expenses were due to lower natural gas prices and to lower consumption as natural gas usage decreased due to economic conditions and a mild winter.

- Stormwater program was established in January 2007 as an enterprise fund to provide a stable and adequate source of revenue for the City's stormwater management program that allocates the costs of stormwater services across every stormwater "user" in the City through a user fee. For 2011, the fourth full year of the program, revenues were $1.7 million, an increase of $0.5 million due to grant funds for repairs to stormwater basins. Program expenses for 2011 also remained the same as last fiscal year and were $0.9 million.

- Solid Waste program revenues remain the same as the prior year. Expenses increased by $0.1 million due increased fuel costs and personnel expenses.

- Fiber Optics program revenues decreased $0.1 million. Program expenses remained the same as last year's expenses.

The City's Funds

Table 5
Financial Analysis of the City's Funds
(in millions)

Fund	Fund Balance 6-30-10	Sources	Uses	Sources Over (Under) Uses	Fund Balance 6-30-11
General Fund	$ 5.0	$ 39.6	$ 38.6	$ 1.0	$ 6.0
Capital Projects Fund	9.8	4.3	2.0	2.3	12.1
Other Governmental Funds	1.8	1.1	1.3	(0.2)	1.6
Totals	$ 16.6	$ 45.0	$ 41.9	$ 3.1	$ 19.7

At June 30, 2011, the governmental funds reported a combined fund balance of $19.7 million (see Statement on page 22), which is $3.1 million more than the previous year-end.

General Fund
The General Fund had a $1.0 million increase, to end the fiscal year at $6.0 million. The primary reasons for this increase are highlighted in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances on page 24. The primary factors in the changes in fund balances include:

- Increased delinquent property tax payments.
- Increases in intergovernmental revenues due to additional federal grants.
- Decreases in contributions to Joint Development Authority for the industrial park development.
- Overall decreases in operational expenses in all departments.

Capital Projects Fund
The Capital Projects Fund was originally established in November 1996 when voters approved a referendum for the implementation of a one percent local option sales tax on all transactions subject to the State sales tax. The sales and use tax would be imposed for a period of years or until sufficient funds were collected as stated in the referendum. In November 2003 and November 2007 voters again approved the continuation of this special purpose local option sales tax (SPLOST) to help fund various road and street improvements, infrastructure upgrades, GIS mapping, library expansion, and public safety needs. Program revenues for fiscal year 2011 were $0.4 million more than the prior year, while expenses decreased by $.8 million over the prior year. The primary factors in the $2.4 million increase in the fund balance include:

- Tax revenue from the 2003 SPLOST referendum is no longer collected; therefore, all project expenditures are paid for out of the existing fund balance. There was overall less spending on projects and very few new projects were begun in the fiscal year. 2003 SPLOST project expenditures for this fiscal year included street and road projects ($0.3 million), Mainstreet Gateway project ($0.2 million), and other projects like GIS improvements and street milling and resurfacing. 2007 SPLOST projects expenditures for this fiscal year include the joint fire and police facility ($0.5 million), new fire facility ($0.5 million) along with other various road projects and utility improvement projects.

Other Governmental Funds
Other Governmental Funds are made up of various special revenue funds of the City. Revenues for fiscal year 2011 were $0.3 million more than the prior year, while expenses increased $0.8 million. The primary factors in the $0.2 million decrease in the fund balance include:

- Decreases in Federal confiscated assets from the prior year led to the decreases in program revenues. These funds are not a consistent revenue source and are based on the type of assets seized during arrests made by police personnel.

- Increases in capital expenditures over the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

A schedule comparing the original to the final budget and the variance from the final budget to the actual results is included on page 27of the financial statements.

The City's original budget approved by the City Council in June 2010, appropriated $38.1 million for general fund expenditures. The original budget was amended during the fiscal year by almost $15.5 million to $53.6 million to account for increases in some revenue areas. Actual expenditures for the fiscal year were $52.7 million or $14.6 million more than the original approved budget.

ORIGINAL TO FINAL BUDGET COMPARISON

Revenues

The original revenue budget including transfers and capital leases was $38.1 million and was amended during the fiscal year to $53.6 million to account for increased revenue areas. The following changes were made to the budgeted revenues of the general fund: property taxes collections increased by $1.1 million; occupational taxes and permits decreased by $200,000; other taxes increased by $500,000; state and federal grants increased by $40,000; other revenues increased by $13.8 million; and transfers from utility funds increased by $300,000.

Expenditures

The original expenditures budget was approved in June 2010 at $38.1 million and was amended during the fiscal year to account for some increases in expenditure areas and also to keep the revenues equaling expenditures. Changes to appropriations between functions occurred in the following areas: Legislative Department was increased $15.5 million to account for the bond refunding of the school system and increased legal fees; Administrative Department was increased by $19,000 to reflect increases in computer software and hardware along with communications and other professional services; Finance Department was decreased by $30,000; Customer Service was increased $63,000 for additional expenses in building and grounds maintenance, postage, professional services, and bank fees for credit cards; Police Department was increased by $165,000 for increased expenses in jail expenses, utilities, communications, legal services, and vehicle maintenance; Fire Department was increased by $161,000 for increases in fuel expenses, communications, maintenance of vehicles and equipment; Public Works increased by $207,000 to cover increases in personnel costs, minor equipment and supplies, utilities, fuel expense, maintenance of vehicles, corrections work force, and replacement of vehicles; Culture and Recreation Department decreased $322,000; Planning and Development Department decreased $31,000.

FINAL BUDGET TO ACTUAL RESULTS COMPARISON

Primary reasons for the differences between the final budget and actual results in the General Fund include:

Revenues

- Tax revenues were higher than the original budget due to an increase in delinquent property tax payments.
- Local Option Sales Tax collected and distributed by the State of Georgia increased by $22,000.
- Fines and forfeiture revenues increased by $62,400 over the original budgeted amount.
- Charges for services decreased due to reductions in franchise fee revenue which was caused by declines in utility revenue.
- Alcohol tax revenues increased by $40,000 over the original budgeted amount.

Expenditures

- General government expenditures increased by $1.0 million due to increased tax collections on behalf of the school board.
- Fuel and communication expenses increased in several departments.
- Increased debt expenditures for school related debt service.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to $236.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The total decrease in the City's investment in capital assets for the current fiscal year was $3.1 million or (1.3%). For more detailed information concerning capital assets see Note 6 to the financial statements.

Table 6
Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 7.6	$ 7.6	$ 2.5	$ 2.4	$ 10.1	$ 10.0
Construction in progress	0.3	1.2	1.2	0.6	1.5	1.8
Capital projects-construction in progress	7.4	8.3	-	-	7.4	8.3
Land improvements	1.5	1.6	-	-	1.5	1.6
Buildings and structures	18.1	18.3	0.8	0.8	18.9	19.1
Park improvements	1.5	1.6	-	-	1.5	1.6
Infrastructure	56.3	55.9	-	-	56.3	55.9
Utility systems	-	-	135.7	137.2	135.7	137.2
Furniture, machinery and equipment	2.1	2.3	1.8	2.1	3.9	4.4
Total	$ 94.8	$ 96.8	$ 142.0	$ 143.1	$ 236.8	$ 239.9

This year's major capital asset additions included:

Governmental Activities:

- Continued construction of several infrastructure projects - $132,663
- Acquisition of replacement vehicles and equipment for several departments - $1,118,791

Business-type Activities:

- Water and Sewer construction projects, meters and settings - $862,703
- Gas mains, meters and settings, and service connections - $226,132
- Electric mains, meters and settings, and service connections - $506,375
- Stormwater sewers - $1,171,338
- Solid waste purchase of new solid waste truck and equipment - $123,819
- Fiber optics system improvements, service connectors, computer hardware and software, and machinery $35,789

LONG-TERM DEBT

At the end of 2011 fiscal year, the City had $39.1 million in debt outstanding. This is a decrease of $5.5 million compared to the prior fiscal year end. More detailed information about the City's long-term liabilities is included in Note 7 to the financial statements.

Bond ratings have a significant influence in establishing the rate of interest expense the City must pay when the bonds are sold. Moody's Investors Service has issued the City a debt rating of A3.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of the total tax digest. The current debt limitation for the City is $95,322,908, which is in excess of the City's outstanding general obligation debt.

Table 7
Outstanding Debt at June 30, 2011
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 14.4	$ 16.4	$ -	$ -	$ 14.4	$ 16.4
Capital leases	0.7	1.0	0.4	0.5	1.1	1.5
Revenue bonds	-	-	15.8	18.0	15.8	18.0
Notes payable	-	-	7.8	8.7	7.8	8.7
Total	$ 15.1	$ 17.4	$ 24.0	$ 27.2	$ 39.1	$ 44.6

ECONOMIC AND OTHER FACTORS THAT MAY IMPACT THE CITY'S FINANCIAL POSITION

Impacts on governmental activities:

Fiscal year 2011 saw a continuation of slow residential housing development for Cartersville as residential permits had an increase of 23.6% from the previous fiscal year as 47 residential permits were issued during fiscal year 2011. Commercial development also increased by 19.3% over the prior year as 37 commercial permits were issued for the fiscal year. The increases in residential and commercial permits caused an increase in some general fund building permit revenue over the prior year. The City prepared for the possible continued in reduction in the residential and commercial housing sector and continued economic recession as department heads were informed in the March 2010 budget memo to further reduce overall budget requests for fiscal year 2011 to meet the continued downtown in economy.

In addition to local option sales taxes and building permits, funding for the City's governmental activities comes from property and other taxes, and fees (franchise, occupational license, etc), and utility transfers. The fiscal year 2011 budget included a property tax millage rate of 1.38 to be used for City government capital and operation expenditures. Some additional funding is also received from state-shared revenues and grants from the state and federal governments and agencies. During the 2011 budget process City management considered projections on the state and local economy to estimate tax revenues for the proposed budget and department heads worked with management to prepare a conservative budget.

For fiscal year 2011 the City was able to offset the reduction in slower growth in sales tax dollars by increases in other taxes, state and federal grants, and transfers from utility funds. These increases provided an increase in revenues without an increase in the property tax rate and increases in charges for services. The rise in expenditures in some areas was offset by controlling overall expenditures in other areas and continuing to operate in an efficient manner. Due to the slowing economy, the original budgeted expenditures for 2011 were increased by 0.1% over the previous fiscal year.

Impacts on business-type activities:

Revenues for the business-type activities and certain governmental activities (recreational programs, permitting, etc.) come from user fees or service charges. The consumption of the City's utilities is impacted by economic conditions and local weather patterns. Approximately 70% of the revenues generated in the City's utilities are from industrial customers, and these revenues can be affected by a downturn in the economy. Also, unusual weather patterns can affect utility consumption, like cold winters or mild summers will affect citizens above or below average consumption of City provided electric, gas or water utilities. Water and sewer rate increases were approved in the fiscal year 2012 budget by the City Council.

The Electric Fund maintains a reserve account to enable the City to react in the event of deregulation. Deregulation has not occurred and should not impact fiscal year 2012.

The City continues to work with the Joint City/County Economic Development Director to help current businesses and to recruit new industry. The development of the City and Bartow County joint industrial park continues as the expansion of natural gas, and water and sewer infrastructure into the park has been completed. The industrial park will provide jobs to the area residents and additional utility revenue for the City once tenants are found for the industrial park.

Purchased gas and electricity costs represent 72% and 87% of the fiscal year 2011 gas and electric utility budgets, respectively. Costs of natural gas for 2011 were $16.8 million or 73.9% of total gas fund expenses. Costs of electricity for 2011 were $35.2 million or 85.2% of total electric fund expenses. The cost of natural gas is offset through cost recovery adjustments that are not part of the base rates charged to customers. The City has some long-term contract obligations for the purchase of gas and electricity that help control the fluctuations in gas and energy prices. These contracts are based on forecasted needs of our customers and expected prices in the market.

Impacts Citywide:

The City has outstanding contracts in the amount of $2,037,387 for completion of stormwater and street improvements, public safety facility, a new fire station, and water and sewer improvements. See Note 20 for more information on the amount spent to date on these contracts and remaining commitment.

The City maintains a defined benefit pension plan, and also provides post-employment health care benefits for eligible retirees. For more information on these benefits see Notes 13 and 15.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's operating budget for fiscal year 2012 totals $157.7 million; $39.5 million for the General Fund, $17.8 million for Special Purpose Local Option Sales Tax Projects, $2.2 million for Special Revenue Funds and $98.2 million for the Enterprise Funds. The City will receive about $1.4 million in grants in fiscal year 2012. Personnel expenditures account for 14.9% of the City's operating budget. The City had 345 full-time positions at the end of fiscal year 2011. The fiscal year 2012 budget includes 360 full time positions.

In the fiscal year 2012 budget, General Fund revenues including utility transfers are estimated to increase by 3.6% over the fiscal year 2011 budget. General property taxes make up 42.1% of General Fund budgeted revenues and transfers in. Sales tax receipts represent 12.1% of the General Fund budgeted revenues and transfers in, and with a recovering economy are expected to increase by $623,490 over the prior year due to some additions in the number of retail stores and restaurants in Cartersville. The City maintained its millage rate to 1.38, but with property reassessments and some new construction, tax revenues will remain flat. Enterprise Funds are expected to be self-supporting from user fees for services and rates can be adjusted as necessary with any changes in natural gas prices, or increases in coal or other fuel costs used to generate electricity. Water and sewer rate increases have been approved and should allow the City to maintain existing service levels even as industries decrease their usage due to additional conservation methods.

Due to the major Federal and State economic slowdown, the City Council looked at all revenue and expenses prior to approving the fiscal year 2021 budget. The final approved budget of $157.7 million was $15.3 million more than the prior year and represented one of the larger increases the City had in recent years. The large increase is due to several capital projects being included such as the joint police and fire station along with a new fire station. City Council and staff have continued to review the City's financial condition and due to a proactive approach of good fiscal control, the City has been able to weather the continuing economic recession without reductions in services to our citizens.

FINANCIAL CONTACT

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the City of Cartersville's finances and to demonstrate the City's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the Finance Director at P.O. Box 1390, Cartersville, Georgia 30120 or via email at trhinehart@cityofcartersville.org.

BASIC FINANCIAL STATEMENTS

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CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
June 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash	$ 5,376,614	$ 4,349,962	$ 9,726,576	$ 20,892,852
Receivables, Net	990,196	7,542,466	8,532,662	4,155,514
Internal Balances	341,761	(341,761)	-	-
Due From Other Governments	897,047	-	897,047	-
Prepaids	796,032	101,686	897,718	
Inventory	96,623	1,972,095	2,068,718	113,747
Restricted Cash	13,718,594	12,375,878	26,094,472	1,180,412
Unamortized Loss on Bond Refunding	554,146	145,981	700,127	-
Unamortized Bond Issue Costs	139,462	174,881	314,343	241,588
Land and Construction in Progress	15,330,655	3,712,390	19,043,045	5,384,282
Other Capital Assets, Net	79,385,022	138,219,082	217,604,104	2,455,224
Total Assets	$ 117,626,152	$ 168,252,660	$ 285,878,812	$ 34,423,619
Liabilities				
Accounts Payable	1,110,098	5,295,759	6,405,857	264,833
Wages and Withholdings Payable	152,616	92,250	244,866	4,473,114
Customer Deposits	4,845	1,381,185	1,386,030	-
Retainage Payable	5,000	3,690	8,690	7,395
Unearned Revenue	-	-	-	32,645
Interest Payable	34,505	307,361	341,866	149,859
Noncurrent Liabilities:				
Due Within One Year	2,197,984	2,899,626	5,097,610	660,000
Due In More Than One Year, Net	15,112,860	21,689,536	36,802,396	11,590,000
Total Liabilities	18,617,908	31,669,407	50,287,315	17,177,846
Net Assets				
Invested In Capital Assets, Net Of Related Debt	79,382,322	118,095,203	197,477,525	(3,114,454)
Restricted For:				
Capital Projects	12,100,864	-	12,100,864	6,807,067
Renewal and Replacement	-	1,124,618	1,124,618	-
Debt Service	-	3,517,805	3,517,805	-
Law Enforcement Activities	1,194,477	-	1,194,477	-
Planning and Development	426,141	-	426,141	-
Other	106,580	-	106,580	1,398,031
Unrestricted	5,797,860	13,845,627	19,643,487	12,155,129
Total Net Assets	$ 99,008,244	$ 136,583,253	$ 235,591,497	$ 17,245,773

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 22,378,199	$ 1,908,414	$ 2,518,768	$ 515,343
Police	5,393,834	937,540	14,424	14,577
Fire	4,544,015	-	-	-
Culture and Recreation	2,919,786	676,347	-	43,675
Planning and Development	862,648	282,696	54,710	-
Public Works	4,358,913	31,380	-	4,402,196
Interest on Long-term Debt	809,593	-	-	-
Total Governmental Activities	41,266,988	3,836,377	2,587,902	4,975,791
Business-type Activities:				
Water and Sewer	10,538,869	12,858,689	-	-
Electric	40,580,168	41,749,932	-	60,635
Gas	20,805,062	23,344,384	-	-
Stormwater	933,049	1,186,170	-	500,000
Solid Waste	1,972,967	2,004,356	-	-
Fiber Optic	1,583,749	1,797,550	-	-
Total Business-type Activities	76,413,864	82,941,081	-	560,635
Total Primary Government	$ 117,680,852	$ 86,777,458	$ 2,587,902	$ 5,536,426
Component Units:				
Downtown Development Authority	$ 192,602	$ 30,840	$ 138,545	$ -
Cartersville Building Authority	519,342	-	-	961,630
Cartersville School Board	42,503,287	1,351,854	23,817,658	161,921
Total Component Units	$ 43,215,231	$ 1,382,694	$ 23,956,203	$ 1,123,551

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets Primary Government Governmental Activities	Business-type Activities	Totals	Component Units
Primary Government:				
Governmental Activities:				
General Government	$ (17,435,674)	$	$ (17,435,674)	$
Police	(4,427,293)		(4,427,293)	
Fire	(4,544,015)		(4,544,015)	
Culture and Recreation	(2,199,764)		(2,199,764)	
Planning and Development	(525,242)		(525,242)	
Public Works	74,663		74,663	
Interest on Long-term Debt	(809,593)		(809,593)	
Total Governmental Activities	(29,866,918)		(29,866,918)	
Business-type Activities:				
Water and Sewer	-	2,319,820	2,319,820	
Electric	-	1,230,399	1,230,399	
Gas	-	2,539,322	2,539,322	
Stormwater	-	753,121	753,121	
Solid Waste	-	31,389	31,389	
Fiber Optic	-	213,801	213,801	
Total Business-type Activities	-	7,087,852	7,087,852	
Total Primary Government	(29,866,918)	7,087,852	(22,779,066)	
Component Units:				
Downtown Development Authority				(23,217)
Cartersville Building Authority				442,288
Cartersville School Board				(17,171,854)
Total Component Units				(16,752,783)
General Revenues				
Taxes				
Property	17,539,911	-	17,539,911	16,445,865
Sales	4,747,051	-	4,747,051	4,904,104
Hotel/Motel	379,104	-	379,104	-
Vehicle Rental	51,011	-	51,011	-
Insurance Premium	857,271	-	857,271	-
Malt and Mixed beverage	646,164	-	646,164	-
Franchise	4,432,437	-	4,432,437	-
Occupation	288,008	-	288,008	-
Financial Institution	80,508	-	80,508	-
Investment Earnings	54,806	101,597	156,403	30,539
Miscellaneous	131,816	-	131,816	-
Gain on Asset Disposal	(66,850)	36,182	(30,668)	12,121
Transfers	3,590,112	(3,590,112)	-	-
Total General Revenues and Transfers	32,731,349	(3,452,333)	29,279,016	21,392,629
Change in Net Assets	2,864,431	3,635,519	6,499,950	4,639,846
Net Assets - Beginning	95,649,622	132,665,938	228,315,560	12,648,241
Prior Period Adjustment	494,191	281,796	775,987	(42,314)
Net Assets - Ending	$ 99,008,244	$ 136,583,253	$ 235,591,497	$ 17,245,773

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2011

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 3,330,493	$ -	$ -	$ 3,330,493
Receivables, Net				
Accounts	180,294	-	-	180,294
Taxes	788,785	-	-	788,785
Intergovernmental	449,449	338,860	108,738	897,047
Prepaids	795,894	-	-	795,894
Interfund Receivable	1,387,194	-	22	1,387,216
Cash - Restricted	105,027	11,984,893	1,628,674	13,718,594
Total Assets	$ 7,037,136	$ 12,323,753	$ 1,737,434	$ 21,098,323
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 487,138	$ 173,953	$ 101,443	$ 762,534
Accrued Wages Payable & Withholdings	149,311	-	-	149,311
Retainage Payable	-	5,000	-	5,000
Interfund Payable	22	45,489	13,820	59,331
Customer Deposits	4,845	-	-	4,845
Unearned Revenue	407,994	-	-	407,994
Total Liabilities	1,049,310	224,442	115,263	1,389,015
Fund Balance				
Nonspendable				
Prepaids	795,894	-	-	795,894
Restricted				
Law Enforcement Activities	-	-	1,194,477	1,194,477
Construction	-	12,099,311	-	12,099,311
Grant Programs	-	-	1,553	1,553
Other	105,027	-	-	105,027
Committed				
Planning and Development	-	-	426,141	426,141
Unassigned	5,086,905	-	-	5,086,905
Total Fund Balances	5,987,826	12,099,311	1,622,171	19,709,308
Total Liabilities and Fund Balances	$ 7,037,136	$ 12,323,753	$ 1,737,434	$ 21,098,323

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Assets
June 30, 2011

Total Fund Balance - Total Governmental Funds		$ 19,709,308
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 are therefore not reported in the funds.		94,566,357
Other assets in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Unamortized Bond Issue Costs		139,462
Deferred revenue in the General Fund represents property taxes that are not available soon enough to pay for the current period's expenditures.		407,994
An internal service fund is used by management to charge the cost of insurance and vehicle maintenance to individual departments. Assets and liabilities of the internal service funds are not reported in the governmental		924,815
Long-term liabilities, including bonds payable, are not due and payable in the current perod and therefore are not reported as liabilities in the governmental funds.		
Bonds Payable	(14,410,000)	
Accrued Interest Payable	(34,505)	
Leases Payable	(702,846)	
Unamortized Loss on Bond Refunding	554,147	
Unamortized Bond Premium	(774,655)	
OPEB Liability	(1,371,833)	(16,739,692)
Net Assets of Governmental Activities		$ 99,008,244

