COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

THOMAS C. RHINEHART
FINANCE DIRECTOR

BY AUTHORITY OF MAYOR AND COUNCIL

THE CITY OF CARTERSVILLE
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CITY OF CARTERSVILLE, GEORGIA
Comprehensive Annual Financial Report
June 30, 2012

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INTRODUCTORY SECTION

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February 26, 2013

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, 2012. 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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Certified City of Ethics

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 though 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 2012 decreased by 2.7% over the 2011 valuation, resulting in property taxes decreasing by $38,000. The business environment outlook for Cartersville continues to be favorable with industries, like Voestalpine, a car parts manufacturer, deciding to build a manufacturing plant in Cartersville. New chain restaurants like Dunkin' Donuts and Steak and Shake have recently opened or will open soon. Although the construction industry as a whole was not real lucrative, this fiscal year saw the completion of the Toyo Tire addition. These new industries and restaurants will bring in tourists and jobs, and help grow the sales tax base and utility revenue.

As the Council was considering the fiscal year 2012 adopted budget, the City prepared for a slow economic recovery by planning for minimal growth in the local sales tax base. With this in mind, 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 1.5% to 9.4% as of June 2012 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 $5,177,556 at year end or 21.6% of total city-related general fund revenues of $23.9 million. The current total fund balance has decreased over last year by $0.8 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 industries to locate in. The annual funding required by the city for the Joint Development Authority and industrial park development has increased to $550,000 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, stormwater, 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, 2012, the City's pension plan had net assets of $25.5 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, 2011. 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.

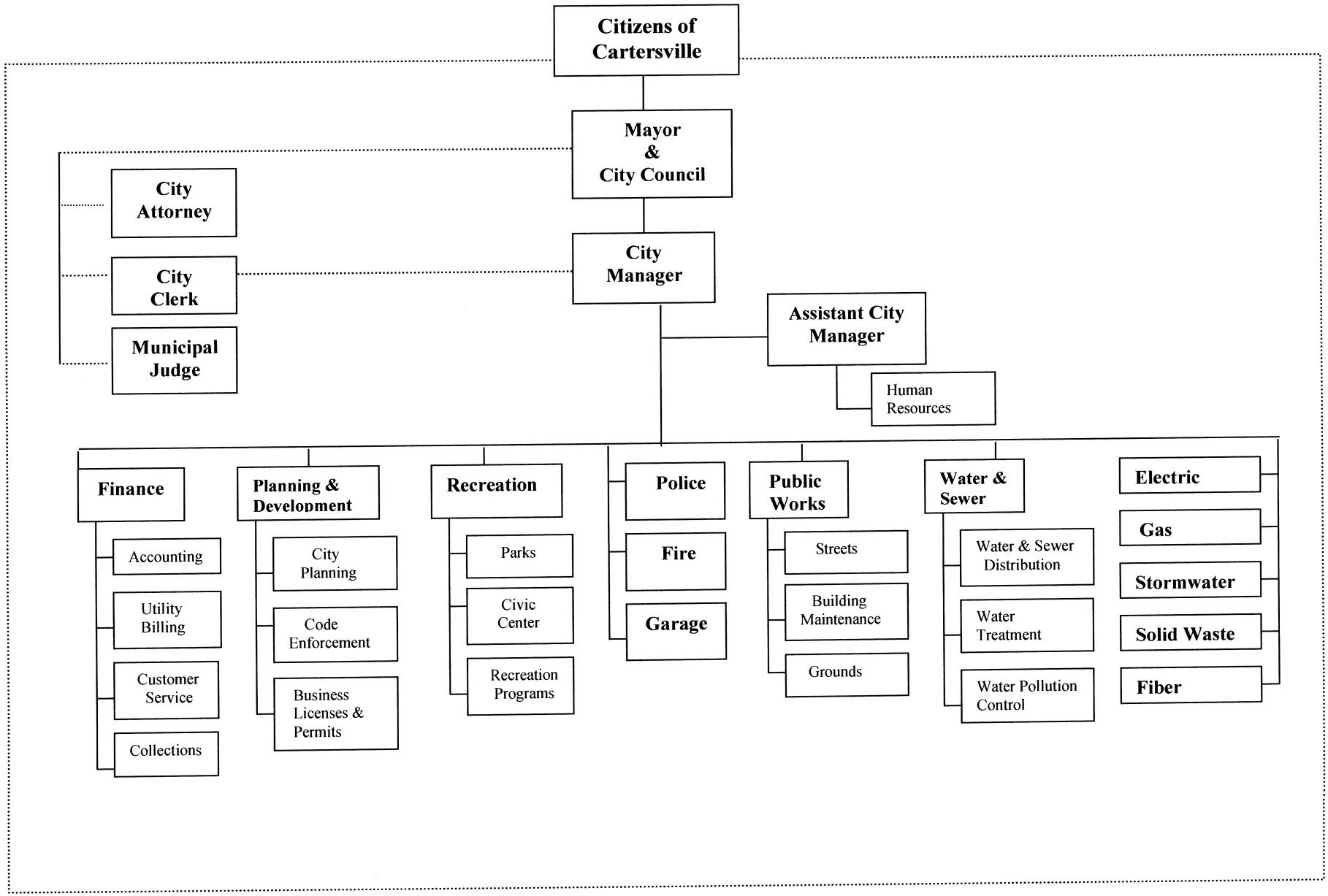
Respectfully submitted,

Samuel E. Grove
City Manager

Thomas C. Rhinehart
Finance Director

CITY OF CARTERSVILLE ORGANIZATIONAL CHART

June 30, 2012



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, 2011

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



Christopher P Morrill
President

Jeffrey R. Esser
Executive Director

CITY OF CARTERSVILLE, GEORGIA
List of Elected and Appointed Officials
June 30, 2012

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
Bill Trott	Garage Superintendent
Lamar Greeson	Fiber Manager

FINANCIAL SECTION

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

LLOYD WILLIAMSON
CHRISTIAN HATCH

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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 February 15, 2013 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.

The accompanying management's discussion and analysis, pension fund schedule of employer contributions, and schedules of funding progress on pages 3 through 15, 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 fund statements and the budgetary comparison schedules on pages 83-98 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 and Company

Williamson and Company
Certified Public Accountants
February 15, 2013

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, 2012. 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 $1.7 million, or 0.8% during fiscal year 2012 to $237.4 million, including prior period adjustments. The net assets for governmental activities increased by $0.5 million, or 0.5% from the previous year and business-type net assets increased by $1.3 million, or 1.0% from the previous year.

- Unrestricted net assets, which may be used to meet the City's future obligations, consist of $19.4 million, or 8.2% of the City's total net assets. Unrestricted net assets for governmental activities are $5.1 million, or 5.1% of total net assets for governmental activities; unrestricted net assets for business activities are $14.3 million, or 10.4% of total net assets for business-type activities.

- Total revenues for governmental activities, excluding transfers, decreased by $0.6 million, or 1.5% less than fiscal year 2011. Governmental expenses, excluding transfers, were $1.6 million or 3.9% more than the previous fiscal year. Expenses exceeded revenues, excluding transfers from utilities and special items, by $3.5 million.

- The business-type activities, excluding transfers, generated revenues that were $2.0 million or 2.4% less than the previous fiscal year. Expenses, excluding transfers, remained constant due to the overall cost of commodities staying flat. Excluding transfers, revenues were $5.2 million more than expenditures.

- Total expenses of primary government programs exceeded revenues by $26.8 million in fiscal year 2012. This is an increase of $4.0 million more than fiscal year 2011 and is due to increases in personnel cost and the cost of purchased electricity.

- In fiscal year 2012, 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 $5.2 million.

- The principal balance on the City's outstanding bonds (Note 7) decreased by $1.9 million for governmental activities. The principal balance on the outstanding bonds for business-type activities increased by $4.8 million.

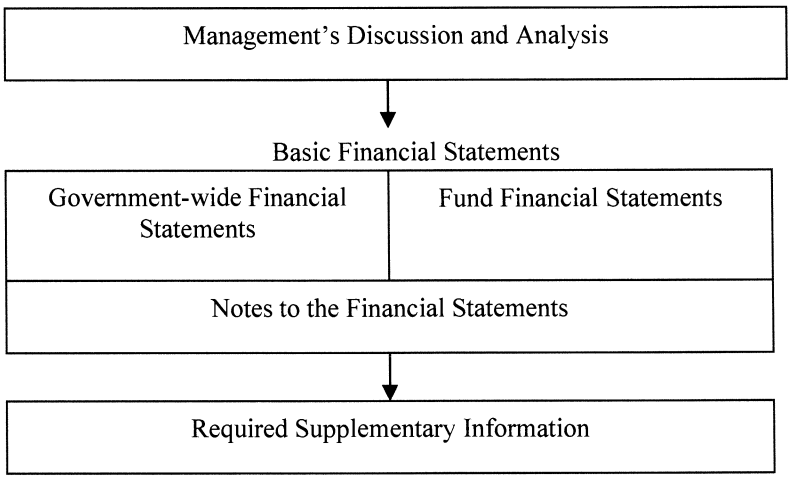
- The total fair market value of the City's pooled investments and cash, excluding fiduciary funds (Note 3) at June 30, 2012 was $38.6 million.

- The capital assets, net of accumulated depreciation, (Note 6) of the City at the end of the 2012 fiscal year totaled $242.8 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 $1.7 million in fiscal year 2012. The net assets of the governmental activities of the City increased by $0.5 million while the business-type activities increased by $1.2 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 $0.5 million, electric increased by $1.0 million, and gas decreased by $0.9 million. The City's total assets increased by $7.2 million to $293.1 million. Of the City's $237.4 million in net assets, $206.8 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	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current and other assets	$ 16.8	$ 22.9	$ 33.5	$ 26.4	$ 50.3	$ 49.3
Capital assets	102.8	94.7	140.0	141.9	242.8	236.6
Total Assets	119.6	117.6	173.5	168.3	293.1	285.9
LIABILTIES						
Current and other liabilities	3.8	1.3	6.8	7.1	10.6	8.4
Long-term debt outstanding	16.3	17.3	28.8	24.6	45.1	41.9
Total Liabilities	20.1	18.6	35.6	31.7	55.7	50.3
NET ASSETS						
Invested in capital assets, net of related debt	88.2	79.3	118.5	118.1	206.7	197.4
Restricted	6.2	13.7	5.1	4.7	11.3	18.4
Unrestricted	5.1	6.0	14.3	13.8	19.4	19.8
Total Net Assets	$ 99.5	$ 99.0	$ 137.9	$ 136.6	$ 237.4	$ 235.6

CHANGES IN NET ASSETS

The City's total revenues before transfers decreased by $2.6 million (2.1%) in the 2012 fiscal year compared to the previous year. Expenses before transfers increased by $1.6 million (1.4%) 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 $2.3 million, while gas revenue decreased by $3.6 million and stormwater revenue decreased by $0.5 million. The increase in electric generation costs drove electric expenses higher by $2.1 million over the previous year. Other city funds had variances in expenses over the prior year as follows: gas decreased by $3.0 million and water and sewer increased by $0.6 million. Fiber optics expenses remained the same, while solid waste expenses increased $0.2 million and stormwater expenses increased by $0.2 million. The next chart shows revenues and expenses by sources and programs and the resulting change in net assets.

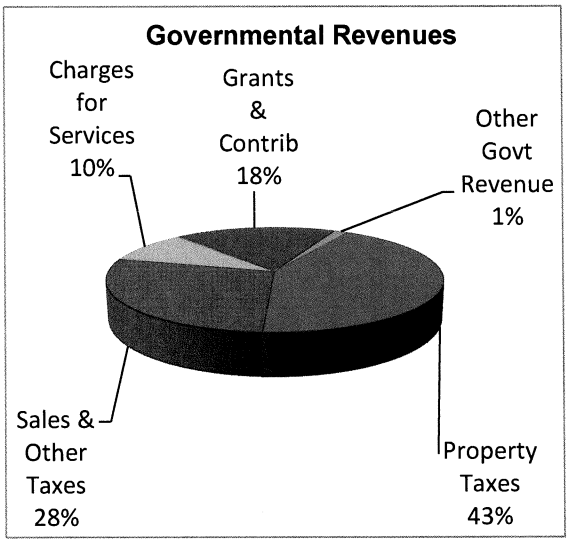
Table 2
Changes in Net Assets
(in millions)

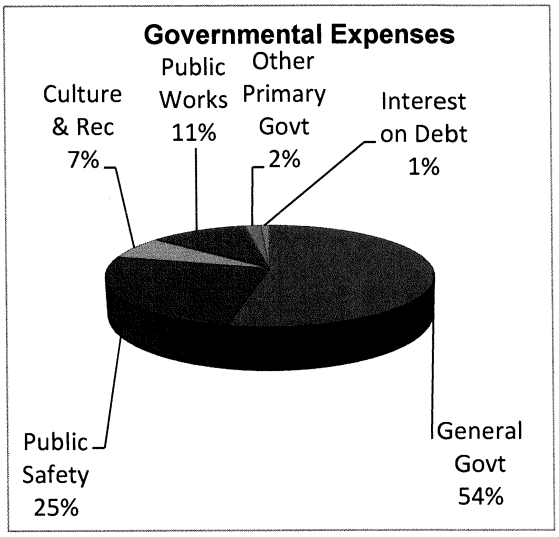
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for services	$ 3.9	$ 3.8	$ 81.5	$ 82.9	$ 85.4	$ 86.7
Operating grants and contributions	2.6	2.5	-	-	2.6	2.5
Capital grants and contributions	4.6	5.0	-	0.6	4.6	5.6
General revenues						
Property taxes	16.8	17.5	-	-	16.8	17.5
Local option sales tax	4.4	4.7	-	-	4.4	4.7
Other taxes	6.9	6.8	-	-	6.9	6.8
Investment income	0.1	0.1	0.1	0.1	0.2	0.2
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total Revenues	39.4	40.5	81.6	83.6	121.0	124.1
Expenses						
General government	23.0	22.4	-	-	23.0	22.4
Public safety	11.0	9.9	-	-	11.0	9.9
Culture and recreation	3.0	2.9	-	-	3.0	2.9
Public works	4.8	4.4	-	-	4.8	4.4
Planning and development	0.8	0.9	-	-	0.8	0.9
Interest on long-term debt	0.4	0.8	-	-	0.4	0.8
Water and sewer	-	-	11.1	10.5	11.1	10.5
Electric	-	-	42.6	40.6	42.6	40.6
Gas	-	-	17.8	20.8	17.8	20.8
Other business-type activities	-	-	4.9	4.5	4.9	4.5
Total Expenses	43.0	41.3	76.4	76.4	119.4	117.7
Excess (deficiency) before transfers	(3.6)	(0.8)	5.2	7.2	1.6	6.4
Transfers	4.0	3.6	(4.0)	(3.6)	(0.0)	-
Increase (decrease) in net assets	0.4	2.8	1.2	3.6	1.6	6.4
Net Assets - Beginning	99.0	95.7	136.6	132.7	235.6	228.4
Prior Period Adjustment	0.1	0.5	0.1	0.3	0.2	0.8
Net Assets - Ending	$ 99.5	$ 99.0	$ 137.9	$ 136.6	$ 237.4	$ 235.6

GOVERNMENTAL ACTIVITIES

The cost of all governmental activities in fiscal year 2012 was $42.9 million, while revenues received were $39.4 million. After transfers and special items, the increase in net assets was $0.5 million or $2.4 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 2012





Revenue Impacts:

- Property taxes, which provide 43% of governmental revenues, a majority of which goes to the City School System decreased by $0.7 million (4.0%) 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 2012, which generated $1.2 million in property tax revenue for general operations and capital expenditures.

