

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2012

Prepared By:
The City of Roswell Finance Department

INTRODUCTORY SECTION

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Table of Contents	i-iv
Letter of Transmittal	v-xii
Certificate of Achievement for Excellence in Financial Reporting	xiii
List of Officials	xiv
Organizational Chart	xv
 FINANCIAL SECTION	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	21
Federal Grants – Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	22
Statement of Net Assets – Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to Financial Statements	26-53
Required Supplementary Information:	
Schedule of Funding Progress	54

CITY OF ROSWELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

Page

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet – Nonmajor Governmental Funds.....	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	56
Confiscated Assets – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	57
Emergency 911 Telephone System – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis	58
State Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	59
American Stimulus Recovery Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	60
CDBG Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	61
Soil Erosion – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	62
Hotel/Motel Tax – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	63
Leita Thompson – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	64
2000 Bond – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	65
Impact Fees – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	66
Capital Projects – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	67
Debt Service – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis.....	68
Water and Sewer – Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Budgetary Basis.....	69
Solid Waste – Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Budgetary Basis.....	70
Participant Recreation – Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Budgetary Basis.....	71
Stormwater – Schedule of Revenues, Expenses, and Changes in Fund Net Assets – Budget and Actual – Budgetary Basis.....	72

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Combining and Individual Fund Statements and Schedules:	
Combining Statement of Net Assets – Internal Service Funds	73
Combining Statement of Changes in Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	74
Combining Statement of Cash Flows – Internal Service Funds	75
 STATISTICAL SECTION	
Financial Trends:	
Net Assets by Component	76
Changes in Net Assets	77 and 78
Fund Balances of Governmental Funds	79
Changes in Fund Balances of Governmental Funds	80
General Governmental Tax Revenues by Source	81
 Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	82
Property Tax Rates Direct and Overlapping Governments	83
Principal Property Taxpayers	84
Property Tax Levies and Collections	85
 Debt Capacity:	
Ratios of Outstanding Debt by Type	86
Ratios of Net General Bonded Debt Outstanding	87
Direct and Overlapping Governmental Activities Debt	88
Legal Debt Margin Information	89
 Demographic and Economic Information:	
Demographic and Economic Statistics	90
Principal Employers	91
 Operating Information:	
Full-Time Equivalent City Government Employees by Function	92-94
Operating Indicators by Function	95
Capital Asset Statistics by Function	96

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2012

TABLE OF CONTENTS

	<u>Page</u>
SINGLE AUDIT SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	97 and 98
Independent Auditor's 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.....	99 and 100
Schedule of Expenditures of Federal Awards.....	101
Note to Schedule of Expenditures of Federal Awards	102
Schedule of Findings and Questioned Costs.....	103-107
Schedule of Prior Audit Findings	108

Mayor and City Council



Pictured from left: Councilwoman Dr. Betty Price, Councilwoman Nancy Diamond, Councilman Jerry Orlans, Mayor Jere Wood, Councilman Rich Dippolito, Councilwoman Becky Wynn, and Councilman Kent Igleheart



January 29, 2013

To the Honorable Mayor, City Council and Citizens of City of Roswell:

We are pleased to present the Comprehensive Annual Financial Report of the City of Roswell, Georgia (the "City") for the fiscal year ended June 30, 2012. This report consists of management's representations concerning the finances of the City of Roswell. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. We believe the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

The management of the City of Roswell is responsible for establishing and maintaining an effective internal control structure. In developing and evaluating the City of Roswell's accounting system, consideration is given to the adequacy of its system of internal control. We believe the City of Roswell's internal controls adequately safeguard assets and provide reasonable assurance for proper recording of financial transactions.

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm Mauldin & Jenkins, LLC to complete the audit of the 2012 fiscal year, and the auditor's unqualified opinion has been included in this report.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Roswell for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved: examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors have concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Roswell and its component units' financial statements for the fiscal year ended June 30, 2012 are fairly presented and conform to accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Roswell receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations" and "Government Auditing Standards," issued by the Comptroller General of the United States, has been performed for the fiscal year ended June 30, 2012. The required reports are included in the Single Audit section of this report.