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 28,797,888	$ -	$ 430,115	$ 29,228,003
Licenses and Permits	294,531	-	-	294,531
Intergovernmental	215,645	4,295,369	515,343	5,026,357
Payment From School Board	2,518,768	-	-	2,518,768
Fines and Forfeitures	616,906	-	206,408	823,314
Charges For Services	2,669,090	-	-	2,669,090
Miscellaneous Income	136,640	-	-	136,640
Interest Income	52,427	63,187	2,379	117,993
Total Revenues	35,301,895	4,358,556	1,154,245	40,814,696
Expenditures				
Current:				
General Government	20,300,076	-	804,355	21,104,431
Police	4,940,421	-	153,680	5,094,101
Fire	4,415,165	-	-	4,415,165
Planning and Development	834,851	-	20,000	854,851
Culture and Recreation	2,701,534	-	-	2,701,534
Public Works	2,402,910	225,438	-	2,628,348
Debt Service:				
Principal	2,248,750	-	-	2,248,750
Bond Issue Cost	139,462	-	-	139,462
Interest	775,088	-	-	775,088
Capital Outlay:				
Streets, Sidewalks and Stormwater	-	498,282	-	498,282
Water and Sewer Construction	-	309,769	-	309,769
Buildings	-	996,597	-	996,597
Culture and Recreation	-	-	37,929	37,929
Law Enforcement Equipment	-	-	228,185	228,185
Total Expenditures	38,758,257	2,030,086	1,244,149	42,032,492
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,456,362)	2,328,470	(89,904)	(1,217,796)
Other Financing Sources (Uses)				
Bonds Issued	13,380,000	-	-	13,380,000
Premium on Bonds Issued	774,655	-	-	774,655
Transfers - In	4,159,999	-	66,722	4,226,721
Transfers - Out	(66,722)	-	(118,350)	(185,072)
Payment to Bond Escrow Agent	(13,875,193)	-	-	(13,875,193)
Sale of Capital Assets	45,566	-	8,325	53,891
Total Other Financing Sources (Uses)	4,418,305	-	(43,303)	4,375,002
Net Change in Fund Balances	961,943	2,328,470	(133,207)	3,157,206
Fund Balance (Deficit) - Beginning of Year	5,009,947	9,770,841	1,771,314	16,552,102
Prior Period Adjustment	15,936	-	(15,936)	-
Fund Balance (Deficit) - End of Year	$ 5,987,826	$ 12,099,311	$ 1,622,171	$ 19,709,308

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds		$ 3,157,206
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. For the current period, these amounts are:		
Capital Outlay	2,288,148	
Depreciation Expense	(3,826,214)	(1,538,066)
Certain capital asset activities decrease net assets in the Statement of Activities but do not affect governmental funds.		
Transfer of Capital Assets to a Proprietary Fund	(451,537)	
Disposal of Capital Assets	(120,742)	(572,279)
Since some taxes will not be collected for several months after the fiscal year ends, they are not considered "available" revenues.		
Property Tax		(206,539)
Internal service funds are used by management to charge the cost of risk management and vehicle maintenance to individual departments. Net revenue of the internal service funds is reported with the governmental activities.		279,913
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.		
Change in Accrued Interest Payable	(34,505)	
Net Change In OPEB Liability	(323,939)	(358,444)
Issuance of long-term debt (bonds, leases) provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Amortization Of Discount On Bonds	(1,527)	
Amortization Of Bond Issuance Costs	(4,583)	
Bond Issuance	(14,154,655)	
Issuance Cost	139,462	
Payment to Bond Refunding Escrow Agent	13,875,193	
Repayment Of Principal	1,955,000	
Capital Lease Payments	293,750	2,102,640
Change in Net Assets of Governmental Activities		$ 2,864,431

The accompanying notes are an integral part of this financial statement.

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CITY OF CARTERSVILLE, GEORGIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 27,443,360	$ 28,798,370	$ 28,797,888	$ (482)
Licenses and Permits	288,070	294,920	294,531	(389)
Intergovernmental	202,000	173,435	215,645	42,210
Fines and Forfeitures	554,500	618,925	616,906	(2,019)
Payment from School Board	2,561,400	2,518,770	2,518,768	(2)
Charges for Services	2,677,215	2,672,515	2,669,090	(3,425)
Miscellaneous Income	95,000	136,650	136,640	(10)
Interest Income	16,000	55,350	52,427	(2,923)
Total Revenues	33,837,545	35,268,935	35,301,895	32,960
Expenditures				
Current				
General Government	19,258,070	20,360,305	20,300,076	60,229
Police	4,780,750	4,946,165	4,940,421	5,744
Fire	5,062,465	5,223,025	4,415,165	807,860
Planning and Development	882,870	852,005	834,851	17,154
Culture and Recreation	3,037,280	2,715,025	2,701,534	13,491
Public Works	2,207,770	2,415,295	2,402,910	12,385
Debt Service				
Principal	1,384,285	2,248,750	2,248,750	-
Bond Issue Cost	-	145,575	139,462	6,113
Interest	1,508,425	780,577	775,088	5,489
Total Expenditures	38,121,915	39,686,722	38,758,257	928,465
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,284,370)	(4,417,787)	(3,456,362)	961,425
Other Financing Sources (Uses)				
Sale of Capital Assets	-	45,570	45,566	(4)
Bonds Issued	-	13,380,000	13,380,000	-
Premium on Bonds Issued	-	774,655	774,655	-
Issuance of Capital Lease	535,100	100	-	(100)
Payment to Bond Escrow Agent	-	(13,875,733)	(13,875,193)	540
Transfers - In	3,749,270	4,160,005	4,159,999	6
Transfers - Out	-	(66,810)	(66,722)	88
Total Other Financing Sources (Uses)	4,284,370	4,417,787	4,418,305	446
Net Change in Fund Balance	-	-	961,943	961,871
Fund Balance - Beginning of Year	5,009,947	5,009,947	5,009,947	-
Prior Period Adjustment	-	-	15,936	15,936
Fund Balance - End of Year	$ 5,009,947	$ 5,009,947	$ 5,987,826	$ 977,807

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer	Electric	Gas	Other Nonmajor Enterprise Funds	Total	
Assets						
Current Assets						
Cash and Cash Equivalents	$ 1,961,445	$ 228,178	$ 1,557,624	$ 602,715	$ 4,349,962	$ 2,046,121
Restricted Cash						
Customer Deposits	352,592	672,057	369,119	-	1,393,768	-
Flexible Operating Account-MEAG	-	2,515,824	-	-	2,515,824	-
Renewal and Replacement	5,334,010	-	-	-	5,334,010	-
Revenue Bond Covenant Accounts	2,797,408	-	-	-	2,797,408	-
Drainage Improvements	-	-	-	334,868	334,868	-
Accounts Receivable - Net	1,448,314	4,338,044	1,451,846	304,262	7,542,466	21,117
Interfund Receivable	-	1,120,000	-	3,123	1,123,123	-
Prepaids	1,068	50,033	49,887	698	101,686	138
Inventory	491,230	1,048,232	374,901	57,732	1,972,095	96,623
Total Current Assets	12,386,067	9,972,368	3,803,377	1,303,398	27,465,210	2,163,999
Noncurrent Assets						
Capital Assets						
Equipment	2,894,804	2,287,189	1,282,760	3,785,580	10,250,333	325,633
Buildings and Structures	790,009	489,882	210,569	146,696	1,637,156	130,458
Utility Systems	141,870,378	22,155,340	20,676,966	4,774,268	189,476,952	-
Construction in Progress	1,184,596	-	-	5,500	1,190,096	-
Less Accumulated Depreciation	(38,832,664)	(11,614,315)	(8,317,434)	(4,380,946)	(63,145,359)	(348,016)
Land and Easements	2,089,761	75,902	190,099	166,532	2,522,294	41,245
Unamortized Loss on Bond Refunding	145,981	-	-	-	145,981	-
Unamortized Bond Issue Costs	174,881	-	-	-	174,881	-
Total Noncurrent Assets	110,317,746	13,393,998	14,042,960	4,497,630	142,252,334	149,320
Total Assets	$ 122,703,813	$ 23,366,366	$ 17,846,337	$ 5,801,028	$ 169,717,544	$ 2,313,319

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer	Electric	Gas	Other Nonmajor Enterprise Funds	Total	
Liabilities						
Current Liabilities						
Accounts Payable	$ 297,088	$ 3,575,877	$ 1,337,345	$ 85,449	$ 5,295,759	$ 347,564
Accrued Wages and Withholdings Payable	32,225	22,002	18,038	19,985	92,250	3,305
Customer Deposits	228,980	756,929	381,046	14,230	1,381,185	-
Retainage Payable	3,690	-	-	-	3,690	-
Accrued Interest Payable	307,361	-	-	-	307,361	-
Interfund Payable	-	-	996,898	1,185,352	2,182,250	268,758
Capital Leases Payable	-	-	-	153,595	153,595	-
Notes Payable	941,031	-	-	-	941,031	-
Revenue Bonds Payable	1,805,000	-	-	-	1,805,000	-
Total Current Liabilities	3,615,375	4,354,808	2,733,327	1,458,611	12,162,121	619,627
Noncurrent Liabilities						
Capital Leases Payable	-	-	-	249,360	249,360	-
Notes Payable	6,843,264	-	-	-	6,843,264	-
Revenue Bonds Payable (Net)	13,990,000	-	-	-	13,990,000	-
OPEB Liability	243,178	98,518	134,656	130,560	606,912	51,510
Total Noncurrent Liabilities	21,076,442	98,518	134,656	379,920	21,689,536	51,510
Total Liabilities	24,691,817	4,453,326	2,867,983	1,838,531	33,851,657	671,137
Net Assets						
Invested in Capital Assets, Net of Related Debt	86,563,570	13,393,998	14,042,960	4,094,675	118,095,203	149,320
Restricted						
Debt Service	3,517,805	-	-	-	3,517,805	-
Renewal and Replacement	789,750	-	-	334,868	1,124,618	-
Unrestricted	7,140,871	5,519,042	935,394	(467,046)	13,128,261	1,492,862
Total Net Assets	$ 98,011,996	$ 18,913,040	$ 14,978,354	$ 3,962,497	$ 135,865,887	$ 1,642,182
Adjustment to reflect the consolidation of internal service fund activity related to enterprise funds					717,366	
Net assets of business-type activities					$ 136,583,253	

The accompanying notes are an integral part of this financial statement.

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CITY OF CARTERSVILLE, GEORGIA
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer	Electric	Gas	Other Nonmajor Enterprise Funds	Total	
Operating Revenues						
Charges for Services	$ 12,509,312	$ 41,716,162	$ 23,082,342	$ 4,707,525	$ 82,015,341	$ 205,405
Fees	269,161	7,945	9,579	43,863	330,548	-
Other Revenues	80,216	25,825	252,463	236,688	595,192	257,840
Internal Service Charges	-	-	-	-	-	5,448,132
Total Operating Revenues	12,858,689	41,749,932	23,344,384	4,988,076	82,941,081	5,911,377
Operating Expenses						
Costs of Sales and Services	6,456,011	4,509,306	3,000,434	3,692,672	17,658,423	2,005,182
Administrative Expense	470,400	340,000	440,000	337,690	1,588,090	-
Cost of Gas	-	-	16,862,854	-	16,862,854	-
Cost of Electricity	-	35,152,089	-	-	35,152,089	-
Claims	-	-	-	-	-	3,417,353
Depreciation Expense	2,803,538	626,079	540,084	499,415	4,469,116	16,618
Total Operating Expenses	9,729,949	40,627,474	20,843,372	4,529,777	75,730,572	5,439,153
Operating Income (Loss)	3,128,740	1,122,458	2,501,012	458,299	7,210,509	472,224
Nonoperating Revenues (Expenses)						
Interest Revenue	44,399	7,385	8,443	41,370	101,597	1,089
Interest Expense	(796,971)	-	-	(21,294)	(818,265)	-
Gain on Asset Disposal	1,609	23,971	3,324	7,278	36,182	20,869
Bond Issue Cost Amortization	(79,293)	-	-	-	(79,293)	-
Total Nonoperating Revenues (Expenses)	(830,256)	31,356	11,767	27,354	(759,779)	21,958
Income Before Contributions, Special Items and Transfers	2,298,484	1,153,814	2,512,779	485,653	6,450,730	494,182
Capital Contributions	334,334	60,635	-	617,203	1,012,172	-
Transfers Out	(1,452,236)	(619,423)	(1,969,990)	-	(4,041,649)	-
Change in Net Assets	1,180,582	595,026	542,789	1,102,856	3,421,253	494,182
Net Assets - Beginning	96,742,993	18,279,305	14,358,320	2,782,220	132,162,838	1,139,096
Prior Period Adjustment	88,421	38,709	77,245	77,421	281,796	8,904
Net Assets - Ending	$ 98,011,996	$ 18,913,040	$ 14,978,354	$ 3,962,497	135,865,887	$ 1,642,182

Change in net assets funds statements	3,421,253
Adustment to reflect the consolidation of internal service fund activity related to enterprise funds	214,266
Change in net assets of business-type activities government wide statements	$ 3,635,519

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer	Electric	Gas	Other Nonmajor Enterprise Funds	Total	
Cash Flows From Operations						
Received From Customers	$ 12,475,663	$ 41,377,568	$ 23,112,273	$ 4,944,879	$ 81,910,383	$ 5,948,937
Payments To Suppliers	(3,996,207)	(37,968,171)	(18,768,986)	(2,183,449)	(62,916,813)	(5,169,874)
Payments To/For Employees	(2,851,295)	(1,911,940)	(1,602,771)	(1,862,135)	(8,228,141)	(337,604)
Net cash Provided by (Used in) Operating Activities	5,628,161	1,497,457	2,740,516	899,295	10,765,429	441,459
Cash Flows from Noncapital Financing Activities						
Payments/Advances From Other Funds	-	205,327	-	60,473	265,800	438,371
Payments/Advances To Other Funds	(1,496,451)	(649,208)	(1,996,815)	(346,118)	(4,488,592)	-
Net Cash From Noncapital Financing Activities	(1,496,451)	(443,881)	(1,996,815)	(285,645)	(4,222,792)	438,371
Cash Flows from Capital and Related Financing Activities						
Payment To MEAG	-	-	-	-	-	-
Principal Payments - Bonds	(2,260,000)	-	-	-	(2,260,000)	-
Principal Payments - Notes	(916,710)	-	-	-	(916,710)	-
Principal Payments - Leases	-	-	-	(184,055)	(184,055)	-
Capital Contribution	-	60,635	-	500,000	560,635	-
Proceeds From Capital Leases	-	-	-	123,293	123,293	-
Proceeds From Disposal of Capital Assets	1,609	23,971	3,324	7,278	36,182	20,869
Acquisition and Construction of Capital Assets	(789,150)	(506,374)	(215,568)	(1,327,118)	(2,838,210)	(9,739)
Interest Paid	(856,081)	-	-	(21,294)	(877,375)	-
Net Cash From Capital and Related Financing Activities	(4,820,332)	(421,768)	(212,244)	(901,896)	(6,356,240)	11,130
Cash Flows from Investing Activities						
Interest Received	44,399	7,385	8,443	41,370	101,597	1,089
Net Increase (Decrease) in Cash	(644,223)	639,193	539,900	(246,876)	287,994	892,049
Cash - July 1, 2010 (Including Restricted Cash)	11,089,678	2,776,866	1,386,843	1,184,459	16,437,846	1,154,072
Cash - June 30, 2011 (Including Restricted Cash)	$ 10,445,455	$ 3,416,059	$ 1,926,743	$ 937,583	$ 16,725,840	$ 2,046,121

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer	Electric	Gas	Other Nonmajor Enterprise Funds	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating Income (Loss)	$ 3,128,740	$ 1,122,458	$ 2,501,012	$ 458,299	$ 7,210,509	$ 472,224
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	2,803,538	626,079	540,084	499,415	4,469,116	16,618
(Increase) Decrease in Assets:						
Accounts Receivable	(318,648)	(679,655)	(55,976)	(40,447)	(1,094,726)	37,559
Prepaid Items	(1,068)	2,965	3,111	(698)	4,310	(138)
Inventory	3,173	25,180	11,299	10,165	49,817	(3,542)
Increase (Decrease) in Liabilities						
Accounts Payable	87,635	128,003	(64,710)	(16,043)	134,885	(93,337)
Accrued Wages and Withholdings Payable	(72,534)	(55,432)	(43,878)	(44,639)	(216,483)	(8,493)
Customer Deposits	(64,378)	307,291	(176,135)	(2,750)	64,028	-
OPEB Liabiilty	61,703	20,568	25,709	35,993	143,973	20,568
Net Cash Provided by (Used in) Operating Activities	$ 5,628,161	$ 1,497,457	$ 2,740,516	$ 899,295	$ 10,765,429	$ 441,459
Noncash Investing, Capital and Financing Activities						
Accumulated Depreciation	65,463	39,897	5,914	-	111,274	-
Capital Contributions	(334,334)	-	-	(117,203)	(451,537)	-
Disposal of Capital Assets	(65,463)	(39,897)	(5,914)	-	(111,274)	
Acquisition and Construction of Capital Assets	407,887	-	10,564	121,031	539,482	-
Accounts Payable	(73,553)	-	(10,564)	(3,828)	(87,945)	-
Net Noncash Investing, Capital, and Financing Activities	$ -	$ -	$ -	$ -	$ -	$ -
For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Assets:						
Cash and Cash Equivalents	$ 1,961,445	$ 228,178	$ 1,557,624	$ 602,715	$ 4,349,962	$ 2,046,121
Cash Overdraft	-	-	-	-	-	-
Restricted Cash:						
Customer Deposits Cash	352,592	672,057	369,119	-	1,393,768	-
Flexible Operating Cash - MEAG	-	2,515,824	-	-	2,515,824	-
Construction	5,334,010	-	-	-	5,334,010	-
Drainage Improvements	-	-	-	334,868	334,868	-
Revenue Bond Covenant Accounts	2,797,408	-	-	-	2,797,408	-
Total	$ 10,445,455	$ 3,416,059	$ 1,926,743	$ 937,583	$ 16,725,840	$ 2,046,121

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Fiduciary Net Assets
Pension Trust Fund
June 30, 2011

	Employee Retirement Fund
Assets	
Contributions Receivable	$ 78,718
Investments, at Fair Value:	
Mutual Funds	26,871,623
Total Investments	26,871,623
Total Assets	$ 26,950,341
Liabilities	
Accounts Payable	$ -
Total Liabilities	$ -
Net Assets	
Held In Trust for Pension Benefits and Other Purposes	$ 26,950,341

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Changes in Fiduciary Net Assets
Pension Trust Fund
For the Year Ended June 30, 2011

	Employee Retirement Fund
Additions	
Contributions	
Employer	$ 1,899,631
Plan Members	487,042
Total Contributions	2,386,673
Investment Earnings	
Interest and Dividends	532,029
Net Increase in Fair Value of Investments	3,668,221
Total Investment Earnings	4,200,250
Total Additions	6,586,923
Deductions:	
Benefits	2,067,128
Refunds of Contributions-Employee	67,536
Administrative Expenses	121,226
Total Deductions	2,255,890
Change in Net Assets	4,331,033
Net Assets - Beginning	22,619,308
Net Assets - Ending	$ 26,950,341

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Component Units
June 30, 2011

	Downtown Development Authority	Cartersville Building Authority	Cartersville School Board	Total Component Units
Assets				
Cash	$ 7,174	$ 23,899	$ 20,861,779	$ 20,892,852
Receivables, Net	2,880	-	4,152,634	4,155,514
Inventory	-	-	113,747	113,747
Restricted Cash	-	1,180,412	-	1,180,412
Capital Assets				
Land and Construction in Progress	-	5,384,282	-	5,384,282
Other Capital Assets, Net	76,877	-	2,378,347	2,455,224
Unamortized Bond Issue Costs	-	241,588	-	241,588
Total Assets	86,931	6,830,181	27,506,507	34,423,619
Liabilities				
Accounts Payable	60,416	-	204,417	264,833
Wages and Withholdings Payable	-	-	4,473,114	4,473,114
Retainage Payable	-	-	7,395	7,395
Unearned Revenue	-	-	32,645	32,645
Interest Payable	-	149,859	-	149,859
Bonds Payable Due Within One Year	-	660,000	-	660,000
Due In More Than One Year - Net	-	11,590,000	-	11,590,000
Total Liabilities	60,416	12,399,859	4,717,571	17,177,846
Net Assets				
Invested in Capital Assets, Net of Related Debt	76,877	(5,569,678)	2,378,347	(3,114,454)
Restricted For:				
Capital Projects	-	-	6,807,067	6,807,067
Other Purposes	56,520	-	1,341,511	1,398,031
Unrestricted (Deficit)	(106,882)	-	12,262,011	12,155,129
Total Net Assets	$ 26,515	$ (5,569,678)	$ 22,788,936	$ 17,245,773

The accompanying notes are an integral part of this financial statement.

CITY OF CARTERSVILLE, GEORGIA
Statement of Activities - Component Units
For the Year Ended June 30, 2011

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Downtown Development Authority	Net (Expense) Revenue and Changes in Net Assets: Cartersville Building Authority	Net (Expense) Revenue and Changes in Net Assets: Cartersville School Board	Totals
Downtown Development Authority	$ 192,602	$ 30,840	$ 138,545	$ -	$ (23,217)	$ -	$ -	$ (23,217)
Cartersville Building Authority	519,342	-	-	961,630	-	442,288	-	442,288
Cartersville School Board	42,503,287	1,351,854	23,817,658	161,921	-	-	(17,171,854)	(17,171,854)
Total Component Units	$ 43,215,231	$ 1,382,694	$ 23,956,203	$ 1,123,551	(23,217)	442,288	(17,171,854)	(16,752,783)
General Revenues:								
Property Taxes					-	-	16,445,865	16,445,865
Sales Tax					-	-	4,904,104	4,904,104
Investment Earnings					-	189	30,350	30,539
Gain on Asset Disposal							12,121	12,121
Other General Revenues					-	-	-	-
Total General Revenues and Transfers					-	189	21,392,440	21,392,629
Change in Net Assets					(23,217)	442,477	4,220,586	4,639,846
Net Assets - Beginning					92,046	(6,012,155)	18,568,350	12,648,241
Prior Period Adjustment					(42,314)	-	-	(42,314)
Net Assets - Ending					$ 26,515	$ (5,569,678)	$ 22,788,936	$ 17,245,773

The accompanying notes are an integral part of this financial statement.