- Local option sales tax collections decreased by $0.3 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 $4.3 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 $3.7 million.

Expense Impacts

- General government expenses related to Education decreased by $0.6 million compared to the prior year. The decrease was due to decreases in maintenance and operation expenses for the Cartersville School System.

- Police department expenses increased by $0.4 million due mainly to increased personnel and fuel expenses.

- Fire department expenses increased by $0.6 million mainly due to increases in personnel cost, supplies and radio system upgrades.

- Culture and recreation expenditures increased by approximately $102,000 due to increases in personnel and maintenance 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	
	2012	2011	2012	2011	2012	2011
Water and Sewer	$ 12.9	$ 12.9	$ 11.1	$ 10.5	$ 1.8	$ 2.4
Electric	44.1	41.8	42.7	40.6	1.4	1.2
Gas	19.7	23.3	17.8	20.8	1.9	2.5
Stormwater	1.2	1.7	1.1	0.9	0.1	0.8
Solid Waste	2.0	2.0	2.2	2.0	(0.2)	-
Fiber Optics	1.7	1.8	1.6	1.6	0.1	0.2
Total	$ 81.5	$ 83.5	$ 76.4	$ 76.4	$ 5.1	$ 7.1

Revenues for business-type activities for the fiscal year 2012 were $81.5 million, a $2.0 million decrease compared to the prior year. Expenses remained the same as last year at $76.4 million. There was excess before transfers and investment earnings of $5.1 million in 2012 compared to $7.1 million in 2011. Activities for individual funds are summarized below.

- Water & Sewer program revenues remained the same as last year at $12.9 million. Program expenses increased by $0.6 million over the prior year and were due to increased personnel, purchased water and repairs and maintenance expenses.

- Electric program revenues increased by $2.3 million over the prior year due to higher consumption. Program expenses increased by $2.1 million due to the increased costs to produce electricity.

- Gas program revenues decreased by $3.6 million and expenses decreased by $3.0 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 revenues were $1.2 million, a decrease of $0.5 million due to decreased grant funds for repairs to stormwater basins. Program expenses for 2012 increased by $0.2 million due to increased operating expenses and increased personnel expenses.

- Solid Waste program revenues remain the same as the prior year. Expenses increased by $0.2 million due increased fuel costs and personnel expenses and operating expenses.

- Fiber Optics program revenues decreased by $0.1 million from last year. Program expenses remained the same as last year at $1.6 million.

The City's Funds

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

Fund	Fund Balance 6-30-11	Sources	Uses	Sources Over (Under) Uses	Fund Balance 6-30-12
General Fund	$ 6.0	$ 39.3	$ 40.1	$ (0.8)	$ 5.2
Capital Projects Fund	12.1	4.0	11.3	(7.3)	4.8
Other Governmental Funds	1.6	1.3	1.5	(0.2)	1.4
Totals	$ 19.7	$ 44.6	$ 52.9	$ (8.3)	$ 11.4

At June 30, 2012, the governmental funds reported a combined fund balance of $11.4 million (see Statement on page 22 and 24), which is an $8.3 million decrease from the previous year-end.

General Fund
The General Fund had a $0.8 million decrease to end the fiscal year at $5.2 million. The primary reasons for this decrease 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:

- Decreases in intergovernmental revenues due to fewer awards of federal grants.
- Increases in contributions to Joint Development Authority for the industrial park development.
- Overall increases in operational expenses in most 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 2012 were $0.3 million less than the prior year, while expenses increased by $9.3 million over the prior year. The primary factors in the $7.3 million decrease in the fund balance include:

- Tax revenue from the2003 SPLOST referendum is no longer collected; therefore, all project expenditures are paid for out of the existing fund balance. There was continued spending on existing projects and no new projects were started in the fiscal year. 2003 SPLOST project expenditures for this fiscal year included street and road projects ($0.4million), Mainstreet Gateway project ($0.9 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 ($6.1 million), new fire facility (0.8 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. Program revenues for fiscal year 2012 were $0.2 million more than the prior year, while expenses increased $0.2 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 27 of the financial statements.

The City's original budget approved by the City Council in June 2011, appropriated $39.5 million for general fund expenditures. The original budget was amended during the fiscal year by almost $0.6 million to $40.1million to account for increases in some revenue areas. Actual expenditures for the fiscal year were $40.1 million or $0.6 million more than the original approved budget.

ORIGINAL TO FINAL BUDGET COMPARISON

Revenues

The original revenue budget including transfers and capital leases was $39.5 million and was amended during the fiscal year to $40.1 million to account for increased revenue areas. The following changes were made to the budgeted revenues of the general fund: property taxes collections decreased by $0.2 million; occupational taxes and permits increased by $260,000; other taxes decreased by $300,000; state and federal grants increased by $30,000; other revenues increased by $0.5 million; and transfers from utility funds increased by $300,000.

Expenditures

The original expenditures budget was approved in June 2011 at $39.5 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 $250,000 to account for increased legal fees and grant writer expenses; Administrative Department was increased by $19,000; Finance Department was increased by $19,000; Customer Service was decreased $17,000; Police Department was increased by $38,000 for increased expenses in jail expenses, utilities, communications, legal services, and vehicle maintenance; Fire Department was increased by $580,000 for increases in fuel expenses, communications, maintenance of vehicles and equipment, and the purchase of two additional fire trucks; Public Works increased by $137,000 to cover increases in minor equipment and supplies, utilities, fuel expense, maintenance of vehicles, corrections work force, and replacement of vehicles; Parks and Recreation Department decreased $208,000; Planning and Development Department decreased $116,000.

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 lower than the original budget due to a decrease in delinquent property tax payments and a lower tax digest.
- Local Option Sales Tax collected and distributed by the State of Georgia decreased by $433,000.
- Fines and forfeiture revenues increased by $70,000 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 $7,000.
- Building permit and inspections fee revenues increased by $24,000 due to the construction of the city's joint fire/police station and fire station number 4.

Expenditures

- 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, 2012, amounted to $242.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, and machinery and equipment. The net increase in the City's investment in capital assets for the current fiscal year was $6.0 million or (2.5%). 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	
	2012	2011	2012	2011	2012	2011
Land	$ 7.6	$ 7.6	$ 2.6	$ 2.5	$ 10.2	$ 10.1
Construction in progress	0.1	0.3	1.7	1.2	1.8	1.5
Capital projects-construction in progress	17.8	7.4	-	-	17.8	7.4
Land improvements	1.3	1.5	-	-	1.3	1.5
Buildings and structures	16.9	18.1	1.1	0.8	18.0	18.9
Park improvements	1.7	1.5	-	-	1.7	1.5
Infrastructure	54.7	56.3	-	-	54.7	56.3
Utility systems	-	-	132.7	135.7	132.7	135.7
Furniture, machinery and equipment	2.7	2.1	1.9	1.8	4.6	3.9
Total	$ 102.8	$ 94.8	$ 140.0	$ 142.0	$ 242.8	$ 236.8

This year's major capital asset additions included:

Governmental Activities:

- Construction in progress on 2 public safety buildings - $8,562,854
- Main Street Gateway project - $1,095,749
- Equipment and vehicles – 1,210,456

Business-type Activities:

- Water and Sewer equipment and vehicles - $321,007, water and sewer line improvements - $269,404
- Gas mains, meters and settings, and service connections - $125,486
- Electric mains, meters and settings, and service connections - $425,805
- Stormwater sewers - $141,081
- Solid waste recycling truck - $164,259
- Fiber optics system improvements - $12,813

LONG-TERM DEBT

At the end of 2012 fiscal year, the City had $41.91 million in debt outstanding. This is an increase of $2.8 million compared to the prior fiscal year end. The increase can be attributed to the City paying on existing debt and the $6.5 million issuance of additional water and sewer debt during the fiscal year. 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 A1.

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 $92,732,183, which is in excess of the City's outstanding general obligation debt.

Table 7
Outstanding Debt at June 30, 2012
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 12.5	$ 14.4	$ -	$ -	$ 12.5	$ 14.4
Capital leases	1.4	0.7	0.6	0.4	2.0	1.1
Revenue bonds	-	-	20.6	15.8	20.6	15.8
Notes payable	-	-	6.8	7.8	6.8	7.8
Total	$ 13.9	$ 15.1	$ 28.0	$ 24.0	$ 41.9	$ 39.1

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

Impacts on governmental activities:

Fiscal year 2012 saw a continuation of slow residential housing development for Cartersville as residential permits had a slight decrease of 4.2% from the previous fiscal year as 45 residential permits were issued during fiscal year 2012. Commercial development increased by 29.7% over the prior year as 48 commercial permits were issued for the fiscal year. The decrease in residential and increase in commercial permits caused a slight increase in some general fund building permit revenue over the prior year. The City prepared for the continued reduction in the residential and commercial housing sector

and slow economic recovery as department heads were informed in the March 2011 budget memo to further reduce overall budget requests for fiscal year 2012 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 2012 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 2012 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 2012 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 continued slow economy, the original budgeted expenditures for 2012 were increased by 10.7% 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 73% 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 2013.

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 71% and 87% of the fiscal year 2012 gas and electric utility budgets, respectively. Natural gas expenses for 2012 were $13.8 million or 70.9% of total expenses. Electricity expenses for 2012 were $37.3 million or 87.0% of total 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 $19,959,819 with remaining commitments of $10,467,239 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 2013 totals $145.1 million; $39.7 million for the General Fund, $9.7 million for Special Purpose Local Option Sales Tax Projects, $0.9 million for Special Revenue Funds and $93.8 million for the Enterprise Funds. The City will receive about $37,000 in grants in fiscal year 2013. Personnel expenditures account for 16.3% of the City's operating budget. The City had 348 full-time positions at the end of fiscal year 2012. The fiscal year 2013 budget includes 360 full time positions.

In the fiscal year 2013 budget, General Fund revenues including utility transfers are estimated to remain the same compared to the 2012 budget. General property taxes make up 46.4% of General Fund budgeted revenues and transfers in. Sales tax receipts represent 11.3% of the General Fund budgeted revenues and transfers in, and with a slow economy are expected to decrease by $386,860 over the prior year. 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 2013 budget. The final approved budget of $145.1 million was $12.6 million less than the prior year. The decrease is due to several capital projects that are nearing completion and include: the joint police and fire station along with the 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 enact a budget which lays out a strong viable fiscal plan 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.

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BASIC FINANCIAL STATEMENTS

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CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash	$ 5,634,667	$ 5,640,441	$ 11,275,108	$ 19,942,898
Receivables, Net	1,695,596	6,664,656	8,360,252	3,949,404
Internal Balances	295,859	(295,859)	-	-
Prepaids	-	102,962	102,962	
Inventory	79,274	2,215,260	2,294,534	101,220
Restricted Cash	8,528,858	18,802,651	27,331,509	1,204,371
Unamortized Loss on Bond Refunding	505,608	106,846	612,454	141,560
Unamortized Bond Issue Costs	127,247	274,065	401,312	220,065
Land and Construction in Progress	25,507,927	4,258,290	29,766,217	5,384,282
Other Capital Assets, Net	77,293,429	135,735,989	213,029,418	2,555,223
Total Assets	$ 119,668,465	$ 173,505,301	$ 293,173,766	$ 33,499,023
Liabilities				
Accounts Payable	3,071,101	4,999,523	8,070,624	386,455
Wages and Withholdings Payable	221,546	104,087	325,633	4,634,810
Customer Deposits	4,845	1,455,757	1,460,602	-
Retainage Payable	404,848	3,690	408,538	99,100
Due to Other Governments	-	-	-	21,527
Unearned Revenue	-	-	-	42,996
Interest Payable	77,160	285,087	362,247	72,631
Noncurrent Liabilities:				
Due Within One Year	1,032,725	3,023,140	4,055,865	865,000
Due In More Than One Year, Net	15,328,975	25,740,423	41,069,398	10,920,000
Total Liabilities	20,141,200	35,611,707	55,752,907	17,042,519
Net Assets				
Invested In Capital Assets, Net Of Related Debt	88,239,900	118,518,989	206,758,889	2,555,223
Restricted For:				
Capital Projects	4,785,059	-	4,785,059	6,016,844
Renewal and Replacement	-	1,030,500	1,030,500	-
Debt Service	-	4,014,886	4,014,886	-
Law Enforcement Activities	1,019,650	-	1,019,650	-
Planning and Development	396,748	-	396,748	-
Cemetery	2,280	-	2,280	-
Other	-	-	-	1,288,622
Unrestricted	5,083,628	14,329,219	19,412,847	6,595,815
Total Net Assets	$ 99,527,265	$ 137,893,594	$ 237,420,859	$ 16,456,504

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

CITY OF CARTERSVILLE, GEORGIA
Statement of Activities
For the Year Ended June 30, 2012

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	$ 22,973,394	$ 1,923,014	$ 2,380,623	$ 620,790
Police	5,730,504	939,681	3,500	-
Fire	5,180,336	-	-	-
Culture and Recreation	3,021,773	692,948	-	145,750
Planning and Development	843,541	308,464	-	10,000
Public Works	4,789,364	30,190	197,525	3,808,220
Interest on Long-term Debt	428,369	-	-	-
Total Governmental Activities	42,967,281	3,894,297	2,581,648	4,584,760
Business-type Activities:				
Water and Sewer	11,059,866	12,875,545	-	10,200
Electric	42,651,594	44,071,269	425	-
Gas	17,786,447	19,640,137	-	16,287
Stormwater	1,092,313	1,228,427	-	-
Solid Waste	2,199,263	2,013,838	-	-
Fiber Optic	1,619,985	1,679,365	-	-
Total Business-type Activities	76,409,468	81,508,581	425	26,487
Total Primary Government	$ 119,376,749	$ 85,402,878	$ 2,582,073	$ 4,611,247
Component Units:				
Downtown Development Authority	$ 147,448	$ 25,782	$ 129,195	$ -
Cartersville Building Authority	485,846	-	1,148,111	-
Cartersville School Board	45,109,179	1,149,248	22,340,252	83,064
Total Component Units	$ 45,742,473	$ 1,175,030	$ 23,617,558	$ 83,064