Generally accepted accounting principles require 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 City of Roswell's MD&A can be found immediately following the auditor's report in the financial section of this report.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., City of Roswell Georgia, as legally defined), as well as all of its component units. Component units are legally separate entities for

which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government's operations and are included as part of the primary government. There are no potential blended component units that met these criteria. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Development Authority of the City of Roswell, Historic Roswell Convention & Visitors Bureau, Inc., and Friends of Bulloch, Inc. are reported as discretely presented component units at June 30, 2012.

The City operates under a charter adopted in 1854 and revised on April 19, 2000, which provides for a Mayor-Council form of government with a city administrator. The Mayor and six council members are elected at large and are part-time employees.

The City of Roswell, Georgia was incorporated over 150 years ago in 1854 and is located in northern Fulton County, 20 miles north of the City of Atlanta. Fulton County is the central and most populous county in Georgia. The City of Roswell has a land area of 39.26 square miles and has an unparalleled quality of life for its 91,168 residents.

The City of Roswell provides a full range of services to its citizens. These services include police and fire protection; public works; court system; detention facility; the construction and maintenance of recreational pathways; streets and infrastructure; solid waste collection and recycling; planning and zoning; building inspections; recreation activities and cultural events; water and storm water management; and inherent administrative and support activities. The City also operates a web site, citizen newsletter, and broadcasts a government access channel. Wastewater treatment is provided to the city residents by a regional sewage treatment plant operated under the provisions of Fulton County.

Roswell residents enjoy a family-oriented, safe, and attractive community that respects the natural environment, protects its historic character, and celebrates its culture. Roswell has been named twice by *Atlanta Magazine* as the best place to live in metro Atlanta, beating out 52 other locations in 12 counties. *Money* magazine ranked the City of Roswell as one of the top 20 cities to live in the eastern United States.

As proof of our family friendly atmosphere, Roswell has been ranked 3rd in the Frommer's publication, *Best Places to Raise Your Family; The Top 100 Affordable Communities in the U.S.* for 2006. The City of Roswell enhances its family focus with free annual events open to the public. They include the 4th of July Fireworks Extravaganza, Memorial Day Celebration, Egg Hunt Extravaganza, Tree Lighting at Town Square, the Historic Roswell Criterium Bike Race, a Youth Day Parade and Festival, Arts Festival at Town Square, Magnolia Storytelling Festival, End of Summer Celebration with Fireworks, and Back to the Chattahoochee Canoe and Kayak Race.

Roswell is part of the award-winning Fulton County School system and has plenty of educational opportunities for adults too. Roswell has one of the most educated populations of any city of significant size in the state, with 92.9 percent having a high school education and 52.9 percent with a bachelor's degree or higher in 2011. Additionally, the city has superb access to higher education. In a 2005 study of institutions of higher learning in 50 U.S. metropolitan areas, the Atlanta-Sandy Springs-Marietta MSA, of which Roswell is a part, ranked seventh in total enrollment and in number of college graduates.

Consistently pointed as a well-run city, Roswell is the nation's 76th best place to live according to "MONEY Magazine's Best Places to Live 2010" list. In ranking cities for the top 100, MONEY Magazine used data on income, housing, education, quality of life, crime statistics, leisure and culture, the tax rate, and weather. The list focused on cities with populations between 50,000 and 300,000. No other Georgia city was on the list. According to the Congressional Quarterly's City Crime Rankings for 2010, Roswell's crime ranking is the lowest in the state and 92nd of all cities in the U.S. Rankings are based on index crimes reported in the FBI Uniform Crime Report. The City's Recreation and Parks Department was once again been named "Best in the State" for system of over 80,000 residents by the Georgia Recreation and Parks Association in 2011. The Georgia Planning Association (GPA) honored the City's planning efforts by naming Canton Street as the "2011 Great Places in Georgia – Great Street." Canton Street was described as "the hottest scene OTP" (OTP-outside the perimeter). The GPA award acknowledges that good planning has been crucial to preserving Canton Street and making it the vibrant "Great Street" it is today.