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Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cartersville was incorporated on February 1, 1850. In its present state, it operates under a Council/Manager form of government. The City provides the following services as authorized by its charter or statutes: culture and recreation, streets and roads, public utilities (electric, gas, water/sewer, storm water, sanitation and fiber optics), public safety (police and fire), planning and development, cemetery, garage, and general and administrative services.

A. Reporting Entity

The accompanying financial statements present the government and component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

City of Cartersville Board of Education:

The School Board was established in 1889. In its present state, the School Board operates under a Board/Superintendent form of government. The School Board is financially dependent on the City Council to approve and levy taxes to support the education function and on the subsidy provided by the City. Bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of the School Board's debt remains with the City. The School Board does not have the ability to issue its own debt or to levy taxes to service its debt. The School Board has a June 30 year-end and reports using the governmental fund model.

Complete financial statements of the City of Cartersville Board of Education can be obtained from the administrative office: 15 Nelson Street, Cartersville, Georgia 30120.

Downtown Development Authority of Cartersville:

The Authority was created in 1981 for the purpose of revitalizing and redeveloping the central business district of the City of Cartersville. The Authority's Board consists of seven members appointed by the City Council. The City is financially accountable for the Authority because the organization is financially dependent on the City for funding. The Authority has a June 30 year-end and reports using the enterprise fund model.

Complete financial statements of the Downtown Development Authority of Cartersville can be obtained from their office located at: One Friendship Plaza, Suite B, Cartersville, Georgia 30120.

Cartersville Building Authority

The Cartersville Building Authority was created May 30, 2003 for the purpose of issuing debt for joint City and Bartow County construction projects. The Authority's board consists of five members appointed by the City Council. The City is financially accountable for the Authority because the organization depends on partial funding from the City for funds to make debt payments. The Authority has a June 30 year-end and reports using the governmental fund model.

Complete financial statements of the Cartersville Building Authority can be obtained from the City of Cartersville at 1 Erwin Street, Cartersville, Georgia 30120.

Related Organizations:

The Etowah Area Consolidated Housing Authority is a related organization that has not been included in the reporting entity. The Etowah Area Consolidated Housing Authority was formed when the Cartersville Housing Authority and the Adairsville Housing Authority were consolidated on April 1, 1998. The Authority provides low-income housing to eligible families in the Cities of Adairsville and Cartersville. The Authority's Board consists of five members appointed by the City Council; however, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Cartersville Development Authority is a related organization that has not been included in the reporting entity. The Authority was created November 16, 1962. The Authority's purpose is to promote development of industrial and manufacturing activities. The Authority's Board consists of five members appointed by the City Council; however, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Development Authority of Cartersville is a related organization that has not been included in the reporting entity. The Authority was created May 1, 1980. The Authority's purpose is to promote development of industrial and manufacturing activities. The Authority's Board consists of seven members appointed by the City Council; however, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

The Joint Cartersville-Bartow County Regional Industrial Development Authority is a related organization that has not been included in the reporting entity. The Authority was created April 25, 2002. The Authority's purpose is to promote development of industrial and manufacturing activities. The Authority's Board consists of six members appointed by the City Council and Bartow County. However, the City is not financially accountable (does not impose will or have a financial benefit or burden relationship) for the Authority.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements, each of which present different views of the City. The government-wide and fund financial statements categorize primary activities as either governmental or business-type. Fiduciary funds are not included in the government-wide 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, intergovernmental revenues, permits, and fines, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Fund financial statements emphasize major funds in either the governmental, proprietary and fiduciary funds. Non-major funds (if any) are reported as a separate column in the fund financial statements. Fiduciary funds are only presented in the fund financial statements.

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City applies all relevant FASB pronouncements and APB opinions issued on or prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City does not apply FASB pronouncement and APB opinions issued after November 30, 1989.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary and fiduciary funds 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.

The retirement fund recognizes employer and employee contributions in the period in which contributions are due. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the retirement plan.

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives the cash. In applying the susceptible to accrual concept, nonexchange transactions are recognized in accordance with GASB Statement 33.

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

Amounts reported as program revenues include charges to customers for goods, services or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and unrestricted as needed.

D. Fund Types and Major Funds

Governmental Funds

The general and capital projects funds are the major governmental funds that the City reports. The general fund is the primary fund of the City and accounts for all financial resources not reported in other funds. The capital projects fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays. This includes the acquisition and construction of major capital assets, but excludes those accounted for by proprietary funds or assets that will be held in trust for individuals, private organizations, or other governments.

Additionally, the City reports several different non-major fund types. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special revenue funds are the hotel/motel tax fund which accounts for the revenue and expense associated with a 5% hotel/motel tax in accordance with provisions of the Official Code of Georgia section §48-13-51, the development fee fund which accounts for revenue and expense associated with development fee charges and agreements with developers, the confiscated assets fund which accounts for federal confiscated assets, the state forfeited funds fund which accounts for state forfeitures, the grant fund that accounts for pass-through grants, the impact fee fund that accounts for revenue and expense associated with impact fees charged, and the rental motor vehicle excise tax which collects a 3% rental motor vehicle tax in accordance with the provisions of the Official Code of Georgia section §48-13-93.

Proprietary Funds

Proprietary funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is intended to be self-supporting. The City's three major enterprise funds are the water and sewer fund that is used to account for water treatment and distribution and wastewater collection and distribution, the electric fund that is used to account for the City's electric distribution system and the gas fund that is used to account for the City's gas distribution system. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. These funds recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 non-operating revenues and expenses.

Internal Service Funds

The self insurance internal service fund accounts for risk management activities of the City on a cost reimbursement basis. The garage internal service fund accounts for services provided to various city departments on a cost reimbursement basis. The internal service fund is a proprietary fund reported with governmental activities in the government-wide statements.

Fiduciary Funds

Fiduciary funds are used to report assets that by definition are being held in a trustee or agency capacity for the benefit of others and are therefore not available to support City programs. The City presents the employee retirement fund in the fiduciary fund category.

E. Assets, Liabilities, Net Assets or Fund Equity

1. Cash and Investments

Cash and cash investments include amounts in demand deposits, all highly liquid investments with a maturity of three months or less when purchased and the local government investment pool.

Investments include obligations of U.S. agencies and the local government investment pool. Investments are stated at the fair value. The City has no investments that it reports at amortized cost.

State statutes authorize the City to invest in obligations of the State of Georgia or other states, obligations of the United States government, obligations fully insured or guaranteed by the United States government or its agencies, obligations of any corporation of the United States government, prime bankers' acceptances, the local government investment pool established by Georgia Code §36-83-8, repurchase agreements and obligations of other political subdivisions of the State of Georgia.

2. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided, services rendered or interfund loans. The resulting balances represent receivables and payables between governmental and business-type activities and are reported as due to/from other funds. In the government-wide financial statements, these balances are reported as internal balances.

All receivables for the proprietary funds are shown net of an allowance for uncollectibles. All receivables past due for more than 90 days comprise the allowance for uncollectibles. Property tax receivable is presented net of uncollectible allowance and is comprised of all taxes unpaid from current and prior years.

3. Inventories and Prepaid Items

At the government-wide level inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method and are expensed when used (consumption method). The consumption method is used to account for inventories in the proprietary fund types.

Prepaid items represent the amount paid in advance for sales tax and amounts paid in advance for equipment.

4. Restricted Assets

Various funds report assets that are restricted for construction, debt service or as specified by the revenue source. Certain proceeds of proprietary fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants. The "revenue bond debt service and reserve" accounts are used to segregate resources accumulated for debt service payments over the next twelve months and to report resources set aside to cover the highest debt service requirement in any subsequent sinking fund year except for those years where payment is to be made from the sinking fund investment account. The "revenue bond renewal and replacement" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements. The "revenue bond construction" account is used to report resources set aside to fund construction projects. A portion of the "Trust Fund Cash – MEAG" is to be used for wholesale price stabilization in deregulated market conditions. The Special

Purpose Local Option Sales Tax proceeds can only be used for purposes specified in the SPLOST referendum.

5. Capital Assets

The City's property, buildings, equipment, land improvements, park improvements and infrastructure (streets, bridges, curbs, sidewalks, drainage systems, lighting systems, etc) with useful lives of more than one year and a cost of more than five thousand dollars are capitalized and depreciated. These assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. 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 value on the date donated. Interest (net of related income) incurred during the construction of business-type capital assets is capitalized as part of the assets' cost. Capital assets are depreciated using the straight-line method. When these assets are disposed, the cost and related accumulated depreciation are removed from the accounts and the resulting gain/loss is recorded. The City established capitalization for its infrastructure assets as required by GASB 34 during the 2008 fiscal year at estimated historical cost. The City elected to report general infrastructure assets placed into service prior to July 1, 1980.

6. Long-Term Debt, Bond Discounts/Premiums and Issuance Costs

Outstanding debt and other obligations are reported as a liability in the government-wide, proprietary and component unit financial statements. Bond discounts/premiums and issuance costs for proprietary funds are capitalized and amortized over the term of the respective bonds using a method that approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable; premiums are presented as an increase of the face amount of bonds payable whereas issuance costs are recorded as deferred charges. 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 the 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 are reported as debt service expenditures.

7. Compensated Absences

Full-time, permanent employees are granted vacation and sick leave benefits. No liability is recorded for vesting accumulating vacation leave in the government-wide or proprietary funds as these amounts are paid as a terminal benefit of the City's retirement plan. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

8. Fund Equity

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

Fund Balance - represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications based 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. Fund balances are classified as follows:

- *Nonspendable* – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (for example, items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- *Restricted* – fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

- *Committed* – fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a resolution. Only the City Council may modify or rescind the commitment.

- *Assigned* – fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent would be expressed by the City Council itself or the Council would delegate the authority to assign fund balance to management.

- *Unassigned* – fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criteria. The City reports positive unassigned fund balance only in general fund. Negative unassigned fund balance may be reported in all funds.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted fund balance, it is the City's policy to use fund balance in the following order: committed, assigned and unassigned.

Net Assets – represents the different between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any unspent borrowings for the acquisition, construction of capital assets. Net assets may be reported as restricted or unrestricted.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Primary Government:

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general, special revenue and capital project funds. All annual appropriations lapse at fiscal year end.

Encumbrances or commitments related to unperformed contracts for goods or services were for immaterial amounts and therefore are not reported as reservations of fund balances. During fiscal year 2011, no significant supplemental budgetary appropriations were made.

Georgia code §36-81-3 requires an annual balanced budget for general and special revenue funds and at least project length budget for capital project funds. The City adopted annual budgets for the general, hotel/motel tax, development fee, confiscated assets, state forfeiture, impact fees, rental vehicle excise tax and capital project funds. Prior to July 1st of each year, the City Manager submits to the City Council proposed general and capital projects fund budgets for the fiscal year commencing July 1st. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of an ordinance. Department heads may amend the budget within their department with the approval of the City Manager. Any budget revisions between departments must be approved by the

City Council. Expenditures may not legally exceed budgeted appropriations at the activity (department) level. The legal level of budgetary control is at the department level.

Component Unit:

School Board: The Cartersville Board of Education adopts annual budgets, as required by Georgia law and the State of Georgia Board of Education.

Prior to April 1st of each year, the Superintendent and the School Board have work sessions to prepare the new upcoming budget. As soon as the School Board receives the budgeted allocations from the State of Georgia Board of Education, the Cartersville School Board adopts the budget on or before their regular June meeting. The Cartersville School Board can then submit to the Cartersville City Council an estimate of the local revenue which will be required for the maintenance and operation of the public schools for the succeeding year no later than June 30th. Based on the budgeted requirements, the School Board will recommend to the City Council the rate of tax levy that in its judgment, and considering other sources of revenue, shall be necessary and advisable to meet the expenditures contemplated. The City Council shall cause the tax levy to be set for the upcoming fiscal year. The proceeds from the City tax levy will be appropriated to the School Board to meet budgetary requirements for the succeeding year.

The budget shall be adopted at the legal level of budgetary control, which is the function level. For management control, the Board shall prepare and present the annual budget by fund type, fund function and object. Annual budgets are adopted for all governmental funds except the School Activities Fund.

The Superintendent is authorized by the Board to approve an unlimited number of transfers of appropriations to make adjustments of less than five percent of the amount budgeted for expenditures in any function for any fund without the approval of the Board. If at any time during the budget year, expenditures of funds in any budget function for any fund are anticipated to exceed by five percent or more the amount budgeted, the Board must authorize the additional anticipated expenditures. Therefore the legal level of budgetary control is the function level.

Note 3. CASH AND INVESTMENTS

Primary Government:

The City has adopted investment polices but they do not address any of the following specific reporting disclosures:

Custodial Credit Risk – Deposits – is the risk that in the event of a failure of a financial institution the City's deposits or collateral securities may not be recovered.

At June 30, 2011 the carrying amount of the City's deposits, excluding cash on hand of $11,100, was as follows:

Statement of Net Assets:	
Cash	$ 9,715,476
Restricted Cash	26,094,472
Fiduciary Fund:	
Restricted Cash	26,871,623
Total Cash and Investments	$ 62,681,571

Cash and investments consist of the following:

Cash Deposits in Financial Institutions	35,809,948
Investments	26,871,623
Total Cash and Investments	$ 62,681,571

Interest Rate Risk – Investments - is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2011, the City had the following investments subject to interest rate risk. The investments in bond funds are bond mutual funds. The effective duration and effective maturity of the overall holdings of the portfolios are shown in lieu of investment maturities. The City has not adopted a formal policy that addresses interest rate risk.

Investment Type	Fair Value	Effective Duration	Effective Maturity
Investment Grade Bond Funds	$ 10,730,000	6.84 Years	12.19 Years

Credit Risk – Investments – is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This can be measured by the assignment of a rating by a rating organization.

Investment Type	Fair Value	Rating
Corporate Stocks (Fiduciary Fund)	$ 16,123,447	A
Corporate Bonds (Fiduciary Fund)	10,730,000	A
Total	$ 26,853,447	

The City does not have a formal policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. The City does not have a formal policy that addresses concentration of credit risk. The City has no investments that meet the criteria for concentration of credit risk disclosure.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the City may not be able to recover the value of its investments. There is no custodial credit risk exposure for the City's investments because they are either insured or held in the City's name by the custodian.

Investment in State Investment Pool

The City is a voluntary participant in the Georgia Fund 1 that is under the oversight of State of Georgia Office of Treasury and Fiscal Services (OTFS). The fund, created under OCGA 36-83-8, is a stable net asset value investment pool that is rated AAAm by Standard and Poor's. The Fund operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company, is a public entity risk pool and is not subject to credit risk classification. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's

shares sold and redeemed based on $1.00 per share. Investment in the Georgia Fund 1 totaled $419,153 at year-end with a weighted-average maturity of 59 days.

Component Unit:

School Board:

Cash and investments as of June 30, 2011 are classified in the financial statements as follows:

Statement of Net Assets:	
Cash	$ 20,861,779

The School Board has no formal policy concerning custodial credit risk.

Investment in State Investment Pool:

The Board's investments were in the Georgia Fund 1 and certificate of deposit. The Georgia Fund 1 is under the oversight of State of Georgia Office of Treasury and Fiscal Services (OTFS). The fund, created under OCGA 36-83-8, is a stable net asset value investment pool that is rated AAAm by Standard and Poor's. The Fund operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. Investment in the Georgia Fund 1 totaled $7,432,172 at year-end with a weighted-average maturity of 59 days. The certificates of deposit totaled $23,033 and with a maturity of 12 months.

Cartersville Building Authority:

Cash and investments as of June 30, 2011 are classified in the financial statements as follows:

Statement of Net Assets:	
Cash	$ 23,899
Restricted Cash	1,180,412
Total	$ 1,204,311
Cash and Investments consist of the following:	
Cash Deposits In Financial Institutions	$ 1,204,311

The Building Authority has no formal policy concerning custodial credit risk.

Note 4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLES

Receivables at June 30, 2011 consist of the following:

	General	Enterprise	Internal Service	Total
Taxes	$ 788,785	$ -	$ -	$ 788,785
Accounts	408,222	9,670,099	21,117	10,099,438
Allowance for Uncollectibles	(227,928)	(2,127,633)	-	(2,355,561)
Net Receivables	$ 969,079	$ 7,542,466	$ 21,117	$ 8,532,662

General taxes receivable at June 30, 2011 consists of uncollected property taxes levied during the fiscal year ended June 30, 2011 and prior years. Uncollected property taxes from prior years are shown net of allowance for uncollectible.

Enterprise accounts receivable consists of billed and unbilled services to utility customers at June 30, 2011. The allowance for uncollectible accounts represents approximately 22% of total outstanding utility billings.

The total uncollectible amounts related to the current period are as follows: $36,018 in the water and sewer fund, $108,756 in the electric fund, $66,340 in the gas fund, $13,644 in the solid waste fund, $312 in the fiber fund and $4,953 in the stormwater fund.

Note 5. PROPERTY TAX

Bartow County bills and collects the City's real and personal property taxes. City property tax revenues are recognized when levied to the extent they result in current receivables. After receiving the tax digest from Bartow County, the property tax millage rate was approved by the City Council on July 30, 2010. Tax notices were mailed on September 15, 2010 and taxes were due by November 15, 2010 after which time penalties and interest began accruing.

Generally, liens may attach to property for unpaid taxes on January 1st of the subsequent year.

Assessed values are established by the Bartow County Tax Assessor's office and are currently calculated at 40% of the market value. The gross assessed value of property at January 1, 2010 was $953,229,075.

Based on the 2010 City General and School millage levy of 18.61, a property owner would pay $18.61 per $1,000 of assessed valuation.

Current tax collections of $15,889,271 for the fiscal year ended June 30, 2011 were 96.79% of the tax levy.

Note 6. CAPITAL ASSETS

Primary Government

The following table provides a summary of capital assets activity for governmental activities:

	Balance July 1 2010	Additions	Deletions	Transfers	Balance June 30 2011
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	$ 7,584,997	$ -	$ -	$ -	$ 7,584,997
Construction in Progress	1,238,097	49,388	-	(998,431)	289,054
Capital Projects - Construction in Progress	8,282,437	1,791,193	120,742	(2,496,284)	7,456,604
Total Capital Assets Not Being Depreciated	17,105,531	1,840,581	120,742	(3,494,715)	15,330,655
Capital Assets Being Depreciated:					
Land Improvements	3,283,331	-	-	-	3,283,331
Buildings and Structures	34,203,349	-	-	1,050,770	35,254,119
Park Improvements	4,387,629	-	-	-	4,387,629
Infrastructure	79,995,501	-	-	2,005,863	82,001,364
Furniture, Machinery, and Equipment	10,926,142	457,305	224,191	(13,455)	11,145,801
Total Capital Assets Being Depreciated	132,795,952	457,305	224,191	3,043,178	136,072,244
Less Accumulated Depreciation For:					
Land Improvements	1,698,469	122,464	-	-	1,820,933
Buildings and Structures	15,963,031	1,181,143	-	-	17,144,174
Park Improvements	2,759,886	149,777	-	-	2,909,663
Infrastructure	24,058,866	1,678,089	-	-	25,736,955
Furniture, Machinery, and Equipment	8,588,329	711,359	224,191	-	9,075,497
Total Accumulated Depreciation	53,068,581	3,842,832	224,191	-	56,687,222
Total Capital Assets Being Depreciated	79,727,371	(3,385,527)	-	3,043,178	79,385,022
Governmental Activity Capital Assets, Net	$ 96,832,902	$ (1,544,946)	$ 120,742	$ (451,537)	$94,715,677

Transfers consist of completed capital projects with the net amount of $451,537 being transferred to business-type activities. Deletions include equipment disposals and construction in progress for projects that were determined to be unfunded due to a lack of SPLOST proceeds.

Depreciation expense was charged to functions/programs as follows (Includes internal service funds):

Governmental Activities:	
General Government	$ 1,237,557
Police	343,873
Fire	237,113
Culture and Recreation	219,595
Planning and Development	13,216
Public Works	1,791,478
Total Governmental Depreciation	$ 3,842,832

The following table provides a summary of capital assets activity for business-type activities:

	Balance July 1 2010	Additions	Deletions	Transfers	Balance June 30 2011
Business-type Activities:					
Capital Assets, Not Being Depreciated					
Land	$ 2,355,762	$ 166,532	$ -	$ -	$ 2,522,294
Construction In Progress	574,576	1,277,564	-	(662,044)	1,190,096
Total Capital Assets, Not Being Depreciated	2,930,338	1,444,096	-	(662,044)	3,712,390
Capital Assets Being Depreciated					
Buildings and Structures	1,596,654	40,502	-	-	1,637,156
Utility Systems	187,136,383	1,240,443	-	1,100,126	189,476,952
Furniture, Machinery, and Equipment	10,281,762	201,115	245,999	13,455	10,250,333
Total Capital Assets Being Depreciated	199,014,799	1,482,060	245,999	1,113,581	201,364,441
Less Accumulated Depreciation For:					
Buildings and Structures	833,825	49,793	-	-	883,618
Utility Systems	49,907,509	3,910,999	-	-	53,818,508
Furniture, Machinery, and Equipment	8,180,908	508,324	245,999	-	8,443,233
Total Accumulated Depreciation	58,922,242	4,469,116	245,999	-	63,145,359
Total Capital Assets Being Depreciated, Net	140,092,557	(2,987,056)	-	1,113,581	138,219,082
Business-type Activities Capital Assets, Net	$ 143,022,895	$ (1,542,960)	$ -	$ 451,537	$ 141,931,472

Transfers include completed construction projects and transfers from the governmental capital projects fund.