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

CITY OF CARTERSVILLE, GEORGIA
Statement of Activities
For the Year Ended June 30, 2012

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	$ (18,048,967)	$	$ (18,048,967)	$
Police	(4,787,323)		(4,787,323)	
Fire	(5,180,336)		(5,180,336)	
Culture and Recreation	(2,183,075)		(2,183,075)	
Planning and Development	(525,077)		(525,077)	
Public Works	(753,429)		(753,429)	
Interest on Long-term Debt	(428,369)		(428,369)	
Total Governmental Activities	(31,906,576)		(31,906,576)	
Business-type Activities:				
Water and Sewer	-	1,825,879	1,825,879	
Electric	-	1,420,100	1,420,100	
Gas	-	1,869,977	1,869,977	
Stormwater	-	136,114	136,114	
Solid Waste	-	(185,425)	(185,425)	
Fiber Optic	-	59,380	59,380	
Total Business-type Activities	-	5,126,025	5,126,025	
Total Primary Government	(31,906,576)	5,126,025	(26,780,551)	
Component Units:				
Downtown Development Authority				7,529
Cartersville Building Authority				662,265
Cartersville School Board				(21,536,615)
Total Component Units				(20,866,821)
General Revenues				
Taxes				
Property	16,827,703	-	16,827,703	15,608,156
Sales	4,385,725	-	4,385,725	4,529,806
Hotel/Motel	420,156	-	420,156	-
Vehicle Rental	49,582	-	49,582	-
Insurance Premium	925,467	-	925,467	-
Malt and Mixed beverage	679,399	-	679,399	-
Franchise	4,476,982	-	4,476,982	-
Occupation	282,554	-	282,554	-
Financial Institution	108,657	-	108,657	-
Investment Earnings	53,615	146,869	200,484	12,329
Miscellaneous	116,852	-	116,852	-
Gain on Asset Disposal	17,211	28,567	45,778	-
Transfers	4,017,815	(4,017,815)	-	-
Total General Revenues and Transfers	32,361,718	(3,842,379)	28,519,339	20,150,291
Change in Net Assets	455,142	1,283,646	1,738,788	(716,530)
Net Assets - Beginning	99,008,244	136,583,253	235,591,497	17,245,773
Prior Period Adjustment	63,879	26,695	90,574	(72,739)
Net Assets - Ending	$ 99,527,265	$ 137,893,594	$ 237,420,859	$ 16,456,504

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

CITY OF CARTERSVILLE, GEORGIA
Balance Sheet
Governmental Funds
June 30, 2012

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 4,005,896	$ -	$ 21,255	$ 4,027,151
Receivables, Net				
Accounts	71,227	-	-	71,227
Taxes	737,856	-	-	737,856
Intergovernmental	411,336	319,381	127,830	858,547
Interfund Receivable	1,117,262	-	-	1,117,262
Cash - Restricted	7,746	7,054,881	1,466,231	8,528,858
Total Assets	$ 6,351,323	$ 7,374,262	$ 1,615,316	$ 15,340,901
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 515,384	$ 2,187,263	$ 123,379	$ 2,826,026
Accrued Wages Payable & Withholdings	218,122	-	-	218,122
Retainage Payable	-	404,848	-	404,848
Interfund Payable	-	14,120	58,511	72,631
Customer Deposits	4,845	-	-	4,845
Unearned Revenue	433,136	-	-	433,136
Total Liabilities	1,171,487	2,606,231	181,890	3,959,608
Fund Balance				
Restricted				
Law Enforcement Activities	-	-	1,019,650	1,019,650
Capital Projects	-	4,768,031	-	4,768,031
Grant Programs	-	-	17,028	17,028
Cemetery	2,280	-	-	2,280
Committed				
Planning and Development	-	-	396,748	396,748
Unassigned	5,177,556	-	-	5,177,556
Total Fund Balances	5,179,836	4,768,031	1,433,426	11,381,293
Total Liabilities and Fund Balances	$ 6,351,323	$ 7,374,262	$ 1,615,316	$ 15,340,901

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, 2012

Total Fund Balance - Total Governmental Funds		$ 11,381,293
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.		102,662,179
Other assets in governmental activities are not financial resources and therefore are not reported in governmental funds.		
Unamortized Bond Issue Costs		127,247
Deferred revenue in the General Fund represents property taxes that are not available soon enough to pay for the current period's expenditures.		433,136
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		774,683
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	(12,470,000)	
Accrued Interest Payable	(77,160)	
Leases Payable	(1,435,040)	
Capitalized Bond and Other Debt Issuance Costs	505,608	
Unamortized Bond Premium	(656,416)	
OPEB Liability	(1,718,265)	(15,851,273)
Net Assets of Governmental Activities		$ 99,527,265

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, 2012

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 27,661,345	$ -	$ 469,738	$ 28,131,083
Licenses and Permits	324,209	-	-	324,209
Intergovernmental	64,924	3,906,421	744,111	4,715,456
Payment From School Board	2,377,677	-	-	2,377,677
Fines and Forfeitures	675,398	-	137,775	813,173
Charges For Services	2,705,492	-	-	2,705,492
Miscellaneous Income	139,280	2,946	-	142,226
Interest Income	52,827	99,324	788	152,939
Total Revenues	34,001,152	4,008,691	1,352,412	39,362,255
Expenditures				
Current:				
General Government	20,104,701	579,001	881,226	21,564,928
Police	5,112,299	-	141,888	5,254,187
Fire	5,775,228	-	-	5,775,228
Planning and Development	807,236	-	20,000	827,236
Culture and Recreation	3,021,707	-	29,393	3,051,100
Public Works	2,532,905	385,962	-	2,918,867
Debt Service:				
Principal	2,199,073	-	-	2,199,073
Bond Issue Cost	-	-	-	-
Interest	503,953	-	-	503,953
Capital Outlay:				
Streets, Sidewalks and Stormwater	-	1,399,885	-	1,399,885
Water and Sewer Construction	-	310,199	-	310,199
Buildings	-	8,664,924	-	8,664,924
Culture and Recreation	-	-	123,321	123,321
Law Enforcement Equipment	-	-	171,502	171,502
Total Expenditures	40,057,102	11,339,971	1,367,330	52,764,403
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,055,950)	(7,331,280)	(14,918)	(13,402,148)
Other Financing Sources (Uses)				
Transfers - In	4,240,682	-	1,200	4,241,882
Transfers - Out	(1,200)	-	(175,027)	(176,227)
Capital Lease	991,267	-	-	991,267
Sale of Capital Assets	17,211	-	-	17,211
Total Other Financing Sources (Uses)	5,247,960	-	(173,827)	5,074,133
Net Change in Fund Balances	(807,990)	(7,331,280)	(188,745)	(8,328,015)
Fund Balance (Deficit) - Beginning of Year	5,987,826	12,099,311	1,622,171	19,709,308
Fund Balance (Deficit) - End of Year	$ 5,179,836	$ 4,768,031	$ 1,433,426	$ 11,381,293

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, 2012

Net Change in Fund Balances - Total Governmental Funds		$ (8,328,015)
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	12,022,474	
Depreciation Expense	(3,878,812)	8,143,662
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		(47,840)
Since some taxes will not be collected for several months after the fiscal year ends, they are not considered "available" revenues.		
Property Tax		25,142
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.		(153,947)
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	(42,655)	
Net Change In OPEB Liability	(406,499)	(449,154)
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 Premium On Bonds	118,240	
Amortization Of Bond Issuance Costs	(12,215)	
Amortization of Loss on Bond Refunding	(48,538)	
Issuance of Capital Leases	(991,267)	
Repayment Of Principal	1,940,000	
Capital Lease Payments	259,074	1,265,294
Change in Net Assets of Governmental Activities		$ 455,142

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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 28,060,225	$ 28,048,580	$ 27,661,345	$ (387,235)
Licenses and Permits	287,570	338,970	324,209	(14,761)
Intergovernmental	150,000	155,510	64,924	(90,586)
Fines and Forfeitures	614,500	685,500	675,398	(10,102)
Payment from School Board	2,568,890	2,412,210	2,377,677	(34,533)
Charges for Services	2,719,255	2,844,970	2,705,492	(139,478)
Miscellaneous Income	98,200	143,200	139,280	(3,920)
Interest Income	13,500	58,510	52,827	(5,683)
Total Revenues	34,512,140	34,687,450	34,001,152	(686,298)
Expenditures				
Current				
General Government	19,723,250	20,096,970	20,104,701	(7,731)
Police	5,165,005	5,110,840	5,112,299	(1,459)
Fire	5,177,730	5,775,325	5,775,228	97
Planning and Development	926,110	807,610	807,236	374
Culture and Recreation	3,242,720	3,026,325	3,021,707	4,618
Public Works	2,445,990	2,531,800	2,532,905	(1,105)
Debt Service				
Principal	1,369,535	2,199,073	2,199,073	-
Interest	1,482,075	503,987	503,953	34
Total Expenditures	39,532,415	40,051,930	40,057,102	(5,172)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,020,275)	(5,364,480)	(6,055,950)	(691,470)
Other Financing Sources (Uses)				
Sale of Capital Assets	-	17,215	17,211	(4)
Issuance of Capital Lease	1,073,765	1,073,765	991,267	(82,498)
Transfers - In	3,946,510	4,273,500	4,240,682	32,818
Transfers - Out	-	-	(1,200)	(1,200)
Total Other Financing Sources (Uses)	5,020,275	5,364,480	5,247,960	(49,680)
Net Change in Fund Balance	-	-	(807,990)	(741,150)
Fund Balance - Beginning of Year	5,987,826	5,987,826	5,987,826	-
Fund Balance - End of Year	$ 5,987,826	$ 5,987,826	$ 5,179,836	$ (741,150)

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

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	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	$ 1,528,596	$ 1,482,137	$ 1,590,541	$ 1,039,167	$ 5,640,441	$ 1,607,516
Restricted Cash						
Customer Deposits	377,658	706,248	377,629	-	1,461,535	-
Flexible Operating Account-MEAG	-	2,518,337	-	-	2,518,337	-
Renewal and Replacement	4,060,255	-	-	-	4,060,255	-
Revenue Bond Covenant Accounts	4,019,890	-	-	-	4,019,890	-
Bond Construction Cash	6,506,574	-	-	-	6,506,574	-
Drainage Improvements	-	-	-	236,060	236,060	-
Accounts Receivable - Net	1,239,728	3,876,715	1,117,716	430,497	6,664,656	27,966
Interfund Receivable	-	1,127,939	6,181	11,211	1,145,331	-
Prepaids	-	52,070	50,892	-	102,962	-
Inventory	426,938	1,348,338	387,051	52,933	2,215,260	79,274
Total Current Assets	18,159,639	11,111,784	3,530,010	1,769,868	34,571,301	1,714,756
Noncurrent Assets						
Capital Assets						
Equipment	3,269,891	2,259,790	1,302,125	3,915,270	10,747,076	412,307
Buildings and Structures	1,225,577	489,882	210,569	146,696	2,072,724	130,458
Utility Systems	142,159,211	22,581,145	20,802,452	4,914,298	190,457,106	-
Construction in Progress	1,684,982	-	-	19,364	1,704,346	-
Less Accumulated Depreciation	(41,694,716)	(12,215,292)	(8,767,028)	(4,863,881)	(67,540,917)	(444,833)
Land and Easements	2,089,761	75,902	221,749	166,532	2,553,944	41,245
Unamortized Loss on Bond Refunding	106,846	-	-	-	106,846	-
Unamortized Bond Issue Costs	274,065	-	-	-	274,065	-
Total Noncurrent Assets	109,115,617	13,191,427	13,769,867	4,298,279	140,375,190	139,177
Total Assets	$ 127,275,256	$ 24,303,211	$ 17,299,877	$ 6,068,147	$ 174,946,491	$ 1,853,933

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

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	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	$ 455,562	$ 3,493,135	$ 909,968	$ 140,858	$ 4,999,523	$ 245,075
Accrued Wages and Withholdings Payable	34,804	25,749	20,699	22,835	104,087	3,424
Customer Deposits	243,142	789,499	408,886	14,230	1,455,757	-
Retainage Payable	3,690	-	-	-	3,690	-
Accrued Interest Payable	285,087	-	-	-	285,087	-
Interfund Payable	-	-	996,898	1,120,000	2,116,898	73,064
Capital Leases Payable	-	-	6,010	186,111	192,121	-
Notes Payable	966,019	-	-	-	966,019	-
Revenue Bonds Payable	1,865,000	-	-	-	1,865,000	-
Total Current Liabilities	3,853,304	4,308,383	2,342,461	1,484,034	11,988,182	321,563
Noncurrent Liabilities						
Capital Leases Payable	-	-	24,039	342,508	366,547	-
Notes Payable	5,877,245	-	-	-	5,877,245	-
Revenue Bonds Payable (Net)	18,745,000	-	-	-	18,745,000	-
OPEB Liability	300,303	114,294	159,275	177,759	751,631	81,979
Total Noncurrent Liabilities	24,922,548	114,294	183,314	520,267	25,740,423	81,979
Total Liabilities	28,775,852	4,422,677	2,525,775	2,004,301	37,728,605	403,542
Net Assets						
Invested in Capital Assets, Net of Related Debt	87,818,084	13,191,427	13,739,818	3,769,660	118,518,989	139,177
Restricted						
Debt Service	4,014,886	-	-	-	4,014,886	-
Renewal and Replacement	1,030,500	-	-	236,060	1,266,560	-
Unrestricted	5,635,934	6,689,107	1,034,284	58,126	13,417,451	1,311,214
Total Net Assets	$ 98,499,404	$ 19,880,534	$ 14,774,102	$ 4,063,846	$ 137,217,886	$ 1,450,391
Adjustment to reflect the consolidation of internal service fund activity related to enterprise funds					675,708	
Net assets of business-type activities					$ 137,893,594	