Recreational opportunities for active living abound in Roswell. Many neighbors say that Roswell's award-winning parks and recreational facilities are one of the reasons they moved here. The City's nationally accredited Recreation and Park's Department has received the Georgia Recreation and Parks Association Agency of the Year designation for seven years.

City recreational programs include an exhaustive list of activities such as tennis, gymnastics, disc golf, skateboarding, swimming, soccer, lacrosse, baseball, basketball, and football. Many of these activities are supported by various booster organizations. Several sporting clubs call Roswell home including rowing teams, hiking groups, mountain biking, and road cycling clubs. The city is also one of four municipalities classified as a Georgia's Bicycle Friendly Community, awarded by the League of American Bicyclists. Bike races, disc golf tournaments, tennis tournaments, and road races are held here each year.

For a community the size of Roswell, there are a significant collection of cultural organizations of which the community can be very proud. The historic downtown includes professional galleries, theaters, and music venues. The Georgia Ensemble Theatre and Michael O'Neal Singers all call Roswell home. Our City recreation programs include two visual arts centers that offer classroom studios, darkrooms, ceramic studios, galleries, and sculpture gardens. The City also offers instruction in performing arts including a variety of dramatics and dance classes.

Roswell preserves its rich past and heritage within a vibrant contemporary culture with a 640-acre Historic District. People are encouraged to get out of their cars to stroll along brick-paved, tree-lined sidewalks. Tourists and day visitors, drawn to Roswell's many historic homes and sites, often stay to dine and shop in a number of popular restaurants, trendy art galleries, shops and offices. Sponsored by the Merchants Association, "Alive after Five" entices neighbors and visitors downtown each third Thursday from May through October to shop while they sample refreshments and listen to outdoor music.

Whether you come to Roswell to visit, to live, or to build a business, you will discover a quality of life and strong sense of community that is rare in suburban Georgia. Roswell offers unique opportunities for culture, history, activity, and connection that make it a great place to be.

City Organization

An election for one-half of the Council occurs every two years. While all six Council Members are elected at large, all must reside within the City of Roswell. The Mayor is elected to a term of four years to serve on a part-time basis. It is the duty of the Council members, in general, to set policy and millage rates, approve budgets, pass ordinances, and to hear and act on requests for rezoning and annexation.

The Chief Administrative and Operational Officer of the City is the City Administrator, who is appointed by the City of Roswell Mayor and Council to: implement Council policies; oversee the daily activities of the City; and supervise the City's department heads. An organizational chart, depicting the current structure associated with the management of the City of Roswell is included in this introductory section.

Budgetary Controls

The annual budget currently serves as the foundation for the City of Roswell's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Mayor and Council. Annual Budget and Program for Services are legally adopted for the General Fund, Special Revenue Funds, Debt Service, Capital Projects, and Proprietary Funds. All budgets are not adopted on a basis consistent with generally accepted accounting principles (GAAP). Instead, revenues and expenditures for budgetary purposes are recognized on the encumbrance basis. The City's integrated accounting and budget system is equipped to perform encumbrance accounting.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Local Economy

The City of Roswell was designated as an Opportunity Zone by the Georgia Department of Community Affairs. This designation is a very important tool for the City and its redevelopment goals. The Opportunity Zone Job Tax Credit Program offers the highest and most user-friendly job tax credit in the state! Designation carries dramatic tax advantages for businesses that create jobs in the City's Opportunity Zone.

Twenty-five businesses (and counting) are certified to take advantage of the State's most sought-after job tax credits in Roswell's Opportunity Zone. Within designated Opportunity Zones, local businesses undertaking redevelopment efforts in certain older commercial and industrial areas qualify for a tax credit of \$3,500 per job. New or existing businesses located within the designated Opportunity Zone are eligible for the tax credit, as long as two or more jobs are created within a tax year. Jobs must be full-time permanent jobs with at least 35-hours per week, and the new jobs must offer health insurance upon employment. Businesses are eligible for the tax credit for five (5) years.