Depreciation expense was charged as follows:

Business-type Activities	
Water and Sewer	$ 2,803,538
Electric	626,079
Gas	540,084
Solid Waste	134,623
Fiber Optic	246,669
Stormwater	118,123
Total Business-type Depreciation	$ 4,469,116
Internal Service Fund	
Garage	$ 16,618

The following estimated useful lives are used to compute depreciation:

Asset	Years
Infrastructure	50
Land improvements	25
Park improvements	5 – 40
Equipment	3 – 10
Buildings	40 – 50
Utility systems:	
Meters and settings	10 – 20
Mains and lines	75 – 90

Component Units:

School Board

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets Being Depreciated				
Buildings and Land Improvements	$ 129,827	$ 31,879	$ -	$ 161,706
Vehicles	2,160,162	455,426	224,228	2,391,360
Computers	452,959	113,703	-	566,662
Furniture and Equipment	1,747,591	235,268	-	1,982,859
Total Capital Assets Being Depreciated	4,490,539	836,276	224,228	5,102,587
Less Accumulated Depreciation For:				
Buildings and Land Improvements	14,628	2,808	-	17,436
Vehicles	1,569,071	180,719	222,349	1,527,441
Computers	265,058	68,239	-	333,297
Furniture and Equipment	691,803	154,263	-	846,066
Total Accumulated Depreciation	2,540,560	406,029	222,349	2,724,240
Capital Assets Being Depreciated, Net	$ 1,949,979	$ 430,247	$ 1,879	$ 2,378,347

Cartersville Building Authority

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2011:

	Balance July 1, 2010	Additons	Deletions	Transfers (To) From City	Balance June 30, 2011
Capital Assets, Not Being Depreciated					
Construction In Progress	$ 5,384,282	$ -	$ -	$ -	$ 5,384,282

Note 7. LONG-TERM DEBT

Primary Government

General Obligation Bonds:

The City issued general obligation bonds to provide funding for the construction of school facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds outstanding at June 30, 2011 are as follows:

$10,865,000 1992 School Serial and Term Bonds due in annual installments of: $160,000 with interest at 4.60% due January 1, 1994; $250,000 with interest at 5.00% due January 1, 1995; $280,000 with interest at 5.20% due January 1, 1996, $315,000 with interest at 5.40% due January 1, 1997; $350,00 with interest at 5.60% due January 1, 1998; $390,000 with interest at 5.75% due January 1, 1999, $430,000 with interest at 5.85% due January 1, 2000; $475,000 with interest at 5.95% due January 1, 2001; $525,000 with interest at 6.05% due January 1, 2002; $560,000 with interest at 6.15% due January 1, 2003; $595,000 with interest at 6.25% due January 1, 2004; $635,000 with interest at 6.40% due January 1, 2005; $680,000 with interest at 6.50% due January 1, 2006; $725,000 with interest at 6.55% due January 1, 2007; $775,000 to $1,030,000 with interest at 6.70% due from January 1, 2008 to January 1, 2012.	$ 1,030,000
$10,000,000 2001 School Serial and Term Bonds due in annual installments of $490,000 with interest at 3.95% due December 31, 2008; $505,000 to $550,000 with interest at 4.00% due December 31, 2009 to December 31, 2011; $570,000 with interest at 3.90% due December 31, 2012; $595,000 with interest at 4.00% due December 31, 2013; $620,000 with interest at 4.15% due December 31, 2014; $650,000 with interest at 4.25% due December 31, 2015; $675,000 with interest at 4.35% due December 31, 2016; $710,000 with interest at 4.45% due December 31, 2017; $745,000 with Interest at 4.50% due December 31, 2018; $780,000 with interest at 4.55% due December 31, 2019; $820,000 with interest at 4.60% due December 31, 2020; $860,000 with interest at 4.65% due December 31, 2021 and $905,000 with interest at 4.70% due December 31, 2022.	0
$6,000,000 2002 School Serial and Term Bonds due in annual installments of $310,000 to $330,000 with interest at 3.75% due November 1, 2008 to November 1, 2010; $340,000 with interest at 3.55% due November 1, 2011; $350,000 with interest at 3.65% due November 1, 2012; $365,000 with interest at 3.80% due November 1, 2013; $375,000 with interest at 3.95% due November 1, 2014; $390,000 with interest at 4.00% due November 1, 2015; $405,000 with interest at 4.20% due November 1, 2016; $420,000 with interest at 4.30% due November 1, 2017; $440,000 with interest at 4.40% due November 1, 2018; $460,000 with interest at 4.50% due November 1, 2019; $475,000 with interest at 4.60% due November 1, 2020; $500,000 with interest at 4.70% due November 1, 2021; $520,000 with interest at 4.75% due November 1, 2022.	0
$13,380,000 2011 School Serial Bonds due in annual installments of $910,000 with interest at 2.00% due November 1; 2011, $685,000 with interest at 3.00% due November 1, 2012; $100,000 and $950,000 with interest at 2.00% and 3.00% respectively, due November 1, 2013, $300,000 and $750,000 with interest at 1.15% and 4.00% respectively, due November	

1, 2014, $425,000 and $650,000 with interest at 2.00% and 3.50% respectively, due November 1, 2015, $265,000 and $825,000 with interest at 2.00% and 3.50% respectively, due November 1, 2016, $1,115,000 with interest at 4.00% due November 1, 2017, $540,000 and $625,000 with interest at 4.00% and 4.50% respectively, due November 1, 2018, $260,000 and $1,000,000 with interest at 4.00% and 4.50% respectively, due November 1, 2019, $1,260,000 with interest at 4.50% due November 1, 2020, $1,320,000 with interest at 3.50% due November 1, 2021, $400,000 and $1,000,000 with interest at 3.125% and 4.50% respectively, due November 1, 2022.	13,380,000
	$ 14,410,000

The following schedule presents debt service requirements to maturity for general obligation bonds:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,940,000	$ 472,182	$ 2,412,182
2013	685,000	462,975	1,147,975
2014	1,050,000	437,450	1,487,450
2015	1,050,000	405,475	1,455,475
2016	1,075,000	373,125	1,448,125
2017-2021	5,890,000	1,241,850	7,131,850
2022-2023	2,720,000	115,950	2,835,950
Total	$ 14,410,000	$ 3,509,007	$ 17,919,007

The City issued the 2011 bonds to advance refund the 2001 and 2002 bonds and to pay all costs incidental to the issuance of the 2011 bonds. At June 30, 2011, $13,520,000 bonds are considered defeased. There is a total savings on this refunding of $657,953 and the present value of this savings is $607,929.

Revenue Bonds:

The City issues bonds where revenues from the business-type activities are used to pay debt service.

2000 Bonds

On November 1, 2000, the City issued Water and Sewer Revenue bonds of $6,865,000 with interest rates of 4.55% to 5.50% to advance the Series 1991A bonds ($3,400,000) and the Series 1988B bonds ($3,600,000) which matured in years 2008 through 2012. The net proceeds from the issuance of the water and sewer revenue bonds were used to purchase U.S. Government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments of the prior bonds when due or called. The advance refunding met the requirements of an insubstance defeasance and the refunded portion of the 1991 bonds was removed from the City's accompanying financial statements. As a result of the advance refunding, the City reduced its debt service requirements by $1,859,147 which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of $1,365,264.

2005 Bonds

On September 13, 2005, the City issued Water and Sewer Revenue bonds of $7,620,000 with an interest rate of 3.630% to pay costs of making additions, extensions, and improvements to the City's water and sewerage system.

2009 Bonds

On June 29, 2009, the City issued Water and Sewer Revenue bonds of $9,600,000 with an interest rate of 3.25% to advance the Series 1996B bonds ($1,125,000) and the 1998 bonds ($8,260,000). The net proceeds from the issuance of the Water and Sewer revenue bonds were used to purchase U.S. Government securities and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments of the prior bonds when due or called. The advance refunding met the requirements of an insubstance defeasance and the refunded portion of the 1996B bonds and the 1998 bonds was removed from the City's accompanying financial statements.

The following schedule presents debt service requirements to maturity for water and sewer revenue bonds:

Year Ending June 30	Principal	Interest	Total
2012	$ 1,805,000	$ 516,006	$ 2,321,006
2013	1,865,000	457,247	2,322,247
2014	2,155,000	395,496	2,550,496
2015	2,370,000	321,395	2,691,395
2016	2,450,000	242,019	2,692,019
2017-2018	5,150,000	224,781	5,374,781
Total	$ 15,795,000	$ 2,156,944	$ 17,951,944

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

On June 30, 2011, $1,370,000 of revenue bonds outstanding is considered defeased

Notes Payable - Water and Sewer Fund:

On January 31, 1991, the City executed a note to the Georgia Environmental Facilities Authority for the purpose of borrowing funds for the costs associated with the expansion of the wastewater treatment plant. The principal sum of the note is $5,970,332 due in quarterly installments of $90,731 including interest of 2%, from October 1, 1993 through July 1, 2013.

On July 21, 2001, the City executed a note to the Georgia Environmental Facilities Authority to borrow funds for the costs associated with the expansion of the City's wastewater treatment plant. The principal sum of the note is $10,641,913 due in quarterly installments of $198,611 including interest of 3%, from May 1, 2004 through August 1, 2021.

Note payable debt service requirements to maturity are presented below:

Year Ended June 30	Principal	Interest	Total
2012	$ 941,031	$ 216,340	$ 1,157,371
2013	966,019	191,352	1,157,371
2014	718,136	167,041	885,177
2015	646,905	147,541	794,446
2016	666,531	127,914	794,445
2017-2021	3,648,541	323,688	3,972,229
2022	197,132	1,479	198,611
Total	$ 7,784,295	$ 1,175,355	$ 8,959,650

Changes in long-term liabilities:

Long-term liabilities activity for the year was as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental Activities:					
General Obligation Bonds	$ 16,365,000	$ 13,380,000	$15,335,000	$ 14,410,000	$ 1,940,000
Capital Leases	996,596	-	293,750	702,846	180,519
OPEB Liability	1,078,837	344,506	-	1,423,343	-
Other Deferred Amounts:					
Premiums	-	774,655	-	774,655	77,465
Issuance Discounts	(10,062)	-	(10,062)	-	-
Total Governmental Activities	$ 18,430,371	$ 14,499,161	$15,618,688	$ 17,310,844	$ 2,197,984
Business-type Activities:					
Revenue Bonds	$ 18,055,000	$ -	$ 2,260,000	$ 15,795,000	$ 1,805,000
Capital Leases	463,717	123,293	184,055	402,955	153,595
Notes Payable	8,701,005	-	916,710	7,784,295	941,031
OPEB Liability	462,939	143,973	-	606,912	-
Less Deferred Amounts:					
Issuance Premium	6,553	-	6,553	-	-
Total Business-type Activities	$ 27,689,214	$ 267,266	$ 3,367,318	$ 24,589,162	$ 2,899,626

As of June 30, 2011 OPEB liabilities are considered to be long-term. Internal service funds predominantly serve the governmental funds and long-term liabilities for them are included as part of the above totals for governmental activities. For governmental activities, liabilities are liquidated by the general fund and the internal service funds. Beginning balances for compensated absences were reduced by $494,191 for governmental activities and $281,796 for business-type activities as a result of the restatement of net assets discussed in Note 21 on page 75.

Conduit Debt:

The Cartersville Building Authority issued revenue bonds to provide funding for the 1873 Courthouse renovations, certain street, road and utility system improvements. The Courthouse is located on property owned by the City and the utility infrastructure improvements are for Bartow County and the

City. Bond principal and interest are limited obligations of the Authority and are payable solely from the security and do not constitute a pledge of the faith and credit of the Authority or the City.

$10,000,000 2004 Cartersville Building Authority Revenue Bonds; bonds of $390,000 to $760,000 with interest of 4.070% due April 1, 2007 through 2024	$ 7,890,000
$4,360,000 2008 Cartersville Building Authority Revenue Bonds; bonds of $185,000 to $345,000 with interest of 3.830% due February 1, 2012 through February 1, 2028	4,360,000
	$ 12,250,000

The following schedule presents debt service requirements to maturity for the Building Authority's bonds:

Year Ended June 30	Principal	Interest	Total
2012	$ 660,000	$ 488,111	$ 1,148,111
2013	685,000	461,693	1,146,693
2014	715,000	434,270	1,149,270
2015	740,000	405,649	1,145,649
2016	770,000	376,023	1,146,023
2017-2021	4,335,000	1,392,370	5,727,370
2022-2026	3,670,000	484,235	4,154,235
2027-2028	675,000	39,066	714,066
Total	$ 12,250,000	$ 4,081,417	$ 16,331,417

Changes in long-term liabilities:

Long-term liability activity for the year was as follows:

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Bonds Payable	$ 12,705,000	$ -	$ 455,000	$ 12,250,000	$ 660,000

Note 8. LEASES

Operating Leases

The City has no operating leases.

Capital Leases

The City has entered into a lease agreement as lessee for financing the acquisition of vehicles and other equipment. The City executed an agreement with the Georgia Municipal Association (GMA) for $4,444,000, for the period June 1, 1998 to June 1, 2028, whereby funds were appropriated to the City from the proceeds of certificates of participation in the GMA Lease Pool. The agreement includes certificates of participation, swap providers and a rebate fund involving multiple financial institutions and is designed to generate interest income which effectively reduces the City's interest expense. The certificates of participation are a direct liability of the GMA and the City's liability extends only to the amount actually drawn down to finance buildings, vehicles and equipment additions.

This lease agreement with the GMA qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, has been recorded at the present value of the

future minimum lease payments as of the date the equipment is acquired. Amounts drawn under the lease agreement bear interest based on a variable rate determined weekly (not to exceed 5%).

The City's equipment under lease has a cost of $2,232,809 and accumulated depreciation of $1,170,764. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011. For the purposes of this schedule, an assumed interest rate of 4.75% was used. The effective interest rate at June 30, 2011 was 4.75%.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2012	$ 208,310	$ 167,951
2013	199,668	123,754
2014	130,234	59,229
2015	124,644	56,636
2016	39,419	25,057
2017-2018	73,788	-
Total Minimum Lease Payments	776,063	432,627
Less Amount Representing Interest	(73,217)	(29,672)
Present Value of Future Minimum Lease Payments	$ 702,846	$ 402,955

Note 9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due To/From Other Funds:

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services, goods, short-term nonoperating subsidies and other arrangements and outstanding balances at yearend are presented as "due to/from other funds". Balances between governmental or proprietary funds are netted when presented in the government-wide statements and reported as "internal balances". As of June 30, 2011, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Gas	$ 996,898
	Self Insurance	185,375
	Garage	83,383
	Stormwater	65,352
	Capital Projects	45,489
	Grant	10,697
Confiscated Asset	General Fund	22
Electric	Fiber	1,120,000
Fiber	Confiscated Asset	3,123

Transfers and Payments

Routine transfers and payments between funds are to subsidize operations, fund capital projects, pay for capital asset acquisitions, and to re-allocate special revenues. As of June 30, 2011 interfund transfers were as follows:

Between Governmental and Business-type Funds:

Source Fund	Transfer To Fund	Amount
Water/Sewer	General	$ 1,452,236
Electric	General	619,423
Gas	General	1,969,990

Between Governmental Funds:

Source Fund	Transfer To Fund	Amount
Hotel/Motel	General	$ 118,350
General	Grant	66,722

Transfers of capital assets from governmental funds to business-type funds are reported as contributed capital at the fund level in the business-type funds but have no effect on the governmental fund level statements. These amounts are reported as transfers in the government-wide statements in addition to completed capital projects stormwater improvements in the amount of $451,537.

Note 10. CONTINGENT LIABILITIES AND RISK FINANCING

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City. 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 for which the government carries commercial insurance. During the current and preceding two years the City had no insurance settlements that exceeded insurance coverage.

Insurance deductibles for these coverages are as follows: $1,000 for employee benefits and $25,000 for property and casualty claims. The City is self-insured for dental and health benefits and workers compensation claims.

The City uses an internal service fund to account for risks related to all insurance coverage. The fund is responsible for collecting premiums from all the departments for the self-insured programs, paying claim settlements and purchasing certain insurance policies. The self-insurance program also provides protection for Employment Practice Liability such as allegations of race, gender, and age discrimination. Additional coverage information is provided below:

Workers' Compensation	This self-insurance program charges premiums to other City funds each year based on historical costs. For the current and two previous years this program provided coverage against workers' compensation claims up to the first $500,000 per claim. The City has obtained excess insurance for claims that exceed the self-insurance retention amount. No claims have exceeded coverage.

Property & Casualty Liability	This program includes losses and claims related to property, automobile, bodily injury, theft, professional and certain employment liability. Excludes losses and claims related to health benefits or workers' compensation. The City purchases commercial insurance for this coverage with most deductibles at $25,000 per claim. Premiums are charged to other City funds each year based on historical costs. There have been no claims settlements in excess of the insurance coverage that has been procured.
Dental Insurance	Employees and retirees and their dependents are eligible for dental insurance that is fully self-insured by the City. The City pays 100% of single premium and 70% of family premium for this coverage. Costs are charged to City funds through a charge per employee per pay period.
Health Insurance	City employees and retirees under age 65 and their dependents are eligible for health insurance that is a fully self-insured health maintenance organization (HMO). The City purchases stop loss insurance to cover individual claims that exceed $125,000 per calendar year beginning in 2011. In prior year it was $75,000. Claims exceeded the stop loss limit as follows: 0 during calendar year 2011, 8 during calendar year 2010, and 3 during calendar year 2009. The City pays 95% of single premium and 70% of family premium for this coverage. Costs are charged to City funds through a charge per employee per pay period.

Liabilities of the fund are reported when it is probable that a loss has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The City utilizes historical claim settlement trends to determine the claim liabilities for the Workers' Compensation Fund; liabilities for the other coverage are calculated based on outstanding claims. The amount to be paid out ultimately may be more or less than the amount accrued at June 30, 2011.

Changes in the balances of claims liability are as follows:

	Workers' Compensation		Property and Casualty		Dental		Health	
	2011	2010	2011	2010	2011	2010	2011	2010
Liability Balances, Beginning	$ 50,355	$ 29,691	$ 31,582	$ -	$ 3,746	$ 7,909	$ 246,522	$ 197,272
Claims and Changes In Estimates	(6,315)	124,505	(15,745)	485,202	199,296	211,051	3,219,569	3,807,392
Claim Payments	36,052	103,841	15,258	453,620	196,960	215,214	3,169,083	3,758,142
Liability Balance, Ending	$ 7,988	$ 50,355	$ 579	$ 31,582	$ 6,082	$ 3,746	$ 297,008	$ 246,522

Note 11. OTHER COMMITMENTS

Power Sales Contract

Under the terms of a power sales contract, dated March 1, 1976 and for a period of 50 years, the City agrees to purchase its electric power and energy from the Municipal Electric Authority of Georgia (MEAG). In return, MEAG agrees to purchase or provide the generating capacity necessary for reliable and economical power output for the City to operate its electrical system. The price paid by the City is intended to cover its share of all the costs of MEAG, including debt service. In the event that the operating revenues of the City's electrical system are not sufficient to meet the City's

obligation to MEAG or the electrical system does not purchase the required amount of electric power and energy agreed to under this contract (calculated annually), the City has agreed to assess and collect property tax sufficient to provide such funds for the remainder of the life of this contract. At June 30, 2011, the outstanding debt of MEAG was $5,870,254,346. The City of Cartersville's guarantee varies by individual MEAG project and totals $361,947,365.

In conjunction with the power sales contract mentioned above, the City signed another 50 year contract with MEAG, dated May 1, 1996, whereby the City agrees to participate in MEAG's Telecommunications Project. This fiber optic communications project is to enable MEAG to continue to provide the City's power and energy supply and will provide the City with access to a fiber optic communication system. In the event that the City is unable to make any of its annually determined payments for use of the fiber optic communications system, the City has agreed to assess and collect property tax sufficient to provide such funds for the remainder of the life of this contract. For the year ending June 30, 2011, the City paid $232,511 for use of the fiber optics communication system.

On July 1, 1999, the City approved a resolution adopting the provisions of a Municipal Competitive Trust agreement between the City and MEAG. MEAG established the Trust for the mutual benefit of MEAG and its wholesale customers (Cities) who elect to become participants. The Trust was created to provide a means to mitigate the expected differential between "after deregulation" market rates for power and the associated costs of generating that power.

The Trust created four types of accounts that are held by MEAG in the name of the City. The flexible operating trust account includes funds that are available to the City for operating costs and rate stabilization. As of June 30, 2011 the balance in this account is $2,515,824. This amount is included in restricted cash balance in the electric fund.

The three additional accounts created were the Credit Support Operating Account, the Reserve Funded Debt Account, and the Generation Trust Account. The funds in the Credit Support Operating Account and the Generation Support Account are restricted for use to offset rate increases exceeding certain criteria and for loans for capital improvements that will reduce future operating costs. The funds in the reserve funded debt account can be only applied to charges related to MEAG's bond obligations. The balance of these accounts at June 30, 2011 was $10,811,100, $13,716,171 and $18,052,649, respectively. Due to the restrictive nature of these funds, they are not presented in the cash balance for the Electric Fund.

Georgia Public Web Membership

The City and other members of MEAG's telecommunication project created Georgia Public Web (a Georgia not for profit corporation) to provide internet and telecommunication services to customers in Georgia. On March 15, 2001 the City signed a 50-year commitment to pay, on a monthly basis, a proportionate share of the difference between GPW's budgeted costs and revenues. The City's proportionate share is 5.40% and for the year ending June 30, 2011 the City's cost was $45,926.

Note 12. DUE TO/FROM OTHER GOVERNMENTS

Governmental Activities:

	General Fund	Capital Projects	Grant Fund
Due From Bartow County	$ 53,830	$ 336,040	$ -
Due From City of Calhoun Georgia	5,790	-	-
Due From Georgia Department of Community Affairs	-	-	18,351
Due From Georgia Department of Transportation	-	2,820	90,387
Due From Georgia Department of Revenue	378,383	-	-
Due From US Government	11,446	-	-
Total Due From Other Governments	$ 449,449	$ 338,860	$ 108,738

Amount due from Bartow County represents property taxes of $53,380 and SPLOST taxes of $336,040 collected but not remitted to the City, due from the Georgia Department of Revenue is for sales taxes collected but not remitted to the City and due from US Government is for salary reimbursements and due from Georgia Department of Transportation and Community Affairs for grant reimbursements.