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, 2012

	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	$ 12,624,407	$ 43,984,922	$ 19,410,314	$ 4,745,689	$ 80,765,332	$ 257,168
Fees	212,376	6,595	29,765	55,800	304,536	-
Other Revenues	38,762	79,752	200,058	120,141	438,713	203,105
Internal Service Charges	-	-	-	-	-	5,934,456
Total Operating Revenues	12,875,545	44,071,269	19,640,137	4,921,630	81,508,581	6,394,729
Operating Expenses						
Costs of Sales and Services	6,994,816	4,376,930	3,094,321	4,033,675	18,499,742	1,557,302
Administrative Expense	470,400	340,000	440,000	337,690	1,588,090	433,036
Cost of Gas	-	-	13,777,602	-	13,777,602	-
Cost of Electricity	-	37,296,865	-	-	37,296,865	-
Claims	-	-	-	-	-	4,582,648
Depreciation Expense	2,807,972	628,376	464,614	517,505	4,418,467	17,855
Total Operating Expenses	10,273,188	42,642,171	17,776,537	4,888,870	75,580,766	6,590,841
Operating Income (Loss)	2,602,357	1,429,098	1,863,600	32,760	5,927,815	(196,112)
Nonoperating Revenues (Expenses)						
Interest Revenue	84,104	9,698	22,206	30,861	146,869	508
Interest Expense	(710,072)	-	(235)	(16,786)	(727,093)	-
Gain on Asset Disposal	-	27,335	1,232	-	28,567	-
Bond Issue Cost Amortization	(59,951)	-	-	-	(59,951)	-
Total Nonoperating Revenues (Expenses)	(685,919)	37,033	23,203	14,075	(611,608)	508
Income Before Contributions, Special Items and Transfers	1,916,438	1,466,131	1,886,803	46,835	5,316,207	(195,604)
Capital Contributions	10,200	425	16,287	47,840	74,752	-
Transfers Out	(1,450,671)	(502,875)	(2,112,109)	-	(4,065,655)	-
Change in Net Assets	475,967	963,681	(209,019)	94,675	1,325,304	(195,604)
Net Assets - Beginning	98,011,996	18,913,040	14,978,354	3,962,497	135,865,887	1,642,182
Prior Period Adjustment	11,441	3,813	4,767	6,674	26,695	3,813
Net Assets - Ending	$ 98,499,404	$ 19,880,534	$ 14,774,102	$ 4,063,846	137,217,886	$ 1,450,391

Change in net assets funds statements	1,325,304
Adustment to reflect the consolidation of internal service fund activity related to enterprise funds	(41,658)
Change in net assets of business-type activities government wide statements	$ 1,283,646

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, 2012

	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	$ 13,098,293	$ 44,565,168	$ 20,002,107	$ 4,795,395	$ 82,460,963	$ 6,387,880
Payments To Suppliers	(4,394,800)	(40,799,074)	(16,037,422)	(2,218,473)	(63,449,769)	(6,349,943)
Payments To/For Employees	(3,005,093)	(1,576,723)	(1,682,987)	(2,052,434)	(8,317,237)	(273,643)
Net cash Provided by (Used in) Operating Activities	5,698,400	2,189,371	2,281,698	524,488	10,693,957	(235,706)
Cash Flows from Noncapital Financing Activities						
Payments/Advances To Other Funds	(1,450,671)	(510,814)	(2,118,290)	(73,440)	(4,153,215)	(195,694)
Net Cash From Noncapital Financing Activities	(1,450,671)	(510,814)	(2,118,290)	(73,440)	(4,153,215)	(195,694)
Cash Flows from Capital and Related Financing Activities						
Principal Payments - Bonds	(1,805,000)	-	-	-	(1,805,000)	-
Principal Payments - Notes	(941,031)	-	-	-	(941,031)	-
Principal Payments - Leases	-	-	-	(153,595)	(153,595)	-
Capital Contribution	10,200	425	16,287	-	26,912	-
Issuance of Revenue Bond	6,500,000	-	-	-	6,500,000	
Proceeds From Capital Leases	-	-	30,049	279,259	309,308	-
Proceeds From Disposal of Capital Assets	-	27,335	1,232	-	28,567	-
Acquisition and Construction of Capital Assets	(1,316,138)	(425,352)	(191,520)	(253,143)	(2,186,153)	(7,713)
Interest Paid	(732,346)	-	(235)	(16,786)	(749,367)	-
Net Cash From Capital and Related Financing Activities	1,715,685	(397,592)	(144,187)	(144,265)	1,029,641	(7,713)
Cash Flows from Investing Activities						
Interest Received	84,104	9,698	22,206	30,861	146,869	508
Net Increase (Decrease) in Cash	6,047,518	1,290,663	41,427	337,644	7,717,252	(438,605)
Cash - July 1, 2011 (Including Restricted Cash)	10,445,455	3,416,059	1,926,743	937,583	16,725,840	2,046,121
Cash - June 30, 2012 (Including Restricted Cash)	$ 16,492,973	$ 4,706,722	$ 1,968,170	$ 1,275,227	$ 24,443,092	$ 1,607,516

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, 2012

	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)	$ 2,602,357	$ 1,429,098	$ 1,863,600	$ 32,760	$ 5,927,815	$ (196,112)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation	2,807,972	628,376	464,614	517,505	4,418,467	17,855
(Increase) Decrease in Assets:						
Accounts Receivable	208,586	461,329	334,130	(126,235)	877,810	(6,849)
Prepaid Items	1,068	(2,037)	(1,005)	698	(1,276)	138
Inventory	64,292	(300,106)	(12,150)	4,799	(243,165)	17,349
Increase (Decrease) in Liabilities						
Accounts Payable	(71,182)	(83,195)	(427,377)	38,238	(543,516)	(102,489)
Accrued Wages and Withholdings Payable	2,579	3,747	2,661	2,850	11,837	119
Customer Deposits	14,162	32,570	27,840	-	74,572	-
OPEB Liabiilty	68,566	19,589	29,385	53,873	171,413	34,283
Net Cash Provided by (Used in) Operating Activities	$ 5,698,400	$ 2,189,371	$ 2,281,698	$ 524,488	$ 10,693,957	$ (235,706)
Noncash Investing, Capital and Financing Activities						
Accumulated Depreciation	(54,079)	27,399	15,019	34,570	22,909	-
Capital Contributions	-	-	-	(47,840)	(47,840)	-
Disposal of Capital Assets	(14,618)	-	(15,019)	(34,570)	(64,207)	-
Acquisition and Construction of Capital Assets	298,353	(26,946)	-	65,011	336,418	-
Accounts Payable	(229,656)	(453)	-	(17,171)	(247,280)	-
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	$ 1,528,596	$ 1,482,137	$ 1,590,541	$ 1,039,167	$ 5,640,441	$ 1,607,516
Restricted Cash:						
Customer Deposits Cash	377,658	706,248	377,629	-	1,461,535	-
Flexible Operating Cash - MEAG	-	2,518,337	-	-	2,518,337	-
Renewal and Replacement	4,060,255	-	-	-	4,060,255	-
Drainage Improvements	-	-	-	236,060	236,060	-
Bond Construction	6,506,574	-	-	-	6,506,574	-
Revenue Bond Covenant Accounts	4,019,890	-	-	-	4,019,890	-
Total	$ 16,492,973	$ 4,706,722	$ 1,968,170	$ 1,275,227	$ 24,443,092	$ 1,607,516

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, 2012

	Employee Retirement Fund
Assets	
Cash	$ 896,296
Accounts Receivable	9,804
Investments, at Fair Value:	
Mutual Funds	27,243,119
Total Assets	$ 28,149,219
Liabilities	
Accounts Payable	$ 700,331
Total Liabilities	700,331
Net Assets	
Held In Trust for Pension Benefits and Other Purposes	$ 27,448,888

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, 2012

	Employee Retirement Fund
Additions	
Contributions	
Employer	$ 2,305,825
Plan Members	498,074
Total Contributions	2,803,899
Investment Earnings	
Interest and Dividends	1,216,688
Net Change in Fair Value of Investments	(1,143,008)
Total Investment Earnings	73,680
Total Additions	2,877,579
Deductions:	
Benefits	2,161,915
Refunds of Contributions-Employee	122,238
Administrative Expenses	94,879
Total Deductions	2,379,032
Change in Net Assets	498,547
Net Assets - Beginning	26,950,341
Net Assets - Ending	$ 27,448,888

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

CITY OF CARTERSVILLE, GEORGIA
Statement of Net Assets
Component Units
June 30, 2012

	Downtown Development Authority	Cartersville Building Authority	Cartersville School Board	Total Component Units
Assets				
Cash	$ 12,326	$ -	$ 19,930,572	$ 19,942,898
Receivables, Net	27,865	-	3,921,539	3,949,404
Inventory	-	-	101,220	101,220
Restricted Cash	-	1,204,371	-	1,204,371
Capital Assets				
Land and Construction in Progress	-	5,384,282	-	5,384,282
Other Capital Assets, Net	1,223	-	2,554,000	2,555,223
Unamortized Loss on Bond Refunding	-	141,560	-	141,560
Unamortized Bond Issue Costs	-	220,065	-	220,065
Total Assets	41,414	6,950,278	26,507,331	33,499,023
Liabilities				
Accounts Payable	30,717	-	355,738	386,455
Wages and Withholdings Payable	-	-	4,634,810	4,634,810
Retainage Payable	-	-	99,100	99,100
Due to Other Governments	21,527	-	-	21,527
Unearned Revenue	-	-	42,996	42,996
Interest Payable	-	72,631	-	72,631
Bonds Payable Due Within One Year	-	865,000	-	865,000
Due In More Than One Year - Net	-	10,920,000	-	10,920,000
Total Liabilities	52,244	11,857,631	5,132,644	17,042,519
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,223	-	2,554,000	2,555,223
Restricted For:				
Capital Projects	-	-	6,016,844	6,016,844
School Nutrition	-	-	1,288,622	1,288,622
Unrestricted (Deficit)	(12,053)	(4,907,353)	11,515,221	6,595,815
Total Net Assets	$ (10,830)	$ (4,907,353)	$ 21,374,687	$ 16,456,504

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, 2012

	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	$ 147,448	$ 25,782	$ 129,195	$ -	$ 7,529	$ -	$ -	$ 7,529
Cartersville Building Authority	485,846	-	1,148,111	-	-	662,265	-	662,265
Cartersville School Board	45,109,179	1,149,248	22,340,252	83,064	-	-	(21,536,615)	(21,536,615)
Total Component Units	$ 45,742,473	$ 1,175,030	$ 23,617,558	$ 83,064	7,529	662,265	(21,536,615)	(20,866,821)
General Revenues:								
Property Taxes					27,865	-	15,580,291	15,608,156
Sales Tax					-	-	4,529,806	4,529,806
Investment Earnings					-	60	12,269	12,329
Total General Revenues and Transfers					27,865	60	20,122,366	20,150,291
Change in Net Assets					35,394	662,325	(1,414,249)	(716,530)
Net Assets - Beginning					26,515	(5,569,678)	22,788,936	17,245,773
Prior Period Adjustment					(72,739)	-	-	(72,739)
Net Assets - Ending					$ (10,830)	$ (4,907,353)	$ 21,374,687	$ 16,456,504

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.

The Cartersville-Bartow Second Joint Development Authority is a related organization that has not been included in the reporting entity. The Authority was created August 23, 2011. The Authority's purpose is to promote development of industrial and manufacturing activities. The Authority's Board consists of eight members, 4 each 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 non-fiduciary 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 or 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, non-exchange 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 6% 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 as required by the Georgia Department of Revenue.

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 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 2012, 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.

For the year ended June 30, 2012, general fund expenditures exceeded appropriations in general government by $7,731 due to additional funding for the downtown development authority, police by $1,459 and public works by $1,105, both due to early pay-off of equipment leases. Capital project current expenditures exceeded budget by $579,001 and includes items that did not meet the city's capitalization threshold but were budgeted as capital outlays. Additional capital outlay expenditures exceeding budget were due to construction projects being ahead of schedule.

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, 2012 the carrying amount of the City's deposits, excluding cash on hand of $10,900 was as follows:

Statement of Net Assets:	
Primary Government:	
Cash	$ 11,264,208
Restricted Cash	27,331,509
Fiduciary Fund:	
Restricted Cash	28,139,415
Total Cash and Investments	$ 66,735,132

Cash and investments consist of the following:

Cash deposits in financial instititutions	$ 39,492,013
Investments (Fiduciary Fund)	27,243,119
Total Cash and Investments	$ 66,735,132

Interest Rate Risk – Investments - is the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2012, 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	$ 8,240,878	3.84 Years	8.40 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)	$ 19,002,241	A
Corporate Bonds (Fiduciary Fund)	8,240,878	A
Total	$ 27,243,119	

The City does not have a formal policy that addresses 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 - 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 the Office of the State Treasurer. 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 $409,973 at year-end with a weighted-average maturity of 48 days.

Component Units:

School Board:

Cash and investments as of June 30, 2012 are classified in the financial statements as follows:

Statement of Net Assets:

Cash	$ 19,930,572

The School Board's policy concerning custodial credit risk is to limit investments to securities of the United States Treasury, United States agencies and instrumentalities, repurchase agreements and the Georgia Fund 1. The policy further limits investments in these to the top rating issued by the Nationally Recognized Statistical Rating Organizations registered with the Securities and Exchange Commission (NRSROs).

Investment in State Investment Pool:

The Board's investments were in the Georgia Fund 1. The Georgia Fund 1 is under the oversight of the Office of the State Treasurer. 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 $7,238,515 at year-end with a weighted-average maturity of 48 days.

Cartersville Building Authority:

Cash and investments as of June 30, 2012 are classified in the financial statements as follows:

Cash	$ 23,899
Restricted cash	1,180,472
Total	$ 1,204,371

Cash and Investments consist of the following:

Cash Deposits in financial institutions	$ 1,204,371

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

Note 4. RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLES

Receivables at June 30, 2012 consist of the following:

	General	Enterprise	Internal Service	Total
Taxes	$ 740,117	$ -	$ -	$ 740,117
Accounts	246,118	8,163,180	27,966	8,437,264
Allowance for Uncollectibles	(177,152)	(1,498,524)	-	(1,675,676)
	$ 809,083	$ 6,664,656	$ 27,966	$ 7,501,705

General taxes receivable at June 30, 2012 consists of uncollected property taxes levied during the fiscal year ended June 30, 2012 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, 2012. The allowance for uncollectible accounts represents approximately 18% of total outstanding utility billings.

The total uncollectible amounts related to the current period are as follows: $51,569 in the water and sewer fund, $164,638 in the electric fund, $39,289 in the gas fund, $16,614 in the solid waste fund, $4,462 in the fiber fund and $6,596 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 August 18, 2011. Tax notices were mailed on September 15, 2011 and taxes were due by November 15, 2011 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, 2011 was $927,321,827.

Based on the 2011 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 $15,412,054 for the fiscal year ended June 30, 2012 were 97.27% of the tax levy.