The City has also embraced the need to extend opportunities to the local business community by offering free business marketing workshops. These monthly workshops are held on a variety of topics, from using social media as a business tool to revving up a website. These informative sessions help local retailers and service providers with information they need to market their business.

High-tech firms are attracted to the City's superior quality of life, making it easy to recruit and retain a well-educated workforce. The high quality of education available in Roswell, both public and private, provides a skilled labor force. Roswell is part of the award-winning Fulton County School System where educational opportunities for adults are plentiful.

Roswell is fortunate to have a stable list of large employers such as Kimberly Clark, Verint Americas, Prommis Solutions, United Parcel Service, and Verizon Wireless. North Fulton County's business climate is characterized by available, affordable, buildings and developable sites, a well-educated workforce, and a comprehensive array of business services and benefits. Fully-prepared and beautifully landscaped business parks are located here, providing a range of spaces at competitive leasing rates. Office development continues to expand throughout Roswell, but at a slower rate. Also, the availability of affordable land offers opportunities for new construction, with a wide variety of sites available for office, warehouse/distribution, and manufacturing facilities.

The GA 400 corridor remains one of the fastest growing areas in metro-Atlanta. Between Atlanta and Roswell, a section of Route 400 is known as the GA 400 high tech corridor because many businesses in the advanced technology industry are located there. A significant number of people who work at a business within the GA 400 high tech corridor also live within 10 miles of their jobs and are able to enjoy Roswell's suburban lifestyle or commute to Atlanta's downtown business center. Given Roswell's access to GA 400 and proximity to Perimeter Center, Buckhead, Midtown and Downtown Atlanta, the City is well situated to capitalize on future expansion and relocation.

Financial Planning

Prudent decision-making and good business actions have resulted in the City of Roswell's maintaining customer expectation for government services, sustaining a level of three (3) months of operating expenditures in the general fund, rolling back M&O property tax millage rates in 2005, and maintaining this roll-back through 2011. Communication is the key to success as it has proven with the City's finances. The City uses various methods to monitor the City's finances. The Budget Office focuses on maintaining the financial health and integrity of the City through the development of fiscally prudent budgets, forecasting models, and other planning efforts, along with an effort to promote the best management, planning and financial practices throughout the City's departments. The City government has earned a "AAA" bond rating, the highest possible rating, consistently each year since 2000.

Pro forma analyses covering five year periods are reviewed by the City's Management Team, comprised of department heads, and presented to Mayor and Council periodically throughout each fiscal year as new revenues and expenditures occur. This planning allows for adjustments to the City's finances so that service deliveries will continue to be met.

The City's Strategic Planning and Budgeting Office works with the City Administrator, departments, and elected officials each year to develop the City of Roswell's annual budget, keeping communication forthcoming on the City's current financial condition to Mayor and Council, City Administrator, Roswell citizens, and City employees.

The Budget Office's development of the FY 2012 budget took into consideration that constraints were greater than in prior years and necessitated difficult decisions. More input was critical at the beginning of the process to help establish priorities. The process focused on responding to the current economy while maintaining the City's assets. The City added monthly work sessions to keep the Mayor and Council informed and to solicit guidance regarding budget priorities. The City's Management Team participated in all phases of the budget and the preparation of the staff's working budget document. The departments were also asked to identify any services that could be streamlined.

The City's finances are consistently and rigorously reviewed and monitored by the City's Budget Office. This timely evaluation of the finances allow for a quick response in the event that a financial decision must be made.

Major Initiatives

Planning for the future has always been a priority for Roswell's elected officials and staff. The City takes great pride in making sound decisions for the community by exploring opportunities and getting our citizens' input before developing and implementing a final plan of action. These planning steps are essential when thinking of our community's future and establishing the reward needed to ensure that projects develop to full potential and high-quality services are offered to our residents.