Note 13. PENSION COSTS

Primary Government:

Plan Description:

Substantially all full-time employees of the City of Cartersville are covered by the City of Cartersville Pension Plan (The Plan). The single-employer defined benefit pension plan was established by the City, in accordance with City charter and state statutes, by the adoption of an ordinance effective January 1, 1967. This ordinance assigns the authority to establish, amend or discontinue the Pension Plan to the City of Cartersville, Georgia. The Plan is included in this report because the City has the oversight responsibility as prescribed by the Governmental Accounting Standards Board. The Plan does not issue separate financial statements but includes the financial statements and required supplementary information in the City's annual financial report.

The Plan provides pension benefits and death benefits for all employees that have been employed full time for a minimum of ten years and meet certain age requirements.

Funding Policy:

The funding policy for the plan is to contribute an amount equal to the recommended contribution each year. The required contribution by the plan members and the City is actuarially determined and may be amended by the City. Contributions are determined using the projected unit credit method and assets are valued using market related value. The most current valuation, dated April, 2011, determined that for the period beginning July 1, 2011, employer contributions of 14.3% of covered payroll and a 4.1% contribution by police and fire employees and a 3.1% contribution by all other participants, are required to meet the current cost of the Plan. These contribution rates are based on an estimated total covered annual payroll of $13,266,474.

Contributions to the plan, for the year ended June 30, 2011, totaled $2,386,673 ($487,042 employee and $1,899,631 employer; 3.7% and 14.3% of covered payroll, respectively). The City's actual total covered payroll was $14,458,562. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan on which contributions to the plan are based.

On the basis of the contribution rates shown in the previous paragraphs, the Plan is being funded in conformity with the minimum funding standards of the Public Retirement Systems Standards Law (Georgia Code Section §47-20-10).

Summary of Significant Accounting Policies:

The City of Cartersville Pension Plan financial statements are prepared on the accrual basis of accounting. Contributions from the City and the City's employees are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investment income is recognized as earned by the Plan. All plan investments are reported at fair value. There are no investments in, loans to, or leases with parties related to the pension plan. Administrative costs are paid by the plan.

Funded Status:

Trend Information

GASB No. 27 requires disclosure of the City's annual pension cost, percentage of annual cost contributed, and net pension obligation for the most recent three years. The annual pension cost is based on fiscal year, which differs from the actuarial year.

Fiscal Year Ending	Employer Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
June 30, 2011	$ 1,533,525	100%	$ -
June 30, 2010	496,723	100%	-
June 30, 2009	1,220,320	100%	-

Schedule of Funding Progress

Actuarial Valuation For Plan Year Beginning January 1	(1) Actuarial Value Of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	Unfunded Actuarial Accrued Liability As % Of Covered Payroll (3)/(5)
2011	$ 25,912,286	$ 30,490,644	$ 4,578,358	85.0%	$ 13,266,474	34.5%
2010	23,046,682	27,964,329	4,917,647	82.4%	13,639,703	36.1%
2009	18,901,415	23,397,933	4,496,518	80.8%	14,034,763	32.0%

Plan provisions:

The major provisions of the plan are outlined below:

Effective Date	January 1, 1967
Last Revised	Effective January 1, 1989 and amended through October 1, 2004
Eligibility for Participation	6 months of service and attainment of age 18 for employees hired on or after September 1, 2001
Benefit Accrual Years of Service	Service from participation based on elapsed time
Vesting Years of Service	Service from date of hire based on elapsed time
Normal Retirement Benefit:	
Eligibility	Age 65 and 10 Years of Vesting Service.
Basic Monthly Benefit	2% of average monthly compensation multiplied by Credited Service. Average monthly compensation is based on the 3 highest consecutive completed years of service during last 10 years of service.
Early Retirement Benefit:	
Eligibility	Age 55 and 10 Years of Vesting Service.
Benefit	If the participant has 25 years of Vesting Service, there is no reduction for benefits commencing immediately. If participant has less than 25 years of Vesting Service, he can elect either (1) 100% of his accrued benefit to commence at age 65, or (2) a reduced benefit to commence as of any month following early retirement and prior to age 65. The reduction is 3% a year for the first 5 years and 6% a year for the next 5 years that the payment commencement date precedes the earlier of normal retirement date or the date the participant would have had 25 years of Vesting Service.
Special Early Retirement Benefit:	
Eligibility	Age 50 and 10 years of Vesting Service as of February 1, 1997, or any age and 25 years of Vesting Service as of February 1, 1997. Participant must apply for retirement during the period beginning December 1, 1996 and ending January 31, 1997.

Benefit	Participant's Normal Retirement Benefit calculated with 3 years added to the age, Benefit Accrual Service and Vesting Service of the Participant. Reduction for early commencement of benefits is as described above If the adjusted age of the Participant is less than 55, the benefit is calculated as if payable at the earliest commencement age. All benefits under this provision commence February 1, 1997.
Special Retirement Provision for Police and Fire personnel	
Eligibility	Age 50 and 10 years of Vesting Service as of September 1, 2003.
Benefit	Effective September 1, 2003, if the participant has 20 years of Vesting Service, there is no reduction for benefits commencing immediately. If the participant has less than 20 years of Vesting Service, he may elect a reduced benefit commencing as of any month following eligibility and prior to the date the participant would have had 20 years Vesting Service. The reduction is 7% per year of Vesting Service under 20 years.
Late Retirement Benefit:	
Eligibility	Retirement after eligibility for normal retirement.
Benefit	Normal retirement benefit based on compensation and service at actual date of retirement
Deferred Vested Benefit:	
Eligibility	10 years of vesting service.
Benefit	A participant may elect to receive a lump sum equal to his contributions without interest and he forfeits his accrued benefit. If he leaves his contributions in the Plan, then he retains 100% of his accrued benefit and may elect either 1) 100% of his accrued benefit to commence at age 65, or (2) a reduced benefit to commence as of any month following age 55 and prior to age 65. The reduction is 3% a year for the first 5 years and 6% a year for the next 5 years that the payment commencement date precedes the earlier of normal retirement date or the date the participant would have been eligible for unreduced benefits. For terminations after August 26, 1991, a

	participant is eligible for unreduced benefits after reaching age 55 with 25 years of Vesting Service.
Pre-Retirement Death Benefit:	
Eligibility	Participation in the Plan.
Benefit	For participants that are not vested, return of employee contributions with interest accrued at the rate of 4% per annum. For vested participants, 50% of the participant's accrued benefit payable to the spouse beginning when the participant would have been 55 or immediately, if the participant is 55 or over at the time of death.
Cost-of-Living Adjustment	Effective April 1, 2001, a one-time increase shall be made to Participants' and Beneficiaries' benefits in payment status. The increase shall be (1) equal to $10 per month for each year that the Participant's has been retired, with a maximum of $80 per month, and (2) payable for the life of the Participant, or if the Participant elected a joint and survivor annuity, for the life of the Participant and Beneficiary.
Normal Form of Benefit	Modified cash refund annuity.
Optional Forms of Benefit	(1) Ten years certain and life annuity (2) Five years certain and life annuity. (3) 100% joint and survivor annuity. (4) 66-2/3% joint and survivor annuity. (5) 50% joint and survivor annuity. All of the optional forms of payment have the modified cash refund feature.
Disability Benefit	
Eligibility	10 years of vesting service.
Benefit	Effective September 1, 2003, if the participant terminates employment prior to his Normal Retirement Date due to total and permanent disability, there is no reduction for benefits commencing immediately.
Postemployment Healthcare Benefit	None from this plan
Employee Contributions	Effective September 1, 2003, each general employee participant contributes 3.10% of compensation, and each police officer and each firefighter contributes 4.10% of compensation. For individual income tax purposes, these contributions are treated as though they are made by the City

	under Internal Revenue Code §414(h)(2). If a Participant terminates employment before meeting the requirements for any of the above benefits, he is entitled to receive a return of his contributions without interest. If the participant is reemployed, he can under certain circumstances repay the contributions with interest and have his prior service restored.
Employer Contributions	The City contributes 13.50% of total covered payroll based on the annual recommendations of independent actuaries.

Actuarial Assumptions

A variety of significant actuarial assumptions are used, some of which are presented below:

Valuation date	1/1/2011
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Asset valuation method	Market value
Investment rate of return	8.5%
Projected salary increases	5.50%
Cost of living adjustments	None
Inflation rate	3.00%

Plan membership data

As of January 1, 2011 employee membership data related to the Plan were as follows:

Number of retirees and beneficiaries currently receiving benefits	116
Number of terminated employees entitled to benefits but not yet receiving them	19
Number of active plan participants	320

Optional Defined Contribution Retirement Plan

The City participates in a 401(a) defined contribution plan administered by ICMA-RC to provide additional retirement benefits for the City Manager and department heads. Contribution provisions are City Manager up to 30% of annual salary and department heads 6% of annual salary with a maximum of $15,000. The City Council established the plan, sets the contribution amount in any one year, and has the right to amend any provisions of the plan. The City makes all contributions and for the year ended June 30, 2011 contributions were $45,579.

Component Units:

City Board of Education:

All Cartersville City School full-time employees are either a member of the Teacher Retirement System of Georgia or the Public School Employees Retirement System of Georgia. Both plans are defined benefit pension plans.

A. Teachers Retirement System (TRS)

Plan Description: The School Board contributes to the Teacher Retirement System of Georgia (TRS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Georgia. The TRS provides service retirement, disability retirement, and survivor's benefits to plan members and beneficiaries. The Georgia General Assembly has the authority to establish and amend benefit provisions and assigns management and investment authority to the Board of Trustees of the TRS. The Teachers Retirement System of Georgia issues a publicly available annual financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing the Teachers Retirement System of Georgia, Two Northside 75, Suite 400, Atlanta, Georgia 30381, or by calling 404-352-6500.

Funding Policy: By State law, plan members are required to contribute a minimum of 5%, but not more than 6%, of their annual covered payroll and the School Board is required to contribute at an actuarially determined rate. The current rate is 10.28% of annual covered payroll. The contribution requirements of the plan members and the Cartersville School Board are established and may be amended by the TRS Board of Trustees. The Cartersville School Board's contribution to the TRS for the years ending June 30, 2011, 2010 and 2009 were $2,208,067, $2,109,902, and $2,003,868, respectively, equal to the required contributions for each year.

As established by Georgia law, all teachers in the state public schools and certain other designated employees in education related work qualify for membership. Employees vest in the plan after ten years of service. The Plan provides service retirement, disability retirement, and survivor's benefits. A vested member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years service and attainment of age 60.

A member is eligible for early retirement after 25 years of service and the attainment of age 55. Normal pension benefits paid to members equal to 2% of the average of the member's two consecutive highest paid years of service multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of 1/12 of 7% for each month the member has less than 30 years service. Retirement benefits are payable monthly for life.

B. Public School Employees Retirement System (PSERS)

Plan Description: Full time employees not eligible to participate in the Teachers Retirement System may participate in the Public School Employees Retirement System (PSERS). The PSERS is a cost sharing, multiple-employer, defined benefit pension plan established by the Georgia General Assembly in 1969.

Upon retirement, the participating member will receive a monthly benefit of $12.00 multiplied by the number of years of creditable service. Death, disability, and spousal benefits are also available through PSERS. Additionally, PSERS makes periodic cost-of-living adjustments to the monthly benefits. The School Board makes contributions of $4.00 per month for nine months on behalf of the employee members.

Funding Policy: The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the Board of the Employee's Retirement System of Georgia. The Board of the Employees Retirement System of

Georgia issues a publicly available financial report that includes financial statements and required supplementary information for PSERS. That report may be obtained by writing Public School Employees Retirement System, Two Northside 75, Suite 300, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

Members become vested after ten years of creditable service. Upon termination of employment, member contributions are refundable with interest. However, if an otherwise vested member terminates and withdraws their member contributions, no vesting of employer contributions occur. The employer contributions to the unfunded accrued liability were projected to liquidate the accrued liability within twelve years based upon the actuarial valuation at July 1, 1987. A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65.

If a member chooses, he may begin receiving reduced benefits after age 60 and upon completion of ten years of service. Members retiring before age 65 will receive a benefit reduced by 1/2 of 1% for each month under age 65. The Governmental Accounting Standards Board's Statement 27 requires disclosure of the School Board's required contributions for the current year and each of the preceding years. The School Board's contributions to the PSERS for the years ending June 30, 2011, 2010, and 2009 were $2,244, $2,268 and $2,360, respectively, equal to the required contribution for each year.

Downtown Development Authority:

The employees of the Downtown Development Authority are eligible to participate in the City of Cartersville's retirement plan.

Note 14. RESTRICTED ASSETS

The following are details of the restricted assets for governmental funds:

	General	Capital Projects	Nonmajor Governmental	Total
Restricted Assets:				
Cash - Customer Deposits	$ 93,749	$ -	$ -	$ 93,749
Cash - Asset Construction/Acquisition	-	11,984,893	-	11,984,893
Cash - Cemetery Maintenanace	2,280	-	-	2,280
Cash - Grant Projects	-	-	153	153
Cash - Employee Flex-Spending	8,998	-	-	8,998
Cash - Planning and Development	-	-	426,141	426,141
Cash - Law Enforcement	-	-	1,202,380	1,202,380
Total Governmental Restricted Assets	$ 105,027	$ 11,984,893	$ 1,628,674	$ 13,718,594

The following are details of the restricted assets for enterprise funds:

	Water and Sewer	Electric	Gas	Nonmajor Enterprise	Total
Restricted Assets:					
Cash - Customer Deposits	$ 352,592	$ 672,057	$ 369,119	$ -	$ 1,393,768
Cash - MEAG Account	-	2,515,824	-	-	2,515,824
Cash - Renewal and Replacement	5,334,010	-	-	-	5,334,010
Cash - Drainage Improvements	-	-	-	334,868	334,868
Cash - Revenue Bond Covenants	2,797,408	-	-	-	2,797,408
Total Business-type Restricted Assets	$ 8,484,010	$ 3,187,881	$ 369,119	$ 334,868	$ 12,375,878

Note 15. POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR MEDICAL, DENTAL, & LIFE INSURANCE)

Plan Description. Through the passage of local ordinance, the City of Cartersville OPEB plan, a single employer defined benefit plan provides continuation of medical, dental and life insurance coverage to retired employees. All full time employees of the City hired prior to July 20, 2000 are eligible for these benefits. Former employees pay 60% of medical and dental insurance premiums, while the employer covers all additional costs. The normal retirement date of a participant is the first day of the calendar month coincident with or next following their 65th birthday. A participant may retire on an early retirement date which may be the first day of any calendar month prior to their normal retirement date, provided they have then attained their 55th birthday and completed 10 years of credited service (50th birthday for Police and Fire employees). A participant may continue in employment beyond their normal retirement date; such participant's postponed retirement date will be the first day of the calendar month coincident with or next following their actual retirement. An employee who retires and receives a pension or is vested is entitled to continue their health insurance coverage (with Medicare considered the primary insurance after age 65). Spousal coverage expires 36 months after employee death. Life insurance is provided for life of employee and is equal to 100% of current annual salary at retirement with the original amount reduced by 35% at age 65 and 45% at age 70. Dental insurance is provided for employee continuing health insurance. The plan is administered through the City's current insurance provider and no separate audit report is available. The City has the authority to amend the provisions of this plan.

The number of participants as of July 1, 2010, the effective date of the OPEB valuation is as follows:

In Pay Status	121
Active Employees	149
Retired Employees	20
Total	290

Funding Policy. The City currently pays for postemployment health care and life insurance benefits on a pay-as-you-go basis. The City is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability. These financial statements assume that pay-as-you-go funding will continue. The City's annual OPEB cost, the percentage contributed, and the net obligation are as follows:

Period Ended	OPEB Cost	Percentage Contributed	Net OPEB Obligation	Amount Contributed
6/30/2011	$ 1,057,516	53.82%	$ 2,030,255	$ 569,037
6/30/2010	1,015,979	51.02%	1,541,776	518,373
6/30/2009	1,054,816	51.09%	1,044,170	538,911

The funded status of the OPEB plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Ratio of the UAAL to Annual Covered Payroll
7/1/2010	$ -	$ 12,804,622	$ 12,804,622	0.0%	$ 6,893,285	185.8%
7/1/2009	-	12,474,752	12,474,752	0.0%	6,628,159	188.2%
7/1/2008	-	12,356,261	12,356,261	0.0%	6,373,230	193.9%

Annual Other Postemployment Benefit Cost. The City's OPEB cost is actuarially calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid each year, is projected to provide funding for future benefits. The following table shows the components of the City's OPEB cost for the current year, amount contributed and changes in OPEB obligation.

Annual OPEB Cost	
ARC	$ 978,912
Interest on Net OPEB Obligation	78,604
Adjustment to the ARC	-
Total Annual OPEB Cost	1,057,516
Net OPEB Obligation	
Annual OPEB Cost	1,057,516
Contributions Made	(569,037)
Increase (Decrease) in Net OPEB Obligation	488,479
Net OPEB Obligation, Beginning of Period	1,541,776
Net OPEB Obligation, End of Period	$ 2,030,255

Actuarial Methods and Assumptions. Actuarial assumptions used in the plan are as follows

Economic Assumptions:

Interest Rates:

Discount Rate	4.5%
Return on Assets	4.0%
Inflation Rate	3.0%
Salary Increases	None
Post Retirement Benefit Increases	None
Medical Trend	5.0%

Demographic Assumptions:

Mortality	1983 GAM
Termination	None. Vested Employees Entitled.
Disability	50% of 1975 SSA study
Average Per Capita Claims Cost	$4,161
Projected to Ages 55-59	$7,140
Retiree Copay Percentage	60% of Dependents Only
Retirement	Participants become eligible to retire under the same provisions as pension.
Participation	100%
Spousal Participation	100% - 60% are married
Administrative Expense	None
Percentage Married	30% Males; 30% Females
Spousal Participation	Wives 3 Years Younger Than Husbands

Actuarial Methods:

Normal Cost and Actuarial Accrued Liability	Projected Unit Credit
Actuarial Value of Assets	Same as Market Value
Amortization of Unfunded Accrued Actuarial Liability (UAAL)	UAAL is amortized over closed periods using level dollar payments. The amortization period is 15 years for Gains and Losses, 20 for Plan Changes and 30 for Assumption Changes.

Note 16. NET ASSET RESTRICTIONS

Restrictions are used to indicate that a portion of the net assets/fund balance is not appropriable for expenditure or is legally segregated for a specific future use. The following restrictions are used by the City and its component units:

Primary Government:

Governmental Funds:

Restricted for law enforcement - restricted for use in law enforcement related expenditures.

Restricted for capital projects - restricted for completion of construction projects financed by tax proceeds.

Restricted for planning and development – fees paid by taxpayers to offset future costs of recreational and public safety services and/or to promote trade and industry

Enterprise Funds:

Restricted for debt service - restricted for payment of bond principal and interest.

Restricted for renewal and replacement account - restricted for construction of water and sewerage system projects as required by revenue bond covenants.

Restricted for drainage improvement – fees paid by developers for construction storm-water detention ponds.

Component Unit:

City Board of Education:

Restricted for capital projects - restricted for construction and other capital additions.

Restricted for education – restricted for classroom education programs

Restricted for school nutrition – restricted for school nutrition programs

Note 17. EXCISE TAX COLLECTIONS

Hotel/Motel Tax Revenues and Tourism Expenditures:

The City of Cartersville levied a 5% hotel/motel tax until July 31, 2010 in accordance with provisions of the Official Code of Georgia section §48-13-51. Approval by the State of Georgia Legislature allowed an increase to 6% beginning August 1, 2010. This code section requires that the City expend an amount equal to the amount by which the total taxes collected under this section exceed the taxes that would be collected at a rate of 3 percent. For the year ended June 30, 2011, the total amount the City collected was $379,104 and the amount collected above 3 percent was $260,754. The City paid the excess amount collected in accordance with contractual agreements that specify that all money must be used for promotion of tourism, trade shows, conventions or a state or local government owned facility that is used for trade shows and conventions.

Rental Motor Vehicle Excise Tax:

The City of Cartersville levies a 3% rental motor vehicle tax in accordance with the provisions of the Official Code of Georgia section §48-13-93. This code section requires that the City expend the amount collected for promoting industry, trade, commerce and tourism. For the year ended June 30, 2011, the total amount the City collected was $51,011. In accordance with contractual agreements, the Bartow-Cartersville Joint Development Authority received the first $20,000 collected and the Cartersville Downtown Development Authority received the remaining $31,011.

Note 18. SPECIAL PURPOSE LOCAL OPTION SALES TAX

In November 2002, Bartow County voters passed a referendum on the question of "yes/no shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty calendar quarters, or until there is collected net proceeds of $86,000,000, for various capital outlay purposes". Actual collection of the tax began April 1, 2003 and ended December 31, 2007. The City of Cartersville's distributive share of this amount is projected to be $17,827,800 or 20.73%. The City is using the proceeds from the tax for street and road improvements, building improvements, GIS mapping, and water/sewer improvements.

In June 2007, Bartow County voters passed a referendum on the question of "yes/no" shall a special one percent sales and use tax be imposed in Bartow County for a period of time not to exceed twenty calendar quarters, or until there is collected net proceeds of $200,000,000 for various capital outlay purposes." Actual collection of the tax began January 1, 2008. The City of Cartersville's distributive share of this amount is projected to be $37,314,000 or 20.73%. The City is using the tax for street and road improvements, water and sewer system improvements, utilities improvements, and building improvements.

Note 19. JOINT VENTURES

The City of Cartersville is a member of the Coosa Valley Regional Development Center (RDC). The RDC was created under the laws of the State of Georgia and cities and counties in the area served by the RDC are required to be members. The membership of the RDC includes 10 counties and 35 municipalities. The City has no equity interest in the RDC nor does the City materially contribute to the continued existence of the RDC. The Official Code of Georgia Annotated Section 50-8-39.1 states that in the event the RDC ceases operation, the membership can be assessed for any debt or obligation of the RDC. Separate financial statements may be obtained from Coosa Valley Regional Development Center, P. O. Box 1793, Rome, Georgia 30162.

The City of Cartersville and Bartow County have an intergovernmental agreement to operate the Cartersville-Bartow County Airport. The airport authority is governed by a three member authority,

one appointed by the City, one by the County and the third selected by the two appointed members. The City and County fund the operating and capital budgets equally and each government's share of the assets, liabilities and equity is 50%. The Airport does not have any available financial statements.