Note 6. CAPITAL ASSETS

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

	Balance July 1 2011	Increases	Decreases	Balance June 30 2012
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 7,584,997	$ -	$ -	$ 7,584,997
Construction in Progress	289,054	356,316	506,211	139,159
Construction in Progress - Capital Projects	7,456,604	10,375,007	47,840	17,783,771
	15,330,655	10,731,323	554,051	25,507,927
Capital Assets Being Depreciated:				
Land Improvements	3,283,331	-	-	3,283,331
Buildings and Structures	35,254,119	-	-	35,254,119
Park Improvements	4,387,629	383,474	-	4,771,103
Infrastructure	82,001,364	122,737	-	82,124,101
Furniture, Machinery and Equipment	11,145,801	1,298,863	114,410	12,330,254
Total Capital Assets Being Depreciated	136,072,244	1,805,074	114,410	137,762,908
Less Accumulated Depreciation For:				
Land Improvements	1,820,933	122,464	-	1,943,397
Buildings and Structures	17,144,174	1,216,725	-	18,360,899
Park Improvements	2,909,663	146,162	-	3,055,825
Infrastructure	25,736,955	1,730,316	-	27,467,271
Furniture, Machinery and Equipment	9,075,497	681,000	114,410	9,642,087
Total Accumulated Depreciation	56,687,222	3,896,667	114,410	60,469,479
Total Capital Assets Being Depreciated, net	79,385,022	(2,091,593)	-	77,293,429
Governmental Activities Capital Assets, net	$ 94,715,677	$ 8,639,730	$ 554,051	$ 102,801,356

Decreases consist of completed construction in progress-capital projects in the amount of $47,840 transferred to business-type activities, equipment disposals with a cost of $114,410 and accumulated depreciation of $114,410, and completed construction projects for a recreational trail of $383,474 and infrastructure improvements totaling $122,737.

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

Governmental Activities:	
General Government	$ 1,217,909
Police	391,772
Fire	248,692
Culture and Recreation	211,864
Planning and Development	4,804
Public Works	1,821,626
Total Governmental Activites Depreciation	$ 3,896,667

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

	Balance July 1 2011	Increases	Decreases	Balance June 30 2012
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 2,522,294	$ 31,650	$ -	$ 2,553,944
Construction in Progress	1,190,096	1,193,574	679,324	1,704,346
	3,712,390	1,225,224	679,324	4,258,290
Capital Assets Being Depreciated:				
Buildings and Structures	1,637,156	435,568	-	2,072,724
Utility Systems	189,476,952	980,154	-	190,457,106
Furniture, Machinery and Equipment	10,250,333	588,349	91,606	10,747,076
Total Capital Assets Being Depreciated	201,364,441	2,004,071	91,606	203,276,906
Less Accumulated Depreciation For:				
Buildings and Structures	883,618	47,192	-	930,810
Utility Systems	53,818,508	3,897,930	-	57,716,438
Furniture, Machinery and Equipment	8,443,233	542,042	91,606	8,893,669
Total Accumulated Depreciation	63,145,359	4,487,164	91,606	67,540,917
Total Capital Assets Being Depreciated, net	138,219,082	(2,483,093)	-	135,735,989
Business-type Activities Capital Assets, net	$ 141,931,472	$ (1,257,869)	$ 679,324	$ 139,994,279

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

Depreciation expense was charged as follows:

Business-type Activities:	
Water and Sewer	$ 2,807,972
Electric	628,376
Gas	464,614
Solid Waste	138,703
Fiber Optic	247,120
Stormwater	131,682
Total Business-Type Activites Depreciation	$ 4,418,467
Internal Service Fund	
Garage	$ 17,855

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, 2012:

	Balance July 1 2011	Increases	Decreases	Balance June 30 2012
Capital Assets Not Being Depreciated:				
Buildings and Land Improvements	$ 161,706	$ 151,095	$ -	$ 312,801
Vehicles	2,391,360	174,974	-	2,566,334
Computers	566,662	63,623	-	630,285
Furniture and Equipment	1,982,859	256,307	41,857	2,197,309
Total Capital Assets Being Depreciated	5,102,587	645,999	41,857	5,706,729
Less Accumulated Depreciation For:				
Buildings and Land Improvements	17,436	5,361	-	22,797
Vehicles	1,527,441	200,575	-	1,728,016
Computers	333,297	69,053	-	402,350
Furniture and Equipment	846,066	178,282	24,782	999,566
Total Accumulated Depreciation	2,724,240	453,271	24,782	3,152,729
Business-type Activities Capital Assets, net	$ 2,378,347	$ 192,728	$ 17,075	$ 2,554,000

Cartersville Building Authority

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2012:

	Balance July 1 2011	Increases	Decreases	Balance June 30 2012
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, 2012 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.	$ 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.	12,470,000
Total general obligation bonds	$ 12,470,000

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

Year Ending June 30	Principal	Interest	Total
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	1,090,000	340,413	1,430,413
2018-2022	6,120,000	988,637	7,108,637
2023	1,400,000	28,750	1,428,750
Total	$ 12,470,000	$ 3,036,825	$ 15,506,825

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, 2012, $12,630,000 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.

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 refund 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 in-substance defeasance and the refunded portion of the 1996B bonds and the 1998 bonds was removed from the City's accompanying financial statements.

2012 Bonds On May 22, 2012, the City issued Water and Sewer Revenue bonds of $6,620,000 with an interest rate of 2.19% to pay cost of additions, extensions and improvements to the City's water and sewerage system.

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

Year Ending June 30	Principal	Interest	Total
2013	$ 1,865,000	$ 545,442	$ 2,410,442
2014	2,155,000	540,474	2,695,474
2015	2,370,000	466,373	2,836,373
2016	2,450,000	386,997	2,836,997
2017	2,530,000	301,545	2,831,545
2018-2022	9,240,000	543,554	9,783,554
Total	$ 20,610,000	$ 2,784,385	$ 23,394,385

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.

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 Ending June 30	Principal	Interest	Total
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	686,753	107,692	794,445
2018-2022	3,158,920	217,475	3,376,395
Total	$ 6,843,264	$ 959,015	$ 7,802,279

Changes in long-term liabilities:

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

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due With One Year
Governmental Activities:					
General Obligation Bonds	$ 14,410,000	$ -	$ 1,940,000	$ 12,470,000	$ 685,000
Capital Leases	702,846	991,267	259,073	1,435,040	216,324
OPEB Liability	1,359,464	440,780	-	1,800,244	-
Other Deferred Amounts:					
Premiums	774,655	-	118,239	656,416	131,401
Total	$ 17,246,965	$ 1,432,047	$ 2,317,312	$ 16,361,700	$ 1,032,725
Business-type Activities:					
Revenue Bonds	$ 15,795,000	$ 6,620,000	$ 1,805,000	$ 20,610,000	$ 1,865,000
Capital Leases	402,955	309,308	153,595	558,668	192,121
Notes Payable	7,784,295	-	941,031	6,843,264	966,019
OPEB Liability	580,217	171,414	-	751,631	-
Total	$ 24,562,467	$ 7,100,722	$ 2,899,626	$ 28,763,563	$ 3,023,140

As of June 30, 2012 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. The beginning balance for OPEB liability has been corrected to reflect the prior period adjustment discussed in note 21.

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. The Authority refunded the 2004 bonds with the 2012 bonds. 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	$ 0
$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 throughFebruary 1, 2028	4,175,000

$7,610,000 2012 Cartersville Building Authority Refunding Bonds; bonds of $675,000 to $3,520,000 with interest of 1.950% due October 1, 2012 through April 1, 2019	7,610,000
Total Bonds	$ 11,785,000

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

Year Ending June 30	Principal	Interest	Total
2013	$ 865,000	$ 281,092	$ 1,146,092
2014	860,000	287,858	1,147,858
2015	875,000	267,328	1,142,328
2016	895,000	246,412	1,141,412
2017	920,000	224,917	1,144,917
2018-2022	5,490,000	659,749	6,149,749
2023-2027	1,535,000	246,843	1,781,843
2028	345,000	13,213	358,213
Total	$ 11,785,000	$ 2,227,412	$ 14,012,412

Changes in long-term liabilities:

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

	July 1, 2011	Additions	Reductions	June 30, 2012	One Year
Bonds Payable	$ 12,250,000	$ 7,610,000	$ 8,075,000	$ 11,785,000	$ 865,000

Note 8. LEASES

Operating Leases

The City has no operating leases.

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of vehicles and other equipment. The agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date the equipment is acquired.

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. 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 $3,002,719 and accumulated depreciation of $1,171,765. The following is a schedule of the future minimum lease payments under these capital leases, and the net present value of the net minimum lease payments at June 30, 2012. For the purposes of this schedule, an assumed interest rate of 4.75% was used.

Year Ending June 30	Governmental Activities	Business-type Activities
2013	$ 277,704	$ 209,957
2014	267,428	143,587
2015	257,153	139,148
2016	172,320	66,391
2017	165,767	39,489
2018-2022	560,394	-
Total Minimum Lease Payments	1,700,766	598,572
Less Amount Representing Interest	(265,726)	(39,904)
Present Value of Future Minimum Lease Payments	$ 1,435,040	$ 558,668

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, 2012, interfund receivables and payables were as follows:

Receivable Fund	Payable Fund	Amount
General	Gas	$ 996,898
	Self Insurance	27,123
	Garage	45,941
	Confiscated Asset	10,653
	Grant	36,647
Electric	Fiber	1,120,000
	Capital Projects	7,939
Gas	Capital Projects	6,181
Fiber	Confiscated Asset	11,211

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, 2012 interfund transfers were as follows:

Between governmental funds:

Source Fund	Transfer to Fund	Amount
Hotel/Motel	General	$ 175,027
General	Grant	1,200

Between governmental and business-type funds:

Source Fund	Transfer to Fund	Amount
Water/Sewer	General	$ 1,450,671
Electric	General	502,875
Gas	General	2,112,109

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 storm water improvements in the amount of $47,840.

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.

The City is self-insured for dental and health benefits and workers compensation claims. Insurance deductible is $25,000 for property and casualty 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 $400,000 per claim, except for police, fire, water & sewer and electric which is $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	This program includes losses and claims related to property, automobile, bodily injury, theft, professional and certain

Liability	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 82% of single premium and 80% 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 point of service (POS) plan. The City purchases stop loss insurance to cover individual claims that exceed $125,000 per calendar year. In calendar year 2010 it was $75,000. Claims exceeded the stop loss limit as follows: 3 during calendar year 2011, 8 during calendar year 2010, and 3 during calendar year 2009. The City pays 98% of single premium and 91% 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, 2012.

Changes in the balances of claims liability are as follows:

	Workers' Compensation		Property and Casualty		Dental		Health	
	2012	2011	2012	2011	2012	2011	2012	2011
Liabilitiy Balances, Beginning	$ 7,988	$ 50,355	$ 579	$ 31,582	$ 6,082	$ 3,746	$ 297,008	$ 246,522
Claims and Changes in Estimates	77,605	(6,315)	143,919	(15,745)	200,355	199,296	4,055,692	3,219,569
Claim Payments	64,265	36,052	140,773	15,258	196,375	196,960	4,167,222	3,169,083
Liability Balance, Ending	$ 21,328	$ 7,988	$ 3,725	$ 579	$ 10,062	$ 6,082	$ 185,478	$ 297,008

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, 2012, the outstanding debt of MEAG was $5,951,414,507. The City of Cartersville's guarantee varies by individual MEAG project and totals $358,023,459.

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, 2012, the City paid $228,322 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, 2012 the balance in this account is $2,518,337. 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, 2012 was $7,275,622, $14,188,745 and $22,865,022, 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, 2012 the City's cost was $32,429.

Note 12. INTERGOVERNMENTAL RECEIVABLES

Governmental Activities:

	General Fund	Capital Projects	Grant Fund
Due from Bartow County	$ 44,182	$ 319,381	$ -
Due From Georgia Department of Community Affairs	-	-	66,015
Due From Georgia Environmental Finance Authority	-	-	61,815
Due From Georgia Department of Revenue	360,793	-	-
Due From US Government	6,361	-	-
Total Due From Other Governments	$ 411,336	$ 319,381	$ 127,830

Amount due from Bartow County represents property taxes of $44,182 and SPLOST taxes of $319,381 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 Environmental Finance Authority 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 and was restated April 28, 2011. 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.

Under the plan, employees are eligible for normal retirement benefits after completion of a minimum of ten years full time service and reaching age 65. The normal retirement benefit payable for life is 2% of average monthly compensation multiplied by years of service. Average monthly compensation is based on the three highest consecutive completed years of service during the last ten years of service. Benefits vest after ten years of service. An early retirement option is available at age 55 with ten years of service. However, benefits are reduced 3% a year for the first five years and 6% for the next five years that the payment commencement date precedes the earlier of normal retirement date or the date the participant would have had twenty years of service.

Police and fire personnel are eligible for normal retirement benefits after completion of a minimum of twenty years full time service and reaching age 50. The normal retirement benefit payable for life is 2% of average monthly compensation multiplied by years of service. An early retirement option is available at age 50 with less than twenty years of service. However, benefits are reduced 7% a year for each year in which termination precedes twenty years.

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, 2012, determined that for the period beginning January 1, 2012, employer contributions of 18.7% 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 $13,451,957.

Contributions to the plan, for the year ended June 30, 2012, totaled $2,803,899 ($498,074 employee and $2,305,825 employer; 3.7% and 16.0% 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:

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.

Trend Information

Fiscal Year Ending	Employer Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
June 30, 2012	$ 869,997	100%	$ -
June 30, 2011	1,533,525	100%	-
June 30, 2010	496,723	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)
2012	$ 25,493,250	$ 31,602,610	$ 6,109,360	80.7%	$ 13,451,957	45.4%
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%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Assumptions

Significant actuarial assumptions used include some of the following:

Valuation date	1/1/2012
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	5.5%
Cost of living adjustments	None
Inflation rate	3.0%
Amortization of unfunded actuarial accrued liability	15 years for gains and losses, 20 years for plan changes, and 30 for assumption changes

Plan membership data

As of January 1, 2012 employee membership data related to the plan were as follows:

Number of retirees and beneficiaries current 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, 2012 contributions were $50,662.