The City began planning for the next 20 years in 2010 with Imagine Roswell 2030. Roswell is required by the State of Georgia to draft a Comprehensive Plan and submit it to the Georgia Department of Community Affairs. This plan is the City's road map for the future. It provides the City with long-range policy direction for land use, transportation, economic development, housing, public facilities and intergovernmental agreements along with its natural and cultural resources. It also serves as a guide for elected and public officials by providing framework for evaluating development proposals. Included in the Comprehensive Plan are also strategies on how to fund the City government so that we may continue to provide our residents with the highest quality services.

As always, the City of Roswell included the community in the development of the plan. The City held a series of community input meetings giving residents the chance to roll up their sleeves and dive into planning Roswell's future.

Roswell has grown from a sleepy little town on the outskirts of Atlanta into a vibrant bustling community in the last 25 years. To keep pace with our growth, the City has begun to streamline its business processes into one citywide program. Roswell's business software was antiquated and in many cases could not communicate information across the organization. The new software will allow all department business processes to communicate through a centralized database streamlining our efforts and promoting efficiency. What this means for our residents is enhanced customer service, less chance for error, and more online services provided on the website 24 hours a day, seven days a week. The project will take 18 to 20 months to complete.

The City has completed its first ever Strategic Economic Development Plan (SEDP). The plan will include an economic and demographic profile, competitive assessment, organizational and structural analysis, community input, target cluster analysis, marketing assessment, economic development strategy, workforce development strategy, and implementation plan guidelines. A steering committee guided the planning process, which was staffed by the consultant team RKG Associates. City staff assisted, providing information and support.

Several of the SEDP implementation items have already been put in place or are now in the works. The City has handed over its economic development functions to the Roswell Business Alliance, a public-private membership organization tasked with implementing the plan. Additionally, the Roswell Downtown Development Authority has been reactivated and is busy putting together its work plan and gearing up for its role as an investment catalyst. The City has also approved a local economic development incentive program for companies that hire 50 or more new employees or provide at least \$15,000,000 in new investments.

The stage is being set for great improvements to Roswell's historic gateway on Atlanta Street and the surrounding area. First in these efforts is the Historic Gateway Transportation Improvement Project. The stated goals of this project are to:

- Improve safety for all modes in the corridor
- Promote economic sustainability and business development in the corridor
- Provide a balanced transportation network and mobility for all users
- Replace the structurally deficient Riverside Road bridge over Vickery Creek

The City is combining this effort with the Gateway Master Plan for land uses surrounding the Gateway Transportation Project. Using the preferred alternative resulting from a the Historic Gateway Transportation Project, the master plan will present the community's vision for a connected mixed-use district for all ages that brings together comprehensive and sustainable planning principles and highlights the historic, cultural, and environmental assets in the area.

The Atlanta Regional Commission (ARC) assisted the City of Roswell with their respective quality-growth vision around the Grove Way area. Each year, through the Community Choices program, ARC provides cities and counties with the tools, resources, and staff assistance required to implement their unique plans. ARC facilitated a charrette in September 2009 which helped the local residents and business owners develop a unique and individual vision for the area. The Community Choices program provides a broad range of tools, resources and technical assistance to help local governments design communities that work for them. During 2011, the City worked with the community to develop recommendations for form-based zoning in the Grove Way Community.

Two streetscape projects are close to completion. The Midtown Roswell Streetscape is the priority project in the City's plan to invest in improvements along the corridor to create a more attractive, pedestrian friendly environment to revive the area. The Midtown Roswell Redevelopment Plan (Alpharetta Street Streetscape Project) was approved in 2003. The City of Roswell was awarded a \$2.2 million Livable Centers Initiative (LCI) implementation grant by the Atlanta Regional Commission. Coupled with approximately \$750,000 in City matching funds, close to \$3 million is earmarked for the Alpharetta Highway corridor from Norcross Street to Mansell Circle. Completed in 2012, the Oak Street Streetscape project was funded with City and Community Development Block Grant (CDBG) funds. The project has already enhanced the look of the corridor with decorative sidewalks, burial of most overhead utilities, and the addition of pedestrian lighting. All that remains in this project is landscaping and amenities such as decorative benches and trash receptacles. A 10-foot multi-purpose path accommodates cycling, strollers, and wheelchairs more effectively.