The City provides annual funding to the Bartow County Library System to support its operation. The Library's Board consists of 7 members, three appointed by the Bartow County Commissioner, two appointed by the City of Cartersville, and one member each appointed by the Cities of Adairsville and Euharlee. The Board has no authority to determine the amount of funding and the City's membership in the library system is voluntary. Separate financial statements may be obtained from Bartow County Library System, 429 West Main Street, Cartersville, Georgia 30120.

Note 20. CONSTRUCTION COMMITMENTS

As of June 30, 2011, the City had contracts for architectural design or construction of projects for buildings, road and street improvements and water and sewer system improvements.

Project Type	Contract Amount	Remaining Commitment
Road and Street Improvements/Widening	$ 374,078	$ 306,099
Architectural Services-Public Safety Bldg	531,283	94,800
Stormwater Improvements	712,026	35,602
Water and Sewer System Improvements	420,000	420,000
Total Construction In Progress	$ 2,037,387	$ 856,501

Note 21. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment is recorded in the general and grant funds to adjust interfund payable for errors in the prior year's balance. This adjustment increased general fund unreserved fund balance by $15,936 and decreased grant fund balance by the same amount.

In May, 2011 the City Council approved paying accrued vacation time as a terminal pay benefit from the City's pension fund. The effect of this change is recorded as a prior period adjustment in each fund as a decrease in compensated absence and an increase in net assets as follows: General - $485,287, Water and Sewer - $88,421, Electric - $38,709, Gas - $77,245, Stormwater - $13,971, Solid Waste - $30,304, Garage - $8,904 and Fiber - $33,146.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARTERSVILLE, GEORGIA
Required Supplementary Information
Schedule of Employer Contributions - Pension Trust Fund
June 30, 2011

Year Ended June 30	Required Contribution	Percentage Contributed
2003	$ 1,052,683	100%
2004	1,116,532	100%
2005	1,130,353	100%
2006	1,199,529	100%
2007	1,287,465	100%
2008	1,067,818	100%
2009	1,220,320	100%
2010	496,723	100%
2011	1,533,525	100%

CITY OF CARTERSVILLE, GEORGIA
Required Supplementary Information
Schedules of Funding Progress
June 30, 2011

Employee Retirement - Pension Trust Fund

Actuarial Valuation Date 1/1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability Projected Unit Credit Cost Method	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % of Covered Payroll Rate (3)/(5)
2011	$ 25,912,286	$ 30,490,644	$ 4,578,358	85.0%	$ 13,266,474	34.5%
2010	23,046,682	27,964,329	4,917,647	82.4%	13,639,703	36.1%
2009	18,901,415	23,397,933	4,496,518	80.8%	14,034,763	32.0%
2008	23,337,935	28,096,607	4,758,672	83.1%	13,902,353	34.2%
2007	21,585,524	28,219,142	6,633,618	76.5%	12,514,811	53.0%
2006	19,585,646	32,197,050	12,611,404	60.8%	11,824,422	106.7%
2005	18,974,802	29,505,378	10,530,576	64.3%	11,503,965	91.5%
2004	17,492,109	26,469,899	8,977,790	66.1%	11,056,866	89.7%
2003	14,855,067	22,214,720	7,359,653	61.3%	10,435,369	69.6%
2002	15,431,347	22,462,795	7,031,448	68.7%	10,096,793	79.4%

Postemployment Healthcare Plan - OPEB

Actuarial Valuation Date 7/1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability Projected Unit Credit Cost Method	(3) Unfunded Actuarial Accrued Liability (2)-(1)	(4) Funded Ratio (1)/(2)	(5) Covered Payroll	(6) Unfunded Actuarial Accrued Liability as % of Covered Payroll Rate (3)/(5)
2010	$ -	$ 12,804,622	$ 12,804,622	0.0%	$ 6,893,285	185.8%
2009	-	12,474,752	12,474,752	0.0%	6,628,159	188.2%
2008	-	12,356,261	12,356,261	0.0%	6,373,230	193.9%
2007	-	11,966,453	11,966,453	0.0%	6,128,106	195.3%

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COMBINING AND INDIVIDUAL FUND STATEMENTS

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CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 4,500,000	$ 4,644,920	$ 4,295,369	$ (349,551)
Interest Income	-	63,195	63,187	(8)
Total Revenues	4,500,000	4,708,115	4,358,556	(349,559)
Expenditures				
Current:				
Public Works	-	225,438	225,438	-
Capital Outlay:				
Streets, Sidewalks and Stormwater	3,750,000	1,814,882	498,282	1,316,600
Water and Sewer Construction	1,150,000	309,770	309,769	1
Gas Line Improvements	150,000	260	-	260
Fiber Upgrades	100,000	100,000	-	100,000
Electric Improvements	150,000	-	-	-
Buildings and Land	4,400,000	2,244,310	996,597	1,247,713
GIS Upgrades	-	13,455	-	13,455
Total Expenditures	9,700,000	4,708,115	2,030,086	2,678,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,200,000)	-	2,328,470	2,328,470
Net Change in Fund Balance	(5,200,000)	-	2,328,470	2,328,470
Fund Balance - Beginning of Year	9,770,841	9,770,841	9,770,841	-
Fund Balance - End of Year	$ 4,570,841	$ 9,770,841	$ 12,099,311	$ 2,328,470

CITY OF CARTERSVILLE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue							
	Hotel/Motel Tax	Development Fees	DEA Confiscated Assets	State Forfeited Funds	Grant Funds	Impact Fees Fund	Rental Vehicle Excise Tax	Total Nonmajor Governmental Funds
Assets								
Cash - Restricted	$ -	$ 93,079	$ 1,186,917	$ 15,463	$ 153	$ 333,062	$ -	$ 1,628,674
Intergovernmental Receivable	-	-	-	-	108,738	-	-	108,738
Interfund Receivable	-	-	22	-	-	-	-	22
Total Assets	$ -	$ 93,079	$ 1,186,917	$ 15,463	$ 108,891	$ 333,062	$ -	$ 1,737,434
Liabilities and Fund Balances								
Accounts Payable	$ -	$ -	$ 4,802	$ -	$ 96,641	$ -	$ -	$ 101,443
Interfund Payable	-	-	3,123	-	10,697	-	-	13,820
Total Liabilities	-	-	7,925	-	107,338	-	-	115,263
Fund Balance:								
Restricted								
Grant Programs	-	-	-	-	1,553	-	-	1,553
Law Enforcement Activities	-	-	1,179,014	15,463	-	-	-	1,194,477
Committed								
Planning and Development	-	93,079	-	-	-	333,062	-	426,141
Total Fund Balances	-	93,079	1,179,014	15,463	1,553	333,062	-	1,622,171
Total Liabilities and Fund Balances	$ -	$ 93,079	$ 1,186,939	$ 15,463	$ 108,891	$ 333,062	$ -	$ 1,737,434

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue							
	Hotel/Motel Tax	Development Fees	DEA Confiscated Assets	State Forfeited Funds	Grant Fund	Impact Fees Fund	Rental Vehicle Excise Tax	Total Nonmajor Governmental Funds
Revenues								
Taxes	$ 379,104	$ -	$ -	$ -	$ -	$ -	$ 51,011	$ 430,115
Intergovernmental	-	-	-	-	515,343	-	-	515,343
Fines and Forfeitures	-	-	206,408	-	-	-	-	206,408
Interest Income	-	-	2,349	30	-	-	-	2,379
Total Revenues	379,104	-	208,757	30	515,343	-	51,011	1,154,245
Expenditures								
Current								
General Government	260,754	-	-	-	512,590	-	31,011	804,355
Police	-	-	153,680	-	-	-	-	153,680
Fire	-	-	-	-	-	-	-	-
Planning and Development	-	-	-	-	-	-	20,000	20,000
Capital Outlay								
Law Enforcement Equipment	-	-	228,185	-	-	-	-	228,185
Culture and Recreation	-	-	-	-	37,929	-	-	37,929
Total Expenditures	260,754	-	381,865	-	550,519	-	51,011	1,244,149
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,350	-	(173,108)	30	(35,176)	-	-	(89,904)
Other Financing Sources (Uses)								
Sale of Capital Assets	-	-	8,325	-	-	-	-	8,325
Transfers - In	-	-	-	-	66,722	-	-	66,722
Transfers - Out	(118,350)	-	-	-	-	-	-	(118,350)
Total Other Financing Sources (Uses)	(118,350)	-	8,325	-	66,722	-	-	(43,303)
Net Change in Fund Balances	-	-	(164,783)	30	31,546	-	-	(133,207)
Fund Balance (Deficit) - Beginning of Year	-	93,079	1,343,797	15,433	(14,057)	333,062	-	1,771,314
Prior Period Adjustment	-	-	-	-	(15,936)	-	-	(15,936)
Fund Balance (Deficit) - End of Year	$ -	$ 93,079	$ 1,179,014	$ 15,463	$ 1,553	$ 333,062	$ -	$ 1,622,171

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Hotel/Motel Tax - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 203,000	$ 379,105	$ 379,104	$ (1)
Total Revenues	203,000	379,105	379,104	(1)
Expenditures				
Current				
General Government	101,500	260,755	260,754	1
Total Expenditures	101,500	260,755	260,754	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,500	118,350	118,350	-
Other Financing Sources (Uses)				
Transfers - Out	(101,500)	(118,350)	(118,350)	-
Total Other Financing Sources (Uses)	(101,500)	(118,350)	(118,350)	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Development Fee Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Charges for Services	$ 5,000	$ 5,000	$ -	$ (5,000)
Total Revenues	5,000	5,000	-	(5,000)
Expenditures				
Current:				
Police	2,500	2,500	-	2,500
Culture and Recreation	2,500	2,500	-	2,500
Total Expenditures	5,000	5,000	-	5,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	93,079	93,079	93,079	-
Fund Balance - End of Year	$ 93,079	$ 93,079	$ 93,079	$ -

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balances
DEA Confiscated Asset Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ 318,260	$ 371,205	$ 206,408	$ (164,797)
Interest Income	-	2,350	2,349	(1)
Total Revenues	318,260	373,555	208,757	(164,798)
Expenditures				
Current				
Police	187,260	153,695	153,680	15
Capital Outlay				
Law Enforcement Equipment	131,000	228,185	228,185	-
Total Expenditures	318,260	381,880	381,865	15
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,325)	(173,108)	(164,783)
Other Financing Sources				
Sale of Capital Assets	-	8,325	8,325	-
Total Other Financing Sources	-	8,325	8,325	-
Net Change in Fund Balance	-	-	(164,783)	(164,783)
Fund Balance - Beginning of Year	1,343,797	1,343,797	1,343,797	-
Fund Balance - End of Year	$ 1,343,797	$ 1,343,797	$ 1,179,014	$ (164,783)

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
State Forfeited Funds - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ 3,000	$ 2,970	$ -	$ (2,970)
Interest Income	-	30	30	-
Total Revenues	3,000	3,000	30	(2,970)
Expenditures				
Current:				
Police	3,000	3,000	-	3,000
Total Expenditures	3,000	3,000	-	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	30	30
Net Change in Fund Balance	-	-	30	30
Fund Balance - Beginning of Year	15,433	15,433	15,433	-
Fund Balance - End of Year	$ 15,433	$ 15,433	$ 15,463	$ 30

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Grant Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 123,300	$ 563,900	$ 515,343	$ (48,557)
Total Revenues	123,300	563,900	515,343	(48,557)
Expenditures				
Current:				
General Government	-	527,170	512,590	14,580
Capital Outlay:				
Culture and Recreation	147,960	103,455	37,929	65,526
Total Expenditures	147,960	630,625	550,519	80,106
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,660)	(66,725)	(35,176)	31,549
Other Financing Sources (Uses)				
Transfers In	24,660	66,725	66,722	(3)
Total Other Financing Sources (Uses)	24,660	66,725	66,722	(3)
Net Change in Fund Balance	-	-	31,546	31,546
Fund Balance - Beginning of Year	(14,057)	(14,057)	(14,057)	-
Prior Period Adjustment	-	-	(15,936)	(15,936)
Fund Balance - End of Year	$ (14,057)	$ (14,057)	$ 1,553	$ 15,610

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Impact Fee Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Charges for Services	$ 11,000	$ 11,000	$ -	$ (11,000)
Total Revenues	11,000	11,000	-	(11,000)
Expenditures				
Current				
General Government	1,000	1,000	-	1,000
Police	2,000	2,000	-	2,000
Fire	2,000	2,000	-	2,000
Streets	2,000	2,000	-	2,000
Planning and Development	2,000	2,000	-	2,000
Culture and Recreation	2,000	2,000	-	2,000
Total Expenditures	11,000	11,000	-	11,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	333,062	333,062	333,062	-
Fund Balance - End of Year	$ 333,062	$ 333,062	$ 333,062	$ -

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Rental Vehicle Excise Tax Fund - Budget and Actual
For the Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 40,000	$ 51,015	$ 51,011	$ (4)
Total Revenues	40,000	51,015	51,011	(4)
Expenditures				
Current				
General Government	-	31,015	31,011	4
Planning and Development	40,000	20,000	20,000	-
Total Expenditures	40,000	51,015	51,011	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2011

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	$ -	$ 204,313	$ 398,402	$ 602,715
Restricted Cash:				
Drainage Improvements	334,868	-	-	334,868
Accounts Receivable - Net	82,161	162,488	59,613	304,262
Interfund Receivable	-	-	3,123	3,123
Prepaids	166	331	201	698
Inventory	-	16,081	41,651	57,732
Total Current Assets	417,195	383,213	502,990	1,303,398
Noncurrent Assets:				
Capital Assets:				
Land and Easements	166,532	-	-	166,532
Equipment	1,300,580	2,103,559	381,441	3,785,580
Buildings and Structures	130,165	8,000	8,531	146,696
Utility Systems	1,982,082	-	2,792,186	4,774,268
Construction in Progress	5,500	-	-	5,500
Less Accumulated Depreciation	(1,158,753)	(1,565,815)	(1,656,378)	(4,380,946)
Total Noncurrent Assets	2,426,106	545,744	1,525,780	4,497,630
Total Assets	$ 2,843,301	$ 928,957	$ 2,028,770	$ 5,801,028
Liabilities				
Current Liabilities:				
Accounts Payable	$ 5,663	$ 36,533	$ 43,253	$ 85,449
Accrued Wages and Withholdings Payable	4,143	9,618	6,224	19,985
Customer Deposits	14,230	-	-	14,230
Interfund Payable	65,352	-	1,120,000	1,185,352
Capital Leases Payable	35,066	118,529	-	153,595
Total Current Liabilities	124,454	164,680	1,169,477	1,458,611
Noncurrent Liabilities:				
Capital Leases Payable	-	249,360	-	249,360
OPEB Liability	37,120	93,440	-	130,560
Total Noncurrent Liabilities	37,120	342,800	-	379,920
Total Liabilities	161,574	507,480	1,169,477	1,838,531
Net Assets				
Invested in Capital Assets, Net of Related Debt	2,391,040	177,855	1,525,780	4,094,675
Restricted For Drainage Improvements	334,868	-	-	334,868
Unrestricted (Deficit)	(44,181)	243,622	(666,487)	(467,046)
Total Net Assets	$ 2,681,727	$ 421,477	$ 859,293	$ 3,962,497

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2011

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for Services	$ 1,180,777	$ 1,949,548	$ 1,577,200	$ 4,707,525
Fees	1,563	42,300	-	43,863
Other Revenues	3,830	12,508	220,350	236,688
Total Operating Revenues	1,186,170	2,004,356	1,797,550	4,988,076
Operating Expenses				
Costs of Sales and Services	647,139	1,700,527	1,345,006	3,692,672
Administrative Expense	177,690	160,000	-	337,690
Depreciation Expense	118,123	134,623	246,669	499,415
Total Operating Expenses	942,952	1,995,150	1,591,675	4,529,777
Operating Income (Loss)	243,218	9,206	205,875	458,299
Nonoperating Revenues (Expenses)				
Interest Revenue	17,007	24,363	-	41,370
Interest Expense	(2,648)	(18,646)	-	(21,294)
Gain on Asset Disposal	-	7,278	-	7,278
Total Nonoperating Revenues (Expenses)	14,359	12,995	-	27,354
Income Before Contributions, Special Items and Transfers	257,577	22,201	205,875	485,653
Capital Contributions	603,748	-	13,455	617,203
Change in Net Assets	861,325	22,201	219,330	1,102,856
Net Assets - Beginning	1,806,431	368,972	606,817	2,782,220
Prior Period Adjustment	13,971	30,304	33,146	77,421
Net Assets - Ending	$ 2,681,727	$ 421,477	$ 859,293	$ 3,962,497

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2011

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Cash Flows From Operations				
Received from Customers	$ 1,179,901	$ 1,992,916	$ 1,772,062	$ 4,944,879
Payments to Suppliers	(443,754)	(884,409)	(855,286)	(2,183,449)
Payments to/for Employees	(383,234)	(964,066)	(514,835)	(1,862,135)
Net Cash Provided by (Used in) Operating Activities	352,913	144,441	401,941	899,295
Cash Flows from Noncapital Financing Activities				
Payments/Advances From Other Funds	57,397	-	3,076	60,473
Payments/Advances To Other Funds	-	(19,055)	(327,063)	(346,118)
Net Cash Provided By (Used In) Noncapital Financing Activities	57,397	(19,055)	(323,987)	(285,645)
Cash Flows from Capital and Related Financing Activities				
Principal Payments - Leases	(49,985)	(134,070)	-	(184,055)
Acquisition and Construction of Capital Assets	(1,169,475)	(123,819)	(33,824)	(1,327,118)
Proceeds From Capital Lease	-	123,293	-	123,293
Proceeds From Disposal of Capital Assets	-	7,278	-	7,278
Capital Contributions	500,000	-	-	500,000
Interest Paid	(2,648)	(18,646)	-	(21,294)
Net Cash Provided By (Used In) Capital and Related Financing Activitie	(722,108)	(145,964)	(33,824)	(901,896)
Cash Flows from Investing Activities				
Interest Received	17,007	24,363	-	41,370
Net Increase (Decrease) in Cash	(294,791)	3,785	44,130	(246,876)
Cash - July 1, 2010 (Including Restricted Cash)	629,659	200,528	354,272	1,184,459
Cash - June 30, 2011 (Including Restricted Cash)	$ 334,868	$ 204,313	$ 398,402	$ 937,583
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	$ 243,218	$ 9,206	$ 205,875	$ 458,299
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	118,123	134,623	246,669	499,415
(Increase) Decrease in Assets:				
Accounts Receivable	(3,519)	(11,440)	(25,488)	(40,447)
Prepaid Items	(166)	(331)	(201)	(698)
Inventory	-	9,237	928	10,165
Increase (Decrease) in Liabilities				
Accounts Payable	(3,290)	(570)	(12,183)	(16,043)
Accrued Wages and Withholdings Payable	(8,987)	(21,993)	(13,659)	(44,639)
Customer Deposits	(2,750)	-	-	(2,750)
OPEB Liability	10,284	25,709	-	35,993
Net Cash Provided by (Used in) Operating Activities	$ 352,913	$ 144,441	$ 401,941	$ 899,295
Noncash Investing, Capital and Financing Activities				
Acquisition and Construction of Capital Assets	$ 105,611	$ -	$ 15,420	$ 121,031
Capital Contributions	(103,748)	-	(13,455)	(117,203)
Accounts Payable	(1,863)	-	(1,965)	(3,828)
Net Noncash Activities	$ -	$ -	$ -	$ -
For the Purposes of Reporting Cash Flows, Cash Includes the Following Amounts as Presented in the Statement of Net Assets				
Cash and Cash Equivalents	$ -	$ 204,313	$ 398,402	$ 602,715
Drainage Improvements	334,868	-	-	334,868
Total	$ 334,868	$ 204,313	$ 398,402	$ 937,583

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Assets			
Current Assets			
Cash and Cash Equivalents	$ 2,046,121	$ -	$ 2,046,121
Accounts Receivable, Net	-	21,117	21,117
Prepaids	-	138	138
Inventory	-	96,623	96,623
Total Current Assets	2,046,121	117,878	2,163,999
Noncurrent Assets			
Capital Assets			
Equipment	-	325,633	325,633
Buildings and Structures	-	130,458	130,458
Less Accumulated Depreciation	-	(348,016)	(348,016)
Land and Easements	-	41,245	41,245
Total Noncurrent Assets	-	149,320	149,320
Total Assets	$ 2,046,121	$ 267,198	$ 2,313,319
Liabilities			
Current Liabilities			
Accounts Payable	$ 311,657	$ 35,907	$ 347,564
Accrued Wages and Withholdings Payable	-	3,305	3,305
Due To Other Funds	185,375	83,383	268,758
Total Current Liabilities	497,032	122,595	619,627
Noncurrent Liabilities			
OPEB Liability	-	51,510	51,510
Total Noncurrent Liabilities	-	51,510	51,510
Total Liabilities	497,032	174,105	671,137
Net Assets			
Invested In Capital Assets	-	149,320	149,320
Unrestricted (Deficit)	1,549,089	(56,227)	1,492,862
Total Net Assets	$ 1,549,089	$ 93,093	$ 1,642,182

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2011

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Operating Revenues			
Charges for Services	$ -	$ 205,405	$ 205,405
Other Revenues	257,840	-	257,840
Internal Service Charges	4,233,082	1,215,050	5,448,132
Total Operating Revenues	4,490,922	1,420,455	5,911,377
Operating Expenses			
Costs of Sales and Services	559,908	1,445,274	2,005,182
Claims	3,417,353	-	3,417,353
Depreciation Expense	-	16,618	16,618
Total Operating Expenses	3,977,261	1,461,892	5,439,153
Operating Income (Loss)	513,661	(41,437)	472,224
Nonoperating Revenues (Expenses)			
Interest Revenue	1,089	-	1,089
Gain on Disposal of Capital Assets	-	20,869	20,869
Total Nonoperating Revenues (Expenses)	1,089	20,869	21,958
Income	514,750	(20,568)	494,182
Change In Net Assets	514,750	(20,568)	494,182
Net Assets - Beginning	1,034,339	104,757	1,139,096
Prior Period Adjustment	-	8,904	8,904
Net Assets - Ending	$ 1,549,089	$ 93,093	$ 1,642,182