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 salary. 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, 2012, 2011 and 2010 were $2,199,278, $2,208,067 and $2,109,902 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 Cartersville School Board's required contributions for the current year and each of the preceding years ending June 30th were $2,408, $2,244 and $2,268, 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

Following are details of the restricted assets for governmental funds:

	General	Capital Projects	Nonmajor Governmental	Total
Restricted Assets:				
Cash - Asset construction/acquisition	$ -	$ 7,054,881	$ -	$ 7,054,881
Cash - Cemetery maintenance	2,280	-	-	2,280
Cash - Grant projects	-	-	17,027	17,027
Cash - Employee flex-spending	5,466	-	-	5,466
Cash - Planning and development	-	-	396,748	396,748
Cash - Law enforcement	-	-	1,052,456	1,052,456
Total governmental restricted assets	$ 7,746	$ 7,054,881	$ 1,466,231	$ 8,528,858

Following are details of the restricted assets for enterprise funds:

	Water and Sewer	Electric	Gas	Nonmajor Enterprise	Total
Restricted Assets:					
Cash - Customer deposits	$ 377,658	$ 706,248	$ 377,629	$ -	$ 1,461,535
Cash - MEAG account	-	2,518,337	-	-	2,518,337
Cash - Bond Construction	6,506,574	-	-	-	6,506,574
Cash - Renewal and replacement	4,060,255	-	-	-	4,060,255
Cash - Drainage improvements	-	-	-	236,060	236,060
Cash - Revenue bond covenants	4,019,890	-	-	-	4,019,890
Total Business-type restricted assets	$ 14,964,377	$ 3,224,585	$ 377,629	$ 236,060	$ 18,802,651

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, 2011, the effective date of the OPEB valuation is as follows:

In pay status	135
Active employees	146
Retired employees	10
	291

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
6/30/2012	$ 1,234,470	50.40%	$ 2,551,874	$ 622,274
6/30/2011	966,940	58.80%	1,939,678	569,037
6/30/2010	1,015,979	51.02%	1,541,776	518,373

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
7/1/2011	$ -	$ 17,366,613	$ 17,366,613	0.0%	$ 7,179,762	241.9%
7/1/2010	-	12,804,622	12,804,622	0.0%	6,727,581	190.3%
7/1/2009	-	12,474,752	12,474,752	0.0%	6,628,159	188.2%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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	$	1,251,960
Interest on net OPEB obligation		105,056
Adjustment ot the ARC		(122,546)
Total Annual OPEB cost	$	1,234,470
Net OPEB Obligation		
Annual OPEB cost	$	1,234,470
Contributions made		(622,274)
Increase (decrease) in net OPEB Obligation		612,196
Net OPEB obligation, beginning of period		1,939,678
Net OPEB obligation, end of period	$	2,551,874

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. Vest Employees Entitled
Disability	50% of 1975 SSA Study
Average Per Capita Claims Cost	$4,161
Projected to Ages 55-59	$7,140
Retireee Copay Percentage	60% of Dependents only
Retirement	Participants become eligible to retire under the same provisions as pension.
Participation	100.0%
Spousal Participation	100.0% - are married
Administrative Expense	None
Percentage Married	30% Male, 30% Female
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 years for plan changes and 30 years for assumption changes.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial calculations are based on the types of benefits provided under the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations are designed to reflect a long-term perspective, and consistent with that perspective, are designed to minimize short-term volatility of accrued liabilities and the actuarial value of assets.

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 activities - restricted for use in law enforcement related expenditures.

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

Restricted for cemetery – restricted for cemetery maintenance by donors.

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 school nutrition – restricted for school nutrition programs

Note 17. EXCISE TAX COLLECTIONS

Hotel/Motel Tax Revenues and Tourism Expenditures:

The City of Cartersville levies a 6% hotel/motel tax in accordance with provisions of the Official Code of Georgia section §48-13-51. The City is required to spend 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 purpose of promoting tourism, trade shows, conventions or a facility that is used for those purposes. For the year ended June 30, 2012, the total amount the City collected was $420,156, the amount collected above 3 percent was $210,010, and the amount spent was $245,129.

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. The City is required to spend the amount collected for promoting industry, trade, commerce and tourism. For the year ended June 30, 2012, the total amount the City collected was $49,582. 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 $29,582.

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." 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.

In November 2011, 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 $220,000,000 for various capital outlay purposes." Collection of the tax is scheduled to begin January 1, 2014. The City of Cartersville's distributive share of this amount is projected to be $27,822,796 or 19.3%. The City is using the tax for street and road improvements, water and sewer system improvements, park and recreation improvements, utilities improvements, and building improvements.

Note 19. JOINT VENTURES

The City of Cartersville is a member of the Northwest Georgia Regional Commission. The Commission was created under the laws of the State of Georgia and cities and counties in the area served by the Commission are required to be members. The membership includes 15 Northwest Georgia counties and 49 municipalities. The City has no equity interest in the Commission nor does the City materially contribute to the continued existence of the Commission. The Official Code of Georgia Annotated Section §50-8-39.1 states that in the event the Commission ceases operation, the membership can be assessed for any debt or obligation of the Commission. Separate financial statements may be obtained from Northwest Georgia Regional Commission, P. O. Box 1798, 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, 2012, 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	$ 3,274,935	$ 2,489,617
Public Safety buildings	16,145,188	7,905,565
Water and Sewer system improvements	539,696	72,057
Total construction commitments	$ 19,959,819	$ 10,467,239

Note 21. PRIOR PERIOD ADJUSTMENT

An adjustment for errors in the prior year actuarial report reduced OPEB liability and increased unrestricted net assets in governmental activities by $63,879 and business-type activities by $26,695.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CARTERSVILLE, GEORGIA
Required Supplementary Information
Schedule of Employer Contributions - Pension Trust Fund
June 30, 2012

Year Ended June 30	Required Contribution	Percentage Contributed
2012	$ 869,997	100%
2011	1,533,525	100%
2010	496,723	100%
2009	1,220,320	100%
2008	1,067,818	100%
2007	1,287,465	100%
2006	1,199,529	100%
2005	1,130,353	100%
2004	1,116,532	100%
2003	1,052,683	100%

CITY OF CARTERSVILLE, GEORGIA
Required Supplementary Information
Schedules of Funding Progress
June 30, 2012

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 (3)/(5)
2012	$ 25,493,250	$ 31,602,610	$ 6,109,360	80.7%	$ 13,451,957	45.4%
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 (3)/(5)
2011	$ -	$ 17,366,613	$ 17,366,613	0.0%	$ 7,179,762	241.9%
2010	-	12,804,622	12,804,622	0.0%	6,727,581	190.3%
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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 4,000,000	$ 4,200,000	$ 3,906,421	$ (293,579)
Miscellaneous	-	-	2,946	2,946
Interest Income	-	99,340	99,324	(16)
Total Revenues	4,000,000	4,299,340	4,008,691	(290,649)
Expenditures				
Current:				
General Government	-	-	579,001	(579,001)
Public Works	125,000	473,600	385,962	87,638
Capital Outlay:				
Streets, Sidewalks and Stormwater	6,400,000	1,970,300	1,399,885	570,415
Water and Sewer Construction	800,000	308,000	310,199	(2,199)
Buildings and Land	10,430,000	8,171,500	8,664,924	(493,424)
GIS Upgrades	-	8,400	-	8,400
Total Expenditures	17,755,000	10,931,800	11,339,971	170,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,755,000)	(6,632,460)	(7,331,280)	(119,819)
Other Financing Sources				
Long-term Debt	4,000,000	3,807,090	-	(3,807,090)
Transfers In	1,000,000	-	-	-
Total Other Financing Sources	5,000,000	3,807,090	-	(3,807,090)
Net Change in Fund Balance	(8,755,000)	(2,825,370)	(7,331,280)	(4,505,910)
Fund Balance - Beginning of Year	12,099,311	12,099,311	12,099,311	-
Fund Balance - End of Year	$ 3,344,311	$ 9,273,941	$ 4,768,031	$ (4,505,910)

CITY OF CARTERSVILLE, GEORGIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	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	$ 21,255	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,255
Intergovernmental Receivable	-	-	-	-	127,830	-	-	127,830
Cash Restricted	-	93,079	1,036,982	15,474	17,027	303,669	-	1,466,231
Total Assets	$ 21,255	$ 93,079	$ 1,036,982	$ 15,474	$ 144,857	$ 303,669	$ -	$ 1,615,316
Liabilities and Fund Balances								
Accounts Payable	$ 21,255	$ -	$ 10,942	$ -	$ 91,182	$ -	$ -	$ 123,379
Interfund Payable	-	-	21,864	-	36,647	-	-	58,511
Total Liabilities	21,255	-	32,806	-	127,829	-	-	181,890
Fund Balance:								
Restricted								
Grant Programs	-	-	-	-	17,028	-	-	17,028
Law Enforcement Activities	-	-	1,004,176	15,474	-	-	-	1,019,650
Committed								
Planning and Development	-	93,079	-	-	-	303,669	-	396,748
Total Fund Balances	-	93,079	1,004,176	15,474	17,028	303,669	-	1,433,426
Total Liabilities and Fund Balances	$ 21,255	$ 93,079	$ 1,036,982	$ 15,474	$ 144,857	$ 303,669	$ -	$ 1,615,316

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue							Total Nonmajor Governmental Funds
	Hotel/Motel Tax	Development Fees	DEA Confiscated Assets	State Forfeited Funds	Grant Fund	Impact Fees Fund	Rental Vehicle Excise Tax	
Revenues								
Taxes	$ 420,156	$ -	$ -	$ -	$ -	$ -	$ 49,582	$ 469,738
Intergovernmental	-	-	-	-	744,111	-	-	744,111
Fines and Forfeitures	-	-	137,775	-	-	-	-	137,775
Interest Income	-	-	777	11	-	-	-	788
Total Revenues	420,156	-	138,552	11	744,111	-	49,582	1,352,412
Expenditures								
Current								
General Government	245,129	-	-	-	606,515	-	29,582	881,226
Police	-	-	141,888	-	-	-	-	141,888
Planning and Development	-	-	-	-	-	-	20,000	20,000
Capital Outlay								
Law Enforcement Equipment	-	-	171,502	-	-	-	-	171,502
Culture and Recreation	-	-	-	-	123,321	29,393	-	152,714
Total Expenditures	245,129	-	313,390	-	729,836	29,393	49,582	1,367,330
Excess (Deficiency) of Revenues Over (Under) Expenditures	175,027	-	(174,838)	11	14,275	(29,393)	-	(14,918)
Other Financing Sources (Uses)								
Transfers - In	-	-	-	-	1,200	-	-	1,200
Transfers - Out	(175,027)	-	-	-	-	-	-	(175,027)
Total Other Financing Sources (Uses)	(175,027)	-	-	-	1,200	-	-	(173,827)
Net Change in Fund Balances	-	-	(174,838)	11	15,475	(29,393)	-	(188,745)
Fund Balance (Deficit) - Beginning of Year	-	93,079	1,179,014	15,463	1,553	333,062	-	1,622,171
Fund Balance (Deficit) - End of Year	$ -	$ 93,079	$ 1,004,176	$ 15,474	$ 17,028	$ 303,669	$ -	$ 1,433,426

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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 340,000	$ 420,165	$ 420,156	$ (9)
Total Revenues	340,000	420,165	420,156	(9)
Expenditures				
Current				
General Government	170,000	245,130	245,129	1
Total Expenditures	170,000	245,130	245,129	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,000	175,035	175,027	(8)
Other Financing Sources (Uses)				
Transfers - Out	(170,000)	(175,035)	(175,027)	8
Total Other Financing Sources (Uses)	(170,000)	(175,035)	(175,027)	8
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, 2012

	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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ 432,690	$ 312,425	$ 137,775	$ (174,650)
Interest Income	1,000	1,000	777	(223)
Total Revenues	433,690	313,425	138,552	(174,873)
Expenditures				
Current				
Police	223,690	137,925	141,888	(3,963)
Capital Outlay				
Law Enforcement Equipment	210,000	175,500	171,502	3,998
Total Expenditures	433,690	313,425	313,390	35
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(174,838)	(174,838)
Net Change in Fund Balance	-	-	(174,838)	(174,838)
Fund Balance - Beginning of Year	1,179,014	1,179,014	1,179,014	-
Fund Balance - End of Year	$ 1,179,014	$ 1,179,014	$ 1,004,176	$ (174,838)

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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fines and Forfeitures	$ 3,000	$ 3,000	$ -	$ (3,000)
Interest Income	-	-	11	11
Total Revenues	3,000	3,000	11	(2,989)
Expenditures				
Current:				
Police	3,000	3,000	-	3,000
Total Expenditures	3,000	3,000	-	3,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	11	11
Net Change in Fund Balance	-	-	11	11
Fund Balance - Beginning of Year	15,463	15,463	15,463	-
Fund Balance - End of Year	$ 15,463	$ 15,463	$ 15,474	$ 11

CITY OF CARTERSVILLE, GEORGIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Grant Fund - Budget and Actual
For the Year Ended June 30, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 1,319,015	$ 744,125	$ 744,111	$ (14)
Total Revenues	1,319,015	744,125	744,111	(14)
Expenditures				
Current:				
General Government	292,215	606,520	606,515	5
Capital Outlay:				
Culture and Recreation	1,026,800	138,805	123,321	15,484
Total Expenditures	1,319,015	745,325	729,836	15,489
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,200)	14,275	15,475
Other Financing Sources (Uses)				
Transfers In	-	1,200	1,200	-
Total Other Financing Sources (Uses)	-	1,200	1,200	-
Net Change in Fund Balance	-	-	15,475	15,475
Fund Balance - Beginning of Year	1,553	1,553	1,553	-
Fund Balance - End of Year	$ 1,553	$ 1,553	$ 17,028	$ 15,475

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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Charges for Services	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Culture and Recreation	24,935	29,395	29,393	2
Total Expenditures	24,935	29,395	29,393	2
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,935)	(29,395)	(29,393)	2
Net Change in Fund Balance	(24,935)	(29,395)	(29,393)	2
Fund Balance - Beginning of Year	333,062	333,062	333,062	-
Fund Balance - End of Year	$ 308,127	$ 303,667	$ 303,669	$ 2

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, 2012

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes	$ 40,000	$ 49,585	$ 49,582	$ (3)
Total Revenues	40,000	49,585	49,582	(3)
Expenditures				
Current				
General Government	20,000	29,585	29,582	3
Planning and Development	20,000	20,000	20,000	-
Total Expenditures	40,000	49,585	49,582	-
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, 2012

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 199,750	$ 119,334	$ 720,083	$ 1,039,167
Restricted Cash:				
Drainage Improvements	236,060	-	-	236,060
Accounts Receivable - Net	85,136	288,321	57,040	430,497
Interfund Receivable	-	-	11,211	11,211
Inventory	-	7,083	45,850	52,933
Total Current Assets	520,946	414,738	834,184	1,769,868
Noncurrent Assets:				
Capital Assets:				
Land and Easements	166,532	-	-	166,532
Equipment	1,300,580	2,233,249	381,441	3,915,270
Buildings and Structures	130,165	8,000	8,531	146,696
Utility Systems	2,109,299	-	2,804,999	4,914,298
Construction in Progress	19,364	-	-	19,364
Less Accumulated Depreciation	(1,290,435)	(1,669,948)	(1,903,498)	(4,863,881)
Total Noncurrent Assets	2,435,505	571,301	1,291,473	4,298,279
Total Assets	$ 2,956,451	$ 986,039	$ 2,125,657	$ 6,068,147
Liabilities				
Current Liabilities:				
Accounts Payable	$ 11,600	$ 52,722	$ 76,536	$ 140,858
Accrued Wages and Withholdings Payable	4,844	10,549	7,442	22,835
Customer Deposits	14,230	-	-	14,230
Interfund Payable	-	-	1,120,000	1,120,000
Capital Leases Payable	-	186,111	-	186,111
Total Current Liabilities	30,674	249,382	1,203,978	1,484,034
Noncurrent Liabilities:				
Capital Leases Payable	-	342,508	-	342,508
OPEB Liability	49,905	127,854	-	177,759
Total Noncurrent Liabilities	49,905	470,362	-	520,267
Total Liabilities	80,579	719,744	1,203,978	2,004,301
Net Assets				
Invested in Capital Assets, Net of Related Debt	2,435,505	42,682	1,291,473	3,769,660
Restricted For Drainage Improvements	236,060	-	-	236,060
Unrestricted (Deficit)	204,307	223,613	(369,794)	58,126
Total Net Assets	$ 2,875,872	$ 266,295	$ 921,679	$ 4,063,846