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Cash Flows From Operations			
Received From Customers	$ 4,545,819	$ 1,403,118	$ 5,948,937
Payments To Suppliers	(3,997,810)	(1,172,064)	(5,169,874)
Payments To/For Employees	-	(337,604)	(337,604)
Net Cash Provided By (Used In) Operating Activities	548,009	(106,550)	441,459
Cash Flows From Noncapital Financing Activities			
Payments/Advances From Other Funds	354,988	83,383	438,371
Net Cash Provided By (Used In) Noncapital Financing Activities	354,988	83,383	438,371
Cash Flows From Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	-	(9,739)	(9,739)
Proceeds From Disposal of Capital Assets	-	20,869	20,869
Net Cash Provided By (Used In) Capital and Related Financing Activities	-	11,130	11,130
Cash Flows From Investing Activities			
Interest Received	1,089	-	1,089
Net Cash Provided By (Used In) Investing Activities	1,089	-	1,089
Net Increase (Decrease) In Cash	904,086	(12,037)	892,049
Cash - July 1, 2010 (Including Restricted Cash)	1,142,035	12,037	1,154,072
Cash - June 30, 2011 (Including Restricted Cash)	$ 2,046,121	$ -	$ 2,046,121
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 513,661	$ (41,437)	$ 472,224
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) By Operating Activities			
Depreciation	-	16,618	16,618
(Increase) Decrease In Assets:			
Accounts Receivable	54,896	(17,337)	37,559
Prepaid Items	-	(138)	(138)
Inventory	-	(3,542)	(3,542)
Increase (Decrease) In Liabilities			
Accounts Payable	(20,548)	(72,789)	(93,337)
Accrued Wages and Withholdings Payable	-	(8,493)	(8,493)
OPEB Liability	-	20,568	20,568
Net Cash Provided By (Used In) Operating Activities	$ 548,009	$ (106,550)	$ 441,459

For purposes of reporting cash flows, cash includes the following amounts as presented in the Statement of Net Assets:

Cash and Cash Equivalents	$ 2,046,121	$ -	$ 2,046,121
Total	$ 2,046,121	$ -	$ 2,046,121

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.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 101-105

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant revenue source, the property tax. 106-109

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 110-114

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 115-117

Operating Information

These schedules contain service and infrastrucure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 118-119

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

CITY OF CARTERSVILLE, GEORGIA
Net Assets By Component
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year								
	2003 [1]	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	$ 18,445,894	$ 20,642,187	$ 18,408,018	$ 22,979,785	$ 24,219,096	$ 74,545,926	$ 78,025,075	$ 79,380,171	$ 79,382,322
Restricted	4,932,121	6,396,098	8,250,021	9,860,605	14,686,858	12,065,078	10,274,836	11,556,212	13,828,062
Unrestricted	1,022,886	1,182,044	2,802,685	3,179,756	3,672,474	3,119,893	4,449,014	4,713,239	5,797,860
Total Governmental Activities Net Assets	$ 24,400,901	$ 28,220,329	$ 29,460,724	$ 36,020,146	$ 42,578,428	$ 89,730,897	$ 92,748,925	$ 95,649,622	$ 99,008,244
Business-type Activities									
Invested in Capital Assets, Net of Related Debt	$ 87,094,570	$ 90,872,728	$ 94,945,247	$ 97,970,649	$ 79,039,134	$ 116,055,032	$ 115,085,261	$ 116,203,328	$ 118,095,203
Restricted	2,467,388	2,467,388	2,467,388	2,467,388	2,467,388	13,441,795	11,855,946	8,967,723	4,642,423
Unrestricted	18,587,656	17,999,344	20,497,978	20,133,928	44,192,360	1,531,389	3,601,702	7,494,887	13,845,627
Total Business-type Activities Net Assets	$ 108,149,614	$ 111,339,460	$ 117,910,613	$ 120,571,965	$ 125,698,882	$ 131,028,216	$ 130,542,909	$ 132,665,938	$ 136,583,253
Primary Government									
Invested in Capital Assets, Net of Related Debt	$ 105,540,464	$ 111,514,915	$ 113,353,265	$ 120,950,434	$ 103,258,230	$ 190,600,958	$ 193,110,336	$ 195,583,499	$ 197,477,525
Restricted	7,399,509	8,863,486	10,717,409	12,327,993	17,154,246	25,506,873	22,130,782	20,523,935	18,470,485
Unrestricted	19,610,542	19,181,388	23,300,663	23,313,684	47,864,834	4,651,282	8,050,716	12,208,126	19,643,487
Total Primary Government Net Assets	$ 132,550,515	$ 139,559,789	$ 147,371,337	$ 156,592,111	$ 168,277,310	$ 220,759,113	$ 223,291,834	$ 228,315,560	$ 235,591,497

[1] The City implemented GASB 34, the new reporting standard in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

CITY OF CARTERSVILLE, GEORGIA
Changes In Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2003 [1]	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
General Government	$ 23,080,141	$ 18,041,037	$ 18,646,651	$ 19,495,012	$ 20,649,004	$ 20,963,991	$ 22,307,959	$ 22,271,558	$ 22,378,199
Police	3,347,565	3,801,312	3,907,812	4,138,879	4,442,816	5,121,823	5,294,329	5,095,267	5,393,834
Fire	3,275,266	3,477,125	3,591,221	4,121,950	4,264,931	4,766,640	4,723,777	4,628,814	4,544,015
Garage	487,589	495,524	540,516	710,141	654,762	-	-	-	-
Culture and Recreation	2,079,789	2,258,896	2,351,926	2,732,077	287,795	3,285,194	2,754,289	2,960,396	2,919,786
Planning and Development	433,089	598,372	685,629	812,566	1,711,678	2,337,102	1,397,227	1,076,218	862,648
Public Works	2,419,535	2,237,710	2,155,159	2,432,190	900,397	2,171,071	3,841,410	3,956,411	4,358,913
Interest on Long-term Debt	1,098,969	1,160,029	1,150,696	1,148,413	1,112,661	1,008,068	838,431	887,714	809,593
Total Governmental Activities Expenses	36,221,943	32,070,005	33,029,610	35,591,228	34,024,044	39,653,889	41,157,422	40,876,378	41,266,988
Business-type Activities:									
Water/Sewer	8,522,708	9,809,201	9,900,327	10,375,658	10,252,476	10,886,845	11,194,243	10,712,422	10,538,869
Electric	29,333,710	32,247,930	32,740,870	33,897,007	34,784,238	42,012,191	40,635,211	37,391,452	40,580,168
Gas	24,155,095	26,175,435	28,651,371	40,988,621	32,581,638	34,447,805	29,061,874	20,946,076	20,805,062
Stormwater	-	-	-		700,425	880,756	917,658	912,630	933,049
Solid Waste	1,285,901	1,440,076	1,528,812	1,688,972	1,832,079	2,129,123	1,978,543	1,926,779	1,972,967
Fiber Optic	898,266	976,355	851,283	952,870	997,856	1,330,914	1,599,328	1,548,674	1,583,749
Total Business-type Activities Expenses	64,195,680	70,648,997	73,672,663	87,903,128	81,148,712	91,687,634	85,386,857	73,438,033	76,413,864
Total Primary Government Expenses	$100,417,623	$102,719,002	$106,702,273	$123,494,356	$115,172,756	$131,341,523	$126,544,279	$114,314,411	$ 117,680,852
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	$ 1,202,591	$ 1,564,841	$ 1,761,974	$ 1,669,718	$ 5,989,798	$ 7,361,190	$ 8,988,869	$ 1,938,474	$ 1,908,414
Police	467,902	752,212	1,098,206	1,177,719	1,659,055	655,852	1,001,506	1,133,856	937,540
Fire	754,346	35,186	13,542	57,923	13,600	-	14,428	-	-
Garage	94,002	84,713	146,013	170,812	156,648	-	-	-	-
Culture and Recreation	468,339	481,688	496,137	565,193	581,726	749,926	636,248	670,379	676,347
Planning and Development	493,329	555,253	658,260	789,238	559,955	235,790	103,515	320,798	282,696
Public Works	38,974	124,722	118,769	113,200	96,156	-	9,812	26,737	31,380
Operating Grants and Conributions	2,784,337	1,729,551	1,950,772	2,040,401	2,024,158	2,056,334	152,000	3,073,369	2,587,902
Capital Grants and Contributions	2,000,599	883,187	245,612	1,134,218	728,128	4,151,446	1,878,435	3,771,521	4,975,791
Total Governmental Activities Program Rrevenues	8,304,419	6,211,353	6,489,285	7,718,422	11,809,224	15,210,538	12,784,813	10,935,134	11,400,070
Business-type Activities:									
Charges for Services									
Water/Sewer	10,344,176	11,238,254	11,277,499	11,486,126	12,140,723	12,688,374	12,480,790	13,070,010	12,858,689
Electric	32,666,004	34,299,839	33,708,521	34,663,599	36,835,470	40,268,059	42,929,881	40,060,789	41,749,932
Gas	26,893,475	27,931,478	30,567,135	41,870,411	33,619,670	37,164,273	30,302,206	25,704,640	23,344,384
Solid Waste	1,343,382	1,455,092	1,621,835	1,637,983	1,913,084	1,998,803	2,075,943	1,997,599	1,186,170
Stormwater					518,744	1,205,529	1,204,794	1,199,868	2,004,356
Fiber Optic	625,148	830,972	879,749	1,303,221	1,358,736	1,571,194	1,726,028	1,759,869	1,797,550
Operating Grants and Conributions	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	1,655,379	1,327,244	1,362,324	1,389,024	1,449,967	189,484	-	229,732	560,635
Total Business-type Activities Program Revenues	73,527,564	77,082,879	79,417,063	92,350,364	87,836,394	95,085,716	90,719,642	84,022,507	83,501,716

CITY OF CARTERSVILLE, GEORGIA
Changes In Net Assets
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	2003 [1]	2004	2005	2006	2007	2008	2009	2010	2011
Total Primary Government Program Revenues	$ 81,831,983	$ 83,294,232	$ 85,906,348	$100,068,786	$ 99,645,618	$110,296,254	$103,504,456	$ 94,957,641	$ 94,901,786
Net (Expense) Revenue									
Governmental Activities	$ (27,917,524)	$ (25,858,652)	$ (26,540,325)	$ (27,872,806)	$ (22,214,820)	$ (24,443,351)	$ (28,372,608)	$ (29,941,244)	$ (29,866,918)
Business-type Activities	9,331,884	6,433,882	5,744,400	4,447,236	6,687,682	3,398,082	5,332,785	10,584,474	7,087,852
Total Primary Government Net (Expense)	$ (18,585,640)	$ (19,424,770)	$ (20,795,925)	$ (23,425,570)	$ (15,527,138)	$ (21,045,269)	$ (23,039,823)	$ (19,356,770)	$ (22,779,066)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Property	$ 12,359,671	$ 13,728,744	$ 14,519,450	$ 15,535,349	$ 16,411,884	$ 17,514,949	$ 18,437,522	$ 18,207,749	$ 17,539,911
Sales	3,772,353	6,401,305	7,384,598	8,775,911	8,892,746	8,833,353	8,080,216	4,768,761	4,747,051
Hotel/Motel	159,199	146,484	159,113	180,003	207,412	201,128	216,129	279,468	379,104
Vehicle Rental	47,147	40,710	49,541	76,014	75,816	71,325	52,696	42,242	51,011
Insurance Premium	634,704	684,060	741,335	797,579	834,468	870,443	891,294	882,932	857,271
Malt and Mixed Beverage	700,352	685,091	671,771	677,093	733,750	756,235	668,673	580,963	646,164
Franchise	624,892	3,947,347	4,067,740	4,643,067	732,718	740,500	789,554	4,317,713	4,432,437
Other	372,762	357,267	229,171	208,604	-	262	88,770	343,858	368,516
Unrestricted Grants and Contributions	900,660	-	-	-	-	-	-	-	-
Investment Earnings	152,653	89,903	210,726	443,867	940,191	565,500	101,572	122,311	54,806
Miscellaneous	144,701	217,540	200,052	412,465	267,311	153,726	228,574	170,779	131,816
Gain/(Loss) on Asset Disposal	-	-	-	-	-	-	-	-	(66,850)
Transfers	7,130,290	3,379,629	(452,777)	2,682,276	3,406,098	(771,774)	3,239,989	3,182,733	3,590,112
Total Governmental Activities	26,999,384	29,678,080	27,780,720	34,432,228	32,502,394	28,935,647	32,794,989	32,899,509	32,731,349
Business-type Activities:									
Investment Earnings	559,361	128,952	364,577	896,392	1,716,039	920,390	523,884	242,042	101,597
Miscellaneous	6,050	6,641	9,399	-	-	-	-	-	36,182
Special Items	(7,000,000)	-	-	-	-	-	(1,994,719)	(5,298,020)	-
Transfers	(7,130,290)	(3,379,629)	452,777	(2,682,276)	(3,406,098)	771,774	(3,239,989)	(3,182,733)	(3,590,112)
Total Business-type Activities	(13,564,879)	(3,244,036)	826,753	(1,785,884)	(1,690,059)	1,692,164	(4,710,824)	(8,238,711)	(3,452,333)
Total Primary Government	$ 13,434,505	$ 26,434,044	$ 28,607,473	$ 32,646,344	$ 30,812,335	$ 30,627,811	$ 28,084,165	$ 24,660,798	$ 29,279,016
Change in Net Assets									
Governmental Activities	$ (918,140)	$ 3,819,428	$ 1,240,395	$ 6,559,422	$ 10,287,574	$ 4,492,296	$ 4,422,381	$ 2,958,265	$ 2,864,431
Business-type Activities	(4,232,995)	3,189,846	6,571,153	2,661,352	4,997,623	5,090,246	621,961	2,345,763	3,635,519
Total Primary Government	$ (5,151,135)	$ 7,009,274	$ 7,811,548	$ 9,220,774	$ 15,285,197	$ 9,582,542	$ 5,044,342	$ 5,304,028	$ 6,499,950

[1] The City implemented GASB 34, the new reporting standard in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

CITY OF CARTERSVILLE, GEORGIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 795,894
Restricted	-	-	-	-	-	-	-	-	-	105,027
Unnassigned	-	-	-	-	-	-	-	-	-	5,086,905
Reserved	236,381	368,734	309,278	213,010	303,530	133,947	121,365	111,379	-	-
Unreserved	934,043	1,022,886	1,017,972	2,318,356	3,187,200	3,139,167	3,010,168	3,672,440	5,009,947	-
Total General Fund	$ 1,170,424	$ 1,391,620	$ 1,327,250	$ 2,531,366	$ 3,490,730	$ 3,273,114	$ 3,131,533	$ 3,783,819	$ 5,009,947	$ 5,987,826
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	-	-	13,295,341
Committed	-	-	-	-	-	-	-	-	-	426,141
Reserved	6,289,354	4,563,387	6,086,820	8,120,728	9,639,845	14,539,715	11,943,713	10,163,457	11,556,212	-
Unreserved	-	-	-	-	-	-	-	-	(14,057)	-
Total All Other Governmental Funds	$ 6,289,354	$ 4,563,387	$ 6,086,820	$ 8,120,728	$ 9,639,845	$ 14,539,715	$ 11,943,713	$ 10,163,457	$ 11,542,155	$ 13,721,482

The City implemented *GASB Statement 54 Fund Balance Reporting and Governmental Fund Balance Definitions* in fiscal year 2011. This reporting standard changes the presentation of fund balances in the governmental fund level financial statements.

CITY OF CARTERSVILLE, GEORGIA
Changes in Fund Balances of Governmental Funds
Last Nine Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year								
	2003 [1]	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Taxes	$ 18,671,079	$ 25,856,340	$ 27,804,068	$ 30,929,324	$ 27,800,228	$ 28,833,230	$ 29,224,853	$ 28,809,153	$ 29,228,003
Licenses and Permits	487,829	543,065	610,448	459,985	925,605	872,708	594,912	316,320	294,531
Intergovernmental	2,081,623	994,289	465,386	1,269,018	1,011,946	675,444	1,898,894	4,299,371	5,026,357
Payment from School Board	2,703,313	1,729,551	1,730,638	1,733,159	1,732,256	1,732,668	2,523,243	2,518,698	2,518,768
Fines and Forfeitures	406,263	615,956	1,056,282	1,153,455	1,659,054	655,852	959,397	1,073,167	823,314
Charges for Services	2,576,759	2,306,424	2,649,031	2,954,793	6,472,278	7,474,198	6,636,443	2,699,539	2,669,090
Contributions	-	-	-	-	8,085	21,672	-	-	-
Miscellaneous Income	165,809	199,188	149,896	297,377	267,311	153,726	228,574	148,815	136,640
Investment Earnings	152,653	89,903	210,726	443,867	931,944	555,526	101,572	122,311	117,993
Total Revenues	27,245,328	32,334,716	34,676,475	39,240,978	40,808,707	40,975,024	42,167,888	39,987,374	40,814,696
Expenditures									
General Government	22,068,227	17,038,575	17,655,653	18,558,217	19,520,471	23,992,283	21,344,586	20,851,949	21,104,431
Police	3,424,175	3,806,704	3,900,466	4,076,669	4,330,318	5,570,996	4,889,058	4,889,828	5,094,101
Fire	3,921,581	3,726,921	4,256,469	3,882,840	3,994,501	4,678,718	4,442,252	4,254,955	4,415,165
Garage	474,370	489,598	577,335	697,624	691,535	-	-	-	-
Planning and Development	424,098	590,168	705,014	844,930	1,697,872	2,343,157	1,175,965	1,048,513	854,851
Culture and Recreation	2,062,121	2,304,419	2,436,151	3,104,553	3,036,295	3,307,226	2,886,687	2,687,230	2,701,534
Public Works	2,442,876	2,194,231	2,283,879	2,473,921	2,030,828	2,359,034	2,237,460	2,174,168	2,628,348
Capital Outlay	4,264,843	2,230,442	2,016,452	4,408,721	1,519,400	7,066,562	6,899,158	2,657,690	2,070,762
Debt Service									
Principal	2,170,255	1,153,054	873,182	1,060,011	1,206,072	1,119,139	1,894,679	2,041,214	2,248,750
Interest	1,098,969	1,158,502	1,146,113	1,143,830	1,112,661	1,008,068	838,431	887,714	775,088
Bond Issuance Costs	87,090	-	-	-	-	-	-	-	139,462
Total Expenditures	42,438,605	34,692,614	35,850,714	40,251,316	39,139,953	51,445,183	46,608,276	41,493,261	42,032,492
Excess of Revenues Over (Under) Expenditures	(15,193,277)	(2,357,898)	(1,174,239)	(1,010,338)	1,668,754	(10,470,159)	(4,440,388)	(1,505,887)	(1,217,796)
Other Financing Sources (Uses)									
Transfers In	7,130,290	3,379,629	3,723,591	2,714,229	3,454,545	3,405,250	4,024,644	4,223,054	4,226,721
Transfers Out	-	-	(560,750)	(31,953)	(514,736)	(130,925)	(784,655)	(233,579)	(185,072)
Capital Leases	115,429	287,843	1,201,376	74,592	199,784	737,597	72,429	26,207	-
Bonds Issued	6,000,000	-	-	-	-	-	-	-	13,380,000
Discount on Bonds Issued	(20,746)	-	-	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-	-	-	774,655
Proceeds From Asset Disposal	35,501	30,305	27,658	263,100	3,200	-	-	50,000	53,891
Capital Contributions	-	-	-	-	-	3,790,456	-	-	-
Payment to Bond Escrow Agent	-	-	-	-	-	-	-	-	(13,875,193)
Total Other Financing Sources (Uses)	13,260,474	3,697,777	4,391,875	3,019,968	3,142,793	7,802,378	3,312,418	4,065,682	4,375,002
Increase (Decrease) in Reserve for Inventory	(353)	13,247	20,388	(947)	-	-	-	-	-
Net Change in Fund Balances	$ (1,933,156)	$ 1,353,126	$ 3,238,024	$ 2,008,683	$ 4,811,547	$ (2,667,781)	$ (1,127,970)	$ 2,559,795	$ 3,157,206
Debt Service as a Percentage of Noncapital Expenditures	8.8%	7.1%	6.0%	6.1%	6.2%	4.8%	6.9%	7.5%	7.9%

[1] The City implemented GASB 34, the new reporting standard in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

CITY OF CARTERSVILLE, GEORGIA
Assessed Value and Estimated Actual Value
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Personal Property		Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value[1] as a Percentage of Actual Value
	Residential Property	Industrial Property	Commercial Property	Motor Vehicles	Other					
2002	$ 203,655,001	$ 314,981,311	$ 190,342,496	$ 42,769,178	$ 187,288	$ 25,636,886	$ 726,298,388	17.41	$ 1,815,745,970	40%
2003	214,973,217	290,735,336	198,661,827	44,423,736	63,644	26,174,284	722,683,476	18.28	1,806,708,690	40%
2004	225,572,899	230,019,291	278,858,790	44,246,871	135,208	28,219,806	750,613,253	18.17	1,876,533,133	40%
2005	238,258,219	297,533,119	215,263,331	44,744,446	184,291	10,832,018	785,151,388	19.17	1,962,878,470	40%
2006	270,089,440	301,401,064	228,882,616	45,219,261	564,785	16,638,328	829,518,838	19.14	2,073,797,095	40%
2007	316,588,669	295,235,089	243,029,470	45,443,566	569,343	17,204,412	883,661,725	18.65	2,209,154,313	40%
2008	353,065,270	304,623,163	261,041,310	46,233,895	554,121	17,175,809	948,341,950	18.63	2,370,854,875	40%
2009	390,905,758	301,790,673	278,808,630	47,924,571	438,917	18,181,045	1,001,687,504	18.61	2,504,218,760	40%
2010	393,029,298	305,345,978	283,929,914	49,370,250	173,632	17,919,726	1,013,929,346	18.61	2,534,823,365	40%
2011	368,008,218	278,272,133	277,993,575	42,000,562	82,468	13,127,881	953,229,075	18.61	2,383,072,688	40%

Source: Bartow County Tax Assessor

Property in Bartow County is reassessed annually. The county assesses property at 40 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing the assessed value by this percentage. Tax rates are per $1,000 of assessed value.

[1] Includes tax-exempt property.