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2012

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for Services	$ 1,228,174	$ 1,956,844	$ 1,560,671	$ 4,745,689
Fees	-	55,800	-	55,800
Other Revenues	253	1,194	118,694	120,141
Total Operating Revenues	1,228,427	2,013,838	1,679,365	4,921,630
Operating Expenses				
Costs of Sales and Services	779,070	1,884,746	1,369,859	4,033,675
Administrative Expense	177,690	160,000	-	337,690
Depreciation Expense	131,682	138,703	247,120	517,505
Total Operating Expenses	1,088,442	2,183,449	1,616,979	4,888,870
Operating Income (Loss)	139,985	(169,611)	62,386	32,760
Nonoperating Revenues (Expenses)				
Interest Revenue	5,107	25,754	-	30,861
Interest Expense	(694)	(16,092)	-	(16,786)
Total Nonoperating Revenues (Expenses)	4,413	9,662	-	14,075
Income Before Contributions, Special Items and Transfers	144,398	(159,949)	62,386	46,835
Capital Contributions	47,840	-	-	47,840
Change in Net Assets	192,238	(159,949)	62,386	94,675
Net Assets - Beginning	2,681,727	421,477	859,293	3,962,497
Prior Period Adjustment	1,907	4,767	-	6,674
Net Assets - Ending	$ 2,875,872	$ 266,295	$ 921,679	$ 4,063,846

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2012

	Stormwater	Solid Waste	Fiber Optic	Total Nonmajor Enterprise Funds
Cash Flows From Operations				
Received from Customers	$ 1,225,452	$ 1,888,005	$ 1,681,938	$ 4,795,395
Payments to Suppliers	(524,182)	(934,387)	(759,904)	(2,218,473)
Payments to/for Employees	(421,925)	(1,044,729)	(585,780)	(2,052,434)
Net Cash Provided by (Used in) Operating Activities	279,345	(91,111)	336,254	524,488
Cash Flows from Noncapital Financing Activities				
Payments/Advances To Other Funds	(65,352)	-	(8,088)	(73,440)
Net Cash Provided By (Used In) Noncapital Financing Activities	(65,352)	-	(8,088)	(73,440)
Cash Flows from Capital and Related Financing Activities				
Principal Payments - Leases	(35,066)	(118,529)	-	(153,595)
Acquisition and Construction of Capital Assets	(82,398)	(164,260)	(6,485)	(253,143)
Proceeds From Capital Lease	-	279,259	-	279,259
Interest Paid	(694)	(16,092)	-	(16,786)
Net Cash Provided By (Used In) Capital and Related Financing Activitie	(118,158)	(19,622)	(6,485)	(144,265)
Cash Flows from Investing Activities				
Interest Received	5,107	25,754	-	30,861
Net Increase (Decrease) in Cash	100,942	(84,979)	321,681	337,644
Cash - July 1, 2011 (Including Restricted Cash)	334,868	204,313	398,402	937,583
Cash - June 30, 2012 (Including Restricted Cash)	$ 435,810	$ 119,334	$ 720,083	$ 1,275,227
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	$ 139,985	$ (169,611)	$ 62,386	$ 32,760
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	131,682	138,703	247,120	517,505
(Increase) Decrease in Assets:				
Accounts Receivable	(2,975)	(125,833)	2,573	(126,235)
Prepaid Items	166	331	201	698
Inventory	-	8,998	(4,199)	4,799
Increase (Decrease) in Liabilities				
Accounts Payable	(4,906)	16,189	26,955	38,238
Accrued Wages and Withholdings Payable	701	931	1,218	2,850
OPEB Liability	14,692	39,181	-	53,873
Net Cash Provided by (Used in) Operating Activities	$ 279,345	$ (91,111)	$ 336,254	$ 524,488
Noncash Investing, Capital and Financing Activities				
Acquisition and Construction of Capital Assets	$ 58,683	$ -	$ 6,328	$ 65,011
Accumulated Depreciation	-	34,570	-	34,570
Capital Contributions	(47,840)	-	-	(47,840)
Disposal of Capital Assets	-	(34,570)	-	(34,570)
Accounts Payable	(10,843)	-	(6,328)	(17,171)
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	$ 199,750	$ 119,334	$ 720,083	$ 1,039,167
Drainage Improvements	236,060	-	-	236,060
Total	$ 435,810	$ 119,334	$ 720,083	$ 1,275,227

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Assets			
Current Assets			
Cash and Cash Equivalents	$ 1,607,516	$ -	$ 1,607,516
Accounts Receivable, Net	27,966	-	27,966
Inventory	-	79,274	79,274
Total Current Assets	1,635,482	79,274	1,714,756
Noncurrent Assets			
Capital Assets			
Equipment	-	412,307	412,307
Buildings and Structures	-	130,458	130,458
Less Accumulated Depreciation	-	(444,833)	(444,833)
Land and Easements	-	41,245	41,245
Total Noncurrent Assets	-	139,177	139,177
Total Assets	$ 1,635,482	$ 218,451	$ 1,853,933
Liabilities			
Current Liabilities			
Accounts Payable	$ 220,593	$ 24,482	$ 245,075
Accrued Wages and Withholdings Payable	-	3,424	3,424
Interfund Payable	27,123	45,941	73,064
Total Current Liabilities	247,716	73,847	321,563
Noncurrent Liabilities			
OPEB Liability	-	81,979	81,979
Total Noncurrent Liabilities	-	81,979	81,979
Total Liabilities	247,716	155,826	403,542
Net Assets			
Invested In Capital Assets	-	139,177	139,177
Unrestricted (Deficit)	1,387,766	(76,552)	1,311,214
Total Net Assets	$ 1,387,766	$ 62,625	$ 1,450,391

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Operating Revenues			
Charges for Services	$ -	$ 257,168	$ 257,168
Other Revenues	199,349	3,756	203,105
Internal Service Charges	4,654,504	1,279,952	5,934,456
Total Operating Revenues	4,853,853	1,540,876	6,394,729
Operating Expenses			
Costs of Sales and Services	-	1,557,302	1,557,302
Administrative Expense	433,036	-	433,036
Claims	4,582,648	-	4,582,648
Depreciation Expense	-	17,855	17,855
Total Operating Expenses	5,015,684	1,575,157	6,590,841
Operating Income (Loss)	(161,831)	(34,281)	(196,112)
Nonoperating Revenues (Expenses)			
Interest Revenue	508	-	508
Total Nonoperating Revenues (Expenses)	508	-	508
Income	(161,323)	(34,281)	(195,604)
Change In Net Assets	(161,323)	(34,281)	(195,604)
Net Assets - Beginning	1,549,089	93,093	1,642,182
Prior Period Adjustment	-	3,813	3,813
Net Assets - Ending	$ 1,387,766	$ 62,625	$ 1,450,391

CITY OF CARTERSVILLE, GEORGIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Self-Insurance Fund	Garage Fund	Total Internal Service Funds
Cash Flows From Operations			
Received From Customers	$ 4,825,887	$ 1,561,993	$ 6,387,880
Payments To Suppliers	(5,106,748)	(1,243,195)	(6,349,943)
Payments To/For Employees	-	(273,643)	(273,643)
Net Cash Provided By (Used In) Operating Activities	(280,861)	45,155	(235,706)
Cash Flows From Noncapital Financing Activities			
Payments/Advances To Other Funds	(158,252)	(37,442)	(195,694)
Net Cash Provided By (Used In) Noncapital Financing Activities	(158,252)	(37,442)	(195,694)
Cash Flows From Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	-	(7,713)	(7,713)
Net Cash Provided By (Used In) Capital and Related Financing Activities	-	(7,713)	(7,713)
Cash Flows From Investing Activities			
Interest Received	508	-	508
Net Cash Provided By (Used In) Investing Activities	508	-	508
Net Increase (Decrease) In Cash	(438,605)	-	(438,605)
Cash - July 1, 2011 (Including Restricted Cash)	2,046,121	-	2,046,121
Cash - June 30, 2012 (Including Restricted Cash)	$ 1,607,516	$ -	$ 1,607,516
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (161,831)	$ (34,281)	$ (196,112)
Adjustments to Reconcile to Operating Income to Net Cash Provided (Used) By Operating Activities			
Depreciation	-	17,855	17,855
(Increase) Decrease In Assets:			
Accounts Receivable	(27,966)	21,117	(6,849)
Prepaid Items	-	138	138
Inventory	-	17,349	17,349
Increase (Decrease) In Liabilities			
Accounts Payable	(91,064)	(11,425)	(102,489)
Accrued Wages and Withholdings Payable	-	119	119
OPEB Liability	-	34,283	34,283
Net Cash Provided By (Used In) Operating Activities	$ (280,861)	$ 45,155	$ (235,706)

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

Cash and Cash Equivalents	$ 1,607,516	$ -	$ 1,607,516
Total	$ 1,607,516	$ -	$ 1,607,516

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 Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 88,239,900
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	6,203,737
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	5,083,628
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	$ 99,527,265
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	$ 118,518,989
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	5,045,386
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	14,329,219
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	$ 137,893,594
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	$ 206,758,889
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	11,249,123
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	19,412,847
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	$ 237,420,859

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 22,973,394
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	5,730,504
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	5,180,336
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	3,021,773
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	843,541
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	4,789,364
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	428,369
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	42,967,281
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	11,059,866
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	42,651,594
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	17,786,447
Stormwater	-	-	-		700,425	880,756	917,658	912,630	933,049	1,092,313
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	2,199,263
Fiber Optic	898,266	976,355	851,283	952,870	997,856	1,330,914	1,599,328	1,548,674	1,583,749	1,619,985
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	76,409,468
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	$ 119,376,749
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	$ 1,923,014
Police	467,902	752,212	1,098,206	1,177,719	1,659,055	655,852	1,001,506	1,133,856	937,540	939,681
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	692,948
Planning and Development	493,329	555,253	658,260	789,238	559,955	235,790	103,515	320,798	282,696	308,464
Public Works	38,974	124,722	118,769	113,200	96,156	-	9,812	26,737	31,380	30,190
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	2,581,648
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	4,584,760
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	11,060,705
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	12,875,545
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	44,071,269
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	19,640,137
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	2,004,356	2,013,838
Stormwater					518,744	1,205,529	1,204,794	1,199,868	1,186,170	1,228,427
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	1,679,365
Operating Grants and Conributions	-	-	-	-	-	-	-	-	-	425
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	26,487
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	81,535,493

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 92,596,198
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)	$ (31,906,576)
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	5,126,025
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)	$ (26,780,551)
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	$ 16,827,703
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	4,385,725
Hotel/Motel	159,199	146,484	159,113	180,003	207,412	201,128	216,129	279,468	379,104	420,156
Vehicle Rental	47,147	40,710	49,541	76,014	75,816	71,325	52,696	42,242	51,011	49,582
Insurance Premium	634,704	684,060	741,335	797,579	834,468	870,443	891,294	882,932	857,271	925,467
Malt and Mixed Beverage	700,352	685,091	671,771	677,093	733,750	756,235	668,673	580,963	646,164	679,399
Franchise	624,892	3,947,347	4,067,740	4,643,067	732,718	740,500	789,554	4,317,713	4,432,437	4,476,982
Other	372,762	357,267	229,171	208,604	-	262	88,770	343,858	368,516	391,211
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	53,615
Miscellaneous	144,701	217,540	200,052	412,465	267,311	153,726	228,574	170,779	131,816	116,852
Gain/(Loss) on Asset Disposal	-	-	-	-	-	-	-	-	(66,850)	17,211
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	4,017,815
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	32,361,718
Business-type Activities:										
Investment Earnings	559,361	128,952	364,577	896,392	1,716,039	920,390	523,884	242,042	101,597	146,869
Miscellaneous	6,050	6,641	9,399	-	-	-	-	-	36,182	-
Special Items	(7,000,000)	-	-	-	-	-	(1,994,719)	(5,298,020)	-	28,567
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)	(4,017,815)
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)	(3,842,379)
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	$ 28,519,339
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	$ 455,142
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	1,283,646
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	$ 1,738,788

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 795,894	$ -
Restricted	-	-	-	-	-	-	-	-	105,027	2,280
Unnassigned	-	-	-	-	-	-	-	-	5,086,905	5,177,556
Reserved	368,734	309,278	213,010	303,530	133,947	121,365	111,379	-	-	-
Unreserved	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	$ 1,391,620	$ 1,327,250	$ 2,531,366	$ 3,490,730	$ 3,273,114	$ 3,131,533	$ 3,783,819	$ 5,009,947	$ 5,987,826	$ 5,179,836
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	-	13,295,341	5,804,709
Committed	-	-	-	-	-	-	-	-	426,141	396,748
Reserved	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	$ 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	$ 6,201,457

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	$ 28,131,083
Licenses and Permits	487,829	543,065	610,448	459,985	925,605	872,708	594,912	316,320	294,531	324,209
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	4,715,456
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	2,377,677
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	813,173
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	2,705,492
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	142,226
Investment Earnings	152,653	89,903	210,726	443,867	931,944	555,526	101,572	122,311	117,993	152,939
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	39,362,255
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	21,564,928
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	5,254,187
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	5,775,228
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	827,236
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	3,051,100
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	2,918,867
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	10,669,831
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	2,199,073
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	503,953
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	52,764,403
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)	(13,402,148)
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	4,241,882
Transfers Out	-	-	(560,750)	(31,953)	(514,736)	(130,925)	(784,655)	(233,579)	(185,072)	(176,227)
Capital Leases	115,429	287,843	1,201,376	74,592	199,784	737,597	72,429	26,207	-	991,267
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	17,211
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	5,074,133
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	$ (8,328,015)
Debt Service as a Percentage of Noncapital Expenditures	8.9%	7.4%	6.3%	6.4%	6.3%	5.0%	7.0%	7.6%	7.6%	6.6%

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					
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%
2012	352,205,890	271,704,442	276,528,987	40,419,370	57,599	13,594,461	927,321,827	18.61	2,318,304,568	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

	Direct Rates			Overlapping Rates		
Fiscal Year	City of Cartersville Operating Millage	Cartersville School Board	Total Direct Rates	Bartow County	State of Georgia	Total Direct and Overlapping Rates
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
2012	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

	2012				2003		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxpayer**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Anheuser Busch	$ 121,706,228	1	12.8%	Anheuser Busch	$ 57,464,612	1	7.9%
Shaw Industries	20,634,868	2	2.2%	Bellsouth Communications	6,200,793	2	0.9%
Aqualfil USA, Inc	15,952,125	3	1.7%	Shaw Industries	4,922,416	3	0.7%
Continental Pet Technlogies	11,604,723	4	1.2%	St. Albans, LLC	4,856,840	4	0.7%
Applied Thermoplastic	9,882,121	5	1.0%	Thrall Car	4,405,220	5	0.6%
Colloid Environment Tech Co	5,889,342	6	0.6%	Forty-one Connector, Ltd.	3,883,680	6	0.5%
Bellsouth Telecommunications	5,381,039	7	0.6%	Lever Brothers Company	3,121,128	7	0.4%
Ampacet	5,349,989	8	0.6%	Glad Manufacturing	2,596,184	8	0.4%
Monitor Manufacturing	5,264,206	9	0.6%	GF Acquisitions, Inc.	2,261,356	9	0.3%
Gerdau Ameristeel, US Inc.	5,128,924	10	0.5%	Interface Real Estate Holdings	2,108,124	10	0.3%
Totals	$ 206,793,565		21.7%	Totals	$ 91,820,353		12.6%

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
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%	320,900	16,210,171	99.13%
2012	15,907,496	(62,678)	15,844,818	15,412,054	96.89%	-	15,412,054	97.27%

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
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	0.06%	1,932
2012	12,470,000		1,435,041	20,610,000	6,843,264	558,668	41,916,973	0.05%	2,039

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
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	15,795,000	0.66%	710
2012	12,470,000	0.54%	560

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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes: Bartow County	$ 55,405,000	25%	$ 13,851,250
City of Cartersville Direct Debt	13,126,416	100%	13,126,416
Total Direct and Overlapping Debt	$ 68,531,416		$ 26,977,666

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	$ 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	$ 92,732,183
Total Net Debt Applicable to Limit	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	12,470,000
Legal Debt Margin	$ 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	$ 80,262,183
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.28%	28.93%	27.49%	25.08%	23.19%	20.79%	18.05%	16.14%	15.12%	13.45%

Total Taxable Assessed Value	$ 927,321,827
Debt Limit (10% of Assessed Taxable Value)	92,732,183
Debt Applicable to Limit:	
General Obligation Bonds	12,470,000
Legal Debt Margin	$ 80,262,183

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
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
2012	12,747,273	7,465,216	5,282,057	1,805,000	710,072	2.10

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 *
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%
2012	100,968	23,135	28,334	35.9	4,162	9.40%

(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, 2012

	2012		
Employer	**Number of Employees**	**Rank**	**% of Total**
Shaw Industries	2,652	1	27.96%
Bartow County School System	2,000	2	21.08%
Toyo Tire North America	1,070	3	11.28%
Bartow County	863	4	9.10%
Cartersville Medical Center	660	5	6.96%
Anheuser-Busch	571	6	6.02%
Cartersville School Syste	500	7	5.27%
Georgia Power Company	400	8	4.22%
Wal-Mart	390	9	4.11%
Gerdau Steel	380	10	4.01%
Total	9,486		

Source: Cartersville-Bartow County Chamber of Commerce

Note: Comparable data for 2003 is not available.

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

	Fiscal Year									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
General Government	29	29	31	31	33	32	29	27	27	27
Police	55	61	55	58	58	58	64	66	66	65
Fire	54	55	55	58	59	62	62	62	62	62
Garage	6	6	6	7	7	6	6	5	4	4
Culture and Recreation	25	24	25	25	27	27	27	27	27	27
Planning and Development	6	6	8	9	9	10	10	8	8	8
Public Works	27	28	27	27	20	21	20	18	18	19
Water and Sewer	52	52	52	52	50	51	51	49	50	50
Electric	23	24	24	23	23	28	28	28	28	28
Gas	20	20	22	23	21	27	26	24	24	24
Solid Waste	18	18	18	18	21	19	18	18	18	18
Stormwater	0	0	0	0	7	7	7	6	6	7
Fiber Optic	1	1	1	2	5	6	6	6	6	7
Total	316	324	324	333	340	354	354	344	344	346

Source: City of Cartersville Human Resource Department

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical Arrests	(1)	(1)	(1)	1,199	1,208	1,080	1,827	1,479	2,035	856
Parking Violations	(1)	(1)	(1)	1,364	1,420	931	505	235	176	156
Traffic Violations	(1)	(1)	(1)	4,539	4,857	4,666	4,557	4,679	5,879	4,888
Fire										
Emergency Responses	(1)	(1)	2,422	2,515	2,697	2,938	2,333	3,038	3,165	3,301
Fires Extinguished	(1)	(1)	89	92	183	167	91	142	179	159
Inspection	(1)	(1)	765	925	820	510	2,396	1,054	2,290	2,346
Culture and Recreation										
Admissions/Fees	$ 411,405	$ 417,867	$ 434,134	$ 476,952	$ 668,805	$ 804,997	$ 705,319	$ 730,160	$688,593	$695,729
Library Volumes	60,803	63,088	67,345	68,118	75,220	75,338	79,753	85,890	98,961	107,835
Library Circulation	(1)	(1)	(1)	262,774	309,071	448,165	481,862	529,711	499,739	523,827
Public Works										
Street Resurfacing Miles	(1)	(1)	6.8	2.4	5	3.5	3.4	3.0	3.13	3.62
Planning and Development										
Building Permits - Residential	116	147	221	214	283	166	69	38	47	45
Value of Building Permits - Residential	$ 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	$ 1,503,916
Building Permits - Commercial	61	83	99	108	114	102	47	31	37	48
Value of Building Permits - Commercial	$ 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	$ 18,645,723
Water										
Number of Customers	10,297	10,389	10,658	11,155	11,181	10,431	10,438	10,331	10,121	10,841
Average Daily Demand	12.1	12.0	12.3	13.6	11.9	11.2	11.1	11.0	11.02	10.87
Sewer										
Number of Customers	6,002	6,045	6,045	6,045	6,865	6,607	6,635	6,739	6,456	6,889
Average Daily Demand	9.3	7.8	9.6	9.9	8.0	6.4	6.8	5.7	7.22	5.74
Electric										
Number Customers	7,271	7,355	7,195	7,713	7,743	8,172	8,153	8,055	7,999	7,979
Average Annual Residential Consumption	10,700	11,000	12,000	12,000	12,400	12,420	11,925	12,272	12,987	12,028
Gas										
Number of Customers	9,101	9,204	9,277	10,322	10,637	10,697	10,785	10,807	10,788	10,801
Solid Waste										
Number of Customers	6,100	6,158	6,279	6,413	6,552	6,741	7,129	6,831	6,856	6,751
Fiber Optic										
Number of Customers	(1)	(1)	65	61	59	54	66	80	74	80

(1) Information not available

Source: Various City Departments

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	2	4	4	4	4	4
Vehicles	(1)	(1)	37	41	44	66	66	66	88	74
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Culture and Recreation										
Acreage	627	627	627	627	640	640	640	655	641	644
Baseball/Softball Fields	15	15	15	15	15	15	15	15	15	15
Soccer/Football Fields	5	5	5	6	6	6	6	6	6	6
Public Works										
Miles of Streets	112	112	115	115	121	128	129	129	129	129
Water										
Fire Hydrants	(1)	(1)	1,204	1,204	1,204	1,351	1,360	1359	1366	1383
Miles of Water Mains	152	153	161	164	169	171	181	181	231	283
Sewer										
Miles of Sanitary Sewer	114	115	118	119	121	123	129	129	145	146
Electric										
Street Lights	1,394	1,491	1,531	1,671	1,967	2,150	2,730	2,169	2,176	2,186
Miles of Electric Lines	155	160	160	162	198	202	202	204	204	204
Gas										
Miles of Gas Mains	286	292	296	298	314	314	347	350	351	335
Solid Waste										
Collection Vehicles	(1)	16	16	16	19	19	17	20	20	21
Fiber Optic										
Miles of Cable	(1)	54	54	54	55	60	62	64	64	65

(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

LLOYD WILLIAMSON
CHRISTIAN HATCH

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, 2012, which collectively comprise the City of Cartersville, Georgia's basic financial statements and have issued our report thereon dated February 15, 2013. 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting 12-1. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 12-2 and 12-3.

We noted certain matters that we reported to management of the City of Cartersville, Georgia, in a separate letter dated February 15, 2013.

The City of Cartersville's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the City of Cartersville's responses and, accordingly, we express no opinion on them.

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 and Company

Williamson and Company
Certified Public Accountants
February 15, 2013

Finding 12-1 Recording Expenditures/Expenses in Incorrect Period – Significant Deficiency

Criteria: The City should have adequate controls in place so that expenditures/expenses are recorded in the period they are incurred.

Condition: For the fiscal year 2012, we noticed material transactions recorded that did not pertain to the fiscal year under audit.

Effect: The mispostings caused accounts payable and expenditures/expenses to be materially overstated.

Cause: Weakness in internal controls that allowed transactions for fiscal 2013 to be recorded in fiscal 2012.

Recommendation: We suggest establishing a procedure where all journal entries made after year end are reviewed by management to determine that they are being recorded in the correct period.

Response: In the future, the City's finance director will look at all postings that are deemed to be posted in the fiscal year under audit to ensure that they are to be posted in the fiscal year being audited and not the subsequent fiscal year. Managers of other departments will be asked to give all postings in question to the finance director for review.

Finding 12-2 Timely Financial Reporting – Significant Deficiency

Criteria: Management should have policies and procedures in place to ensure that all financial records for each fiscal year are finalized and closed out within a reasonable amount of time after year end in order to complete the annual financial statement audit within six months of the end of the fiscal year.

Condition: The City did not complete the required actuarial valuation for other post-employment benefits (OPEB) until after the six month deadline for submitting the financial report to the Georgia Department of Audits.

Effect: The delay in completing the OPEB report caused the City to have to file a six month extension with the Georgia Department of Audits.

Cause: Waiting too late in the financial reporting process to submit the information necessary to prepare the actuarial calculation.

Recommendation: The City should communicate regularly with the actuary during the year to confirm that all of the information has been obtained to prepare the report or update the estimate, and to verify timely delivery of the required report.

Response: In the future, the City will begin the process of gathering the information necessary to complete the OPEB report earlier. The City will also contact the actuary earlier to receive a list of the information necessary for the report.

Finding 12-3 Unauthorized SPLOST Expenditures – Significant Deficiency

Criteria: Disbursements from 2007 Special Local Option Sales Tax (SPLOST) funds should be limited to projects listed within the voter referendum that is approved by the County.

Condition: The City used 2007 SPLOST money to fund the construction of a building that was not authorized in the original SPLOST referendum.

Effect: Noncompliance with O.C.G.A. §48-8-121.

Cause: Oversight by management.

Recommendation: We recommend the City request an amendment to the 2007 SPLOST project authorization to include the building in question as one of the approved projects. If this is not an option, the City will need to reimburse the 2007 SPLOST Fund for the total amount spent on the building.

Response: The City has requested its legal counsel discuss with Bartow County an amendment to the 2007 SPLOST intergovernmental agreement which would add the construction of Fire Station #4 as an approved project.

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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

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, 2012. 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, 2012.

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. Accordingly, 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, 2012, and have issued our report thereon dated February 15, 2013. 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 and Company

Williamson and Company
Certified Public Accountants
February 15, 2013

CITY OF CARTERSVILLE, GEORGIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

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	N/A	$ 425
Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000806	288,734
Total United States Department of Energy			289,159
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	N/A	10,000
Community Development Block Grants	14.228	09DR1-X-008-2-5186	317,783
Total United States Department of Housing and Urban Development			327,783
Justice, United States Department of			
Direct			
Bulletproof Vest Partnership Program	16.607	N/A	3,500
Total United States Department of Justice			3,500
Transportation, United States Department of			
Pass-Through from the Georgia Department of Natural Resources			
Recreational Trails Program	20.219	N/A	123,321
Total Expenditures of Federal Awards			$ 743,763

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, 2012

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
Significant deficiencies identified not considered to be material weaknesses?	X Yes	____ None Reported
Noncompliance material to financial statements noted?	X Yes	____ No

Federal Awards

Internal control over major programs:

Material weakness (es) identified?	____ Yes	X No
Significant deficiencies 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
81.128	Energy and Efficiency Conservation Block Program

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

CITY OF CARTERSVILLE, GEORGIA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section II - Financial Statement Findings

See Schedule of Findings and Responses

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, 2012

	Estimated Cost		Expenditures		
	Original	Current	Prior	Current	Total
SPLOST II Project Description (2002)					
Streets and Roads*	$ 8,805,900	$ 8,805,900	$ 8,440,782	$ 1,589,731	$ 10,030,513
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	142,879	307,649	450,528
Miscellaneous					
Fiber Link (GIS Mapping)	500,000	500,000	439,711	8,238	447,949
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	$ 16,349,686	$ 1,905,618	$ 18,255,304

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

* Current year Street and Roads expenditures are shown net of reimbursements totaling $197,525.

** Joint project with Bartow County.

CITY OF CARTERSVILLE, GEORGIA
Schedule of Special Local Option Sales Tax Expenditures
For the Year Ended June 30, 2012

	Estimated Cost		Expenditures		
	Original	Current	Prior	Current	Total
SPLOST III Project Description (2007)					
Streets and Roads	$ 13,838,000	$ 13,838,000	$ 1,126,356	$ 616,557	$ 1,742,913
Water and Sewer Improvements					
Utility Relocate - Water	1,232,000	1,232,000	479,158	24,200	503,358
Raw Water Mains	-	200,000	162,198	-	162,198
New Water Line - Allatoona Dam	2,000,000	1,700,000	969,430	-	969,430
Other Utility Improvements					
Relocte Gas Lines	1,353,250	1,353,250	-	30,986	30,986
Relocate Fiber Lines	150,000	150,000	-	-	-
Relocate Electric Lines	229,320	229,320	-	-	-
Miscellaneous Stormwater Improvements	-	25,000	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	200,000	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	423,443	2,231	425,674
Northside Park - Land	1,500,000	1,500,000	-	-	-
Milam Farm Festival Area	100,000	100,000	-	-	-
Joint Station #1 - Police and Fire	6,639,123	6,639,123	2,214,895	7,494,724	9,709,619
Fire Station #3 - Old Mill	5,808,000	5,808,000	458,160	-	458,160
Fire Station #2 - MLK	-	100,000	62,383	1,068,129	1,130,512
Old Courthouse Renovations	1,500,000	1,500,000	1,413,429	-	1,413,429
Totals	$ 37,314,000	$ 37,314,000	$ 7,434,674	$ 9,236,827	$ 16,671,501

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

** Prior year accumulated costs of the expenditures for Fire Station #2 and Fire Station #3 have been changed by $60,800 to reflect an expenditure made in fiscal 2010 that was allocated to the incorrect project.