CITY OF CARTERSVILLE, GEORGIA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Direct Rates			Overlapping Rates		Total Direct and Overlapping Rates
	City of Cartersville Operating Millage	Cartersville School Board	Total Direct Rates	Bartow County	State of Georgia	
2002	1.00	16.41	17.41	8.01	0.25	25.67
2003	1.00	17.28	18.28	8.98	0.25	27.51
2004	0.99	17.18	18.17	8.98	0.25	27.40
2005	1.49	17.68	19.17	8.88	0.25	28.30
2006	1.46	17.68	19.14	9.85	0.25	29.24
2007	1.42	17.23	18.65	9.58	0.25	28.48
2008	1.40	17.23	18.63	9.30	0.25	28.18
2009	1.38	17.23	18.61	9.07	0.25	27.93
2010	1.38	17.23	18.61	9.07	0.25	27.93
2011	1.38	17.23	18.61	9.07	0.25	27.93

Source: Bartow County Tax Commissioner

CITY OF CARTERSVILLE, GEORGIA
Principal Property Taxpayers
Current and Nine Years Ago

	2011				2002		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Anheuser Busch	$ 118,290,110	1	12.4%	Anheuser Busch	$ 167,403,199	1	23.0%
Shaw Industries	27,553,067	2	2.9%	Shaw Industries	60,623,385	2	8.3%
Continental	12,166,538	3	1.3%	First Brands	56,279,211	3	7.7%
Aqualfil USA, Inc	11,368,338	4	1.2%	Unilever HPS, USA	47,872,264	4	6.6%
Forty One Connector, LTD	9,950,280	5	1.0%	Continental Pet	37,232,578	5	5.1%
Applied Thermoplastic	6,532,981	6	0.7%	Thrall Car	10,704,030	6	1.5%
Colloid Environment Tech Co	5,970,570	7	0.6%	Goodyear	8,435,243	7	1.2%
Monitor Manufacturing Co	5,609,087	8	0.6%	Prince Street Technologies	7,308,718	8	1.0%
Bartow County Bank	5,599,400	9	0.6%	Ampacet	7,216,511	9	1.0%
Bellsouth Telecommunications	5,541,170	10	0.6%	Forty-one Connector, Ltd.	5,123,776	10	0.7%
Totals	$ 208,581,541		21.9%	Totals	$ 408,198,915		56.2%

Source: Bartow County Tax Commissioner

CITY OF CARTERSVILLE, GEORGIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2002	$ 11,632,432	$ (154,747)	$ 11,477,685	$ 11,391,796	97.93%	$ 85,889	$ 11,477,685	100.00%
2003	12,070,637	(43,029)	12,027,608	11,895,194	98.55%	131,972	12,027,166	100.00%
2004	12,459,834	(105,523)	12,354,311	12,206,322	97.97%	147,653	12,353,975	100.00%
2005	13,304,550	(49,655)	13,254,895	13,088,990	98.38%	165,694	13,254,684	100.00%
2006	14,087,316	(31,695)	14,055,621	13,908,614	98.73%	146,797	14,055,411	100.00%
2007	14,698,463	(65,533)	14,632,930	14,387,835	97.89%	232,034	14,619,869	99.91%
2008	15,831,119	(206,875)	15,624,244	15,324,424	96.80%	294,553	15,618,977	99.97%
2009	16,721,447	(171,917)	16,549,530	15,932,043	95.28%	581,169	16,513,212	99.78%
2010	17,437,137	(264,878)	17,172,259	16,474,788	94.48%	458,297	16,933,085	98.61%
2011	16,416,077	(63,935)	16,352,142	15,889,271	96.79%	-	15,889,271	97.17%

Source: Bartow County Tax Commissioner

CITY OF CARTERSVILLE, GEORGIA
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities					
Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Leases	Water/Sewer Bonds	Notes	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2002	$ 17,690,000	$ 1,075,000	$ 1,463,676	$ 24,434,587	$ 15,512,464	$ 1,187,567	$ 61,363,294	0.04%	$ 3,719
2003	23,130,000	-	1,043,850	22,599,587	14,871,708	981,428	62,626,573	0.04%	3,479
2004	22,535,000	-	773,639	20,659,587	14,481,730	839,447	59,289,403	0.04%	3,156
2005	21,900,000	-	1,736,833	18,829,213	13,528,829	686,984	56,681,859	0.05%	2,800
2006	21,220,000	-	1,431,414	25,125,035	12,519,327	563,186	60,858,962	0.04%	3,006
2007	20,495,000	-	1,150,126	23,712,637	11,478,028	442,278	57,278,069	0.05%	2,829
2008	19,720,000	-	1,543,584	22,490,000	10,464,043	701,021	54,918,648	0.05%	2,470
2009	18,085,000	-	1,356,333	20,270,000	9,594,044	483,249	49,788,626	0.06%	2,239
2010	16,365,000	-	996,596	18,055,000	8,701,005	463,717	44,581,318	0.05%	2,203
2011	14,410,000	-	702,846	15,795,000	7,784,295	402,955	39,095,096	0.07%	1,690

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

See the Schedule of Demographic and Economic Statistics on page 115 for personal income and population data.

CITY OF CARTERSVILLE, GEORGIA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property	Net General Bonded Debt Per Capita
2002	$ 17,690,000	0.97%	$ 1,111
2003	23,130,000	1.28%	1,452
2004	22,535,000	1.20%	1,415
2005	21,900,000	1.12%	1,375
2006	21,220,000	1.02%	1,213
2007	20,495,000	0.93%	1,139
2008	19,720,000	0.83%	887
2009	18,085,000	0.72%	813
2010	16,365,000	0.65%	736
2011	14,410,000	0.60%	648

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

(1) Population data can be found in the Schedule of Demographic and Economic Statistics on page 115.

CITY OF CARTERSVILLE, GEORGIA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes: Bartow County	$ 70,845,000	25%	$ 17,711,250
City of Cartersville Direct Debt	15,112,846	100%	15,112,846
Total Direct and Overlapping Debt	$ 85,957,846		$ 32,824,096

Sources: Assessed value data used to estimate applicable percentages provided by the Bartow County Tax Commissioner. Debt outstanding data provided by Bartow County and the City.

Note: 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 business of the City of Cartersville. This process recognizes that, when considering the City's ability to issue and repay long-term debt burden borne by 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] The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

CITY OF CARTERSVILLE, GEORGIA
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	$ 74,970,839	$ 74,885,776	$ 77,883,306	$ 79,677,840	$ 84,615,717	$ 88,366,173	$ 94,834,195	$100,168,450	$101,392,935	$95,322,908
Total Net Debt Applicable to Limit	17,690,000	24,173,851	22,535,000	21,900,000	21,220,000	20,495,000	19,720,000	18,085,000	16,365,000	14,410,000
Legal Debt Margin	$ 57,280,839	$ 50,711,925	$ 55,348,306	$ 57,777,840	$ 63,395,717	$ 67,871,173	$ 75,114,195	$ 82,083,450	$ 85,027,935	$ 80,912,908
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.60%	32.28%	28.93%	27.49%	25.08%	23.19%	20.79%	18.05%	16.14%	15.12%

Total Taxable Assessed Value	$ 953,229,075
Debt Limit (10% of Assessed Taxable Value)	95,322,908
Debt Applicable to Limit:	
General Obligation Bonds	14,410,000
Legal Debt Margin	$ 80,912,908

Note: The Constitution of the State of Georgia Article IX, Section V limits outstanding general obligation debt to 10 percent of the assessed value of all taxable property.

CITY OF CARTERSVILLE, GEORGIA
Pledged Revenue Coverage
Last Ten Fiscal Years

	Water Revenue Bonds					
				Debt Service		
Fiscal Year	Utility Service Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	$ 10,862,116	$ 4,016,326	$ 6,845,790	$ 1,695,000	$ 1,349,811	2.25
2003	10,604,186	4,555,100	6,049,086	1,835,000	1,279,981	1.94
2004	11,240,699	6,003,119	5,237,580	1,940,000	1,203,987	1.67
2005	11,391,772	6,242,570	5,149,202	1,870,374	1,120,786	1.72
2006	11,986,452	6,724,754	5,261,698	1,324,178	1,249,360	2.04
2007	12,687,070	6,793,720	5,893,350	1,412,398	1,133,732	2.31
2008	13,207,384	8,369,628	4,837,756	1,297,637	1,200,992	1.94
2009	11,886,499	7,148,185	4,738,314	2,210,000	1,028,191	1.46
2010	12,690,014	6,914,562	5,775,452	2,215,000	615,420	2.04
2011	12,633,927	6,926,411	5,707,516	2,260,000	560,894	2.02

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

Utility service charges and other includes water/sewer charges and investment earnings but not tap fees.

Operating expenses do not include depreciation or interest.

CITY OF CARTERSVILLE, GEORGIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population [1]*	Per Capita Income [1]*	Personal Income [1]*	Median Age [1]*	School Enrollment [2]**	Unemployment Rate *
2002	76,019	$ 22,755	$ 25,860	33.90	3,694	6.10%
2003	82,607	22,700	25,860	33.90	3,872	6.30%
2004	84,730	18,989	25,884	34.00	3,804	5.00%
2005	86,972	18,989	25,949	34.00	3,810	5.40%
2006	89,229	18,989	26,319	34.00	3,809	4.60%
2007	91,266	18,989	27,127	34.00	3,817	4.90%
2008	97,098	22,683	27,649	35.60	3,956	6.50%
2009	97,900	22,313	27,843	35.70	3,941	13.50%
2010	99,484	22,018	27,554	35.90	4,036	11.90%
2011	100,157	23,135	27,405	37.3	4,159	10.90%

(1) Cartersville-Bartow County Chamber of Commerce
(2) City Board of Education
(3) Information comes from outside source and this data is not available
* County-wide data
** City only

CITY OF CARTERSVILLE, GEORGIA
Principal Employers
June 30, 2011

	2011		
Employer	Number of Employees	Rank	% of Total
Bartow County Schools	1,618	1	23.80%
Shaw Industries	950	2	13.97%
Cartersville Medical Center	650	3	9.56%
Bartow County	715	4	10.52%
Toyo Tire North America	650	5	9.56%
Anheuser-Busch	571	6	8.40%
Cartersville School System	490	7	7.21%
Georgia Power Company	390	8	5.74%
WalMart	385	9	5.66%
Gerdau Ameristeel	380	10	5.59%
Total	6,799		

Source: Cartersville-Bartow County Chamber of Commerce

Note: Comparable data for 2002 is not available.

CITY OF CARTERSVILLE, GEORGIA
Full-time Equivalent City Employees By Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	28	29	29	31	31	33	32	29	27	27
Police	55	55	61	55	58	58	58	64	66	66
Fire	54	54	55	55	58	59	62	62	62	62
Garage	6	6	6	6	7	7	6	6	5	4
Culture and Recreation	25	25	24	25	25	27	27	27	27	27
Planning and Development	6	6	6	8	9	9	10	10	8	8
Public Works	27	27	28	27	27	20	21	20	18	18
Water and Sewer	52	52	52	52	52	50	51	51	49	50
Electric	23	23	24	24	23	23	28	28	28	28
Gas	20	20	20	22	23	21	27	26	24	24
Solid Waste	18	18	18	18	18	21	19	18	18	18
Stormwater	0	0	0	0	0	7	7	7	6	6
Fiber Optic	1	1	1	1	2	5	6	6	6	6
Total	315	316	324	324	333	340	354	354	344	344

Source: City of Cartersville Human Resource Department

CITY OF CARTERSVILLE, GEORGIA
Operating Indicators By Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical Arrests	(1)	(1)	(1)	(1)	1,199	1,208	1,080	1,827	1,479	2,035
Parking Violations	(1)	(1)	(1)	(1)	1,364	1,420	931	505	235	176
Traffic Violations	(1)	(1)	(1)	(1)	4,539	4,857	4,666	4,557	4,679	5,879
Fire										
Emergency Responses	(1)	(1)	(1)	2,422	2,515	2,697	2,938	2,333	3,038	3,165
Fires Extinguished	(1)	(1)	(1)	89	92	183	167	91	142	179
Inspection	(1)	(1)	(1)	765	925	820	510	2,396	1,054	2,290
Culture and Recreation										
Admissions/Fees	$ 424,523	$ 411,405	$ 417,867	$ 434,134	$ 476,952	$ 668,805	$ 804,997	$ 705,319	$ 730,160	$688,593
Library Volumes	52,618	60,803	63,088	67,345	68,118	75,220	75,338	79,753	85,890	98,961
Library Circulation	(1)	(1)	(1)	(1)	262,774	309,071	448,165	481,862	529,711	499,739
Public Works										
Street Resurfacing Miles	(1)	(1)	(1)	6.8	2.4	5	3.5	3.4	3.0	3.13
Planning and Development										
Building Permits - Residential	139	116	147	221	214	283	166	69	38	47
Value of Building Permits - Residential	$ 10,697,760	$ 10,709,524	$ 13,384,543	$ 21,955,699	$ 22,567,911	$ 33,873,252	$ 20,903,039	$ 5,704,907	$ 2,064,705	$ 2,011,417
Building Permits - Commercial	65	61	83	99	108	114	102	47	31	37
Value of Building Permits - Commercial	$ 21,797,544	$ 30,768,117	$ 20,056,676	$ 23,428,339	$ 24,828,201	$ 25,972,858	$ 51,372,346	$ 6,285,100	$ 8,704,341	$ 10,505,841
Water										
Number of Customers	10,297	10,297	10,389	10,658	11,155	11,181	10,431	10,438	10,331	10,121
Average Daily Demand	12.1	12.1	12.0	12.3	13.6	11.9	11.2	11.1	11.0	11.02
Sewer										
Number of Customers	6,002	6,002	6,045	6,045	6,045	6,865	6,607	6,635	6,739	6,456
Average Daily Demand	8.2	9.3	7.8	9.6	9.9	8.0	6.4	6.8	5.7	7.22
Electric										
Number Customers	6,958	7,271	7,355	7,195	7,713	7,743	8,172	8,153	8,055	7,999
Average Annual Residential Consumption	12,080	10,700	11,000	12,000	12,000	12,400	12,420	11,925	12,272	12,987
Gas										
Number of Customers	9,030	9,101	9,204	9,277	10,322	10,637	10,697	10,785	10,807	10,788
Solid Waste										
Number of Customers	6,000	6,100	6,158	6,279	6,413	6,552	6,741	7,129	6,831	6,856
Fiber Optic										
Number of Customers	(1)	(1)	(1)	65	61	59	54	66	80	74

(1) Information not available

Source: Various City Departments

CITY OF CARTERSVILLE, GEORGIA
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	2	4	4	4	4
Vehicles	(1)	(1)	(1)	37	41	44	66	66	66	88
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Acreage	383	627	627	627	627	640	640	640	655	641
Baseball/Softball Fields	15	15	15	15	15	15	15	15	15	15
Soccer/Football Fields	5	5	5	5	6	6	6	6	6	6
Public Works										
Miles of Streets	112	112	112	115	115	121	128	129	129	129
Water										
Fire Hydrants	(1)	(1)	(1)	1,204	1,204	1,204	1,351	1,360	1359	1366
Miles of Water Mains	148	152	153	161	164	169	171	181	181	231
Sewer										
Miles of Sanitary Sewer	111	114	115	118	119	121	123	129	129	145
Electric										
Street Lights	1,361	1,394	1,491	1,531	1,671	1,967	2,150	2,730	2,169	2,176
Miles of Electric Lines	154	155	160	160	162	198	202	202	204	204
Gas										
Miles of Gas Mains	283	286	292	296	298	314	314	347	350	351
Solid Waste										
Collection Vehicles	(1)	(1)	16	16	16	19	19	17	20	20
Fiber Optic										
Miles of Cable	(1)	(1)	54	54	54	55	60	62	64	64

(1) Information Not Available
Source: Various City Departments

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COMPLIANCE SECTION

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

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*

To the Honorable Mayor and
Members of the City Council
City of Cartersville, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cartersville, Georgia, as of and for the year ended June 30, 2011, which collectively comprise the City of Cartersville, Georgia's basic financial statements and have issued our report thereon dated December 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Cartersville, 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 of Cartersville, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cartersville, Georgia'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cartersville, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Cartersville, Georgia, in a separate letter dated December 22, 2011.

This report is intended solely for the information and use of management, City Council, 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.

Williamson & Company

Williamson and Company
Certified Public Accountants
December 16, 2011

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WILLIAMSON & CO., CPA's
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

EARL WILLIAMSON
LLOYD WILLIAMSON

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and
Member of the City Council
City of Cartersville, Georgia 30120

Compliance

We have audited the City of Cartersville, Georgia's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Cartersville, Georgia's major federal programs for the year ended June 30, 2011. The City of Cartersville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Cartersville's management. Our responsibility is to express an opinion on the City of Cartersville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Cartersville's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Cartersville's compliance with those requirements.

In our opinion, The City of Cartersville complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Cartersville, Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Cartersville, Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing

procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accodingly, we do not express an opinion on the effectiveness of the City of Cartersville, Georgia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cartersville as of and for the year ended June 30, 2011, and have issued our report thereon dated December 16, 2011. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments, and Nonprofit Organizations* and is not a required part of the financial statements. Such information is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, City Council, 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.

Williamson & Company

Williamson and Company
Certified Public Accountants
December 16, 2011

CITY OF CARTERSVILLE, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Energy, United States Department of			
Pass-Through the Georgia Environmental Facilities Authority			
Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000806	$ 26,083
Total United States Department of Energy			26,083
Housing and Urban Development, United States Department of			
Office of Community Planning and Development			
Pass-Through from the Georgia Department of Community Affairs			
Home Investment Partnerships Program	14.239	09M-X-008-2-6028	75,000
Community Development Block Grants	14.228	09DR1-X-008-2-5186	
		09P-X-008-2-5166	635,631
Total United States Department of Housing and Urban Development			710,631
Interior, United States Department of the			
Pass-Through from the Georgia Department of Natural Resources			
Land and Water Conversation Fund Grants-Outdoor Recreation Acquisition, Development and Planning	15.916	LWCF 13-00918	43,675
Total United States Department of the Interior			43,675
Justice, United States Department of			
Direct			
Bulletproof Vest Partnership Program	16.607	N/A	1,395
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	16.804	N/A	29,030
Total United States Department of Justice			30,425
Transportation, United States Department of			
Pass-Through from the Georgia Department of Natural Resources			
Recreational Trails Program	20.219	N/A	14,529
Pass-Through from the Georgia Department of Transportation	20.106	AP011-9017-24(015)	
Federal Aviation Administration-Airport Improvement Program		AP011-9014-23(015)	368,274
Total United States Department of Transportation			382,803
Total Expenditures of Federal Awards			$ 1,193,617

Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Cartersville, Georgia and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations* Therefore, some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF CARTERSVILLE, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

Material weakness(es) identified?	____ Yes	X No
Reportable condition(s) identified not considered to be material weaknesses?	____ Yes	X None Reported
Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal Control over major programs:

Material weakness (es) identified?	____ Yes	X No
Reportable condition(s) identified not considered to be material weaknesses?	____ Yes	X None Reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	____ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
14.228	Community Development Block Grants
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Status of Prior Audit Findings

No matters were reported.

CITY OF CARTERSVILLE, GEORGIA
Schedule of Special Local Option Sales Tax Expenditures
For the Year Ended June 30, 2011

	Estimated Cost		Expenditures		
	Original	Current	Prior	Current	Total
SPLOST II Project Description (2002)					
Streets and Roads	$ 8,805,900	$ 8,805,900	$ 8,160,089	$ 280,693	$ 8,440,782
1873 Courthouse Interior Renovation	450,000	450,000	449,366	-	449,366
Water and Sewer Improvements					
New Line - Allatoona Dam to Water Plant	2,500,000	2,500,000	2,625,304	-	2,625,304
New Water Tank - East of I-75	1,100,000	1,100,000	94,879	48,000	142,879
Miscellaneous					
Fiber Link (GIS Mapping)	500,000	500,000	426,256	13,455	439,711
Public Safety Traning Facility - Joint Project**	1,250,000	1,250,000	1,791,288	-	1,791,288
Cartersville/Bartow County Library Expansion**	2,500,000	2,500,000	2,460,356	-	2,460,356
Totals	$ 17,105,900	$ 17,105,900	$ 16,007,538	$ 342,148	$ 16,349,686

* This schedule has been prepared on the accrual basis of accounting.

** Joint project with Bartow County.

CITY OF CARTERSVILLE, GEORGIA
Schedule of Special Local Option Sales Tax Expenditures
For the Year Ended June 30, 2011

	Estimated Cost		Expenditures		
	Original	Current	Prior	Current	Total
SPLOST III Project Description (2007)					
Streets and Roads	$ 13,838,000	$ 13,838,000	$ 1,023,690	$ 102,666	$ 1,126,356
Water and Sewer Improvements					
Utility Relocate - Water	1,232,000	1,232,000	169,389	309,769	479,158
Raw Water Mains	-	-	162,198	-	162,198
New Water Line - Allatoona Dam	2,000,000	2,000,000	969,430	-	969,430
Other Utility Improvements					
Relocte Gas Lines	1,353,250	1,353,250	-	-	-
Relocate Fiber Lines	150,000	150,000	-	-	-
Relocate Electric Lines	229,320	229,320	-	-	-
Miscellaneous Stormwater Improvements	-	-	-	20,008	20,008
Underground Fiber - Main Street Corridor	150,000	150,000	-	-	-
GIS Upgrades	100,000	100,000	900	-	900
Culvert Replacement - Lee Street	225,000	225,000	-	61,456	61,456
Underground Electric Project - Main Street	1,028,057	1,028,057	-	-	-
Land and Buildings					
Grassdale Road	861,250	861,250	42,858	-	42,858
New Equipment Barn - Public Works	600,000	600,000	417,443	6,000	423,443
Northside Park - Land	1,500,000	1,500,000	-	-	-
Milam Farm Festival Area	100,000	100,000	-	-	-
Joint Station - Police and Fire	6,639,123	6,639,123	1,675,264	539,631	2,214,895
Fire Station #2	-	-	1,527	56	1,583
Fire Station #3	5,808,000	5,808,000	62,050	456,910	518,960
Old Courthouse Renovations	1,500,000	1,500,000	1,413,429	-	1,413,429
Totals	$ 37,314,000	$ 37,314,000	$ 5,938,178	$ 1,496,496	$ 7,434,674

* This schedule has been prepared on the accrual basis of accounting.

** Current year expenditures of SPLOST III are shown net of reimbursements totaling $191,442.