In addition to the implementation of several major initiatives, the City also began and completed a number of endeavors designed to meet the needs for services, improve the overall quality of life, and adhere to the Mayor and Council's vision and mission for the City. Fabrication and installation of wayfinding signage in the historic district is complete. This system is designed to enhance tourism and business development within historic downtown Roswell. Using CDBG funds, the city purchased and demolished a blighted and boarded up apartment building to make way for improved street connectivity in the neighborhood. Also with CDBG and other funding, the City expanded the Adult Recreation Center to add much needed fitness space. City staff continues working on the ADA transition plan to foster compliance of ADA standards for all public buildings.

Financial Policies

The Roswell City Council has adopted a set of financial policies to govern the financial management of the various City funds. The City maintains seven fund types: General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service and Permanent Funds. The description of these fund types can be found in the Notes to the Financial Statements.

The practice of these policies has enabled the City to maintain an AAA uninsured bond rating with Moody's and Standard and Poor's. These policies cover 1) Budget Amendments for Expenditures; 2) Budget Amendments for Revenues; 3) Budget Transfers for Expenditures; 4) Budget Transfers for Revenues; and 5) Investment Policy. The City of Roswell also has established a variety of procedures for 1) Deposits; 2) Deferred Revenue; 3) Disposal of Assets; 4) Purchasing; 5) Petty Cash; 6) Acceptance of Checks; 7) Change Drawer Fund; 8) Purchasing Card; 9) Returned Checks; 11) Grants Manual; 12) Unclaimed Property; 13) Accrued Payables; 14) Travel; 15) Prepaids; (16) Fund Equity; and (17) Signing Authority.

The City has developed financial policies to ensure that the City's financial resources are managed in a prudent manner. The City maintains the goal of a structurally balanced budget to achieve long-term financial stability for the community. Current revenue will be sufficient to support current operating expenditures plus recurring capital expenditures. Unassigned fund balances of three months operating expenditures will be maintained in the General Fund. Additional fund balance can be used for nonrecurring capital expenses. However, if projected revenue in future years is not sufficient to support projected requirements, an unassigned ending balance may be budgeted to achieve structural balance. This fiscal year's budget is also reviewed in respect to how the decisions made this year will affect the City's revenues and expenditures in the following years.

The City Administrator and the Office of Strategic Planning and Budgeting work throughout the year to monitor the City's financial activity. Each month a report is submitted to the Administration and Finance committee as an update on the financial situation of the City. The Office of Strategic Planning and Budgeting also review and approve all check requests and requisitions for accuracy. Departments are not allowed to exceed expenditures at the department level.

Investments are made in accordance with applicable state laws and the City's investment policy. The focus of the investment policy is to minimize credit and market risks while maintaining a competitive yield on the portfolio. Accordingly, demand deposit bank accounts must be collateralized by a pledge of State of Georgia or United States Treasury or Agency obligations equal in market value to 110% of the uninsured amount of the deposit. All collateral on deposits are to be held by the City, its agent, or a financial institution's trust department in the City's name.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roswell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Roswell has received a Certificate of Achievement for the last twenty-three consecutive years, since June 30, 1989. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The City of Roswell Department of Finance, Purchasing Division was recognized in 2012 by the National Purchasing Institute and received their 8th Annual Achievement of Excellence in Procurement Award.


In 1995, the National Purchasing Institute established a program designed to recognize the achievement of organizational excellence in public procurement. The award is achieved by those organizations that demonstrate excellence in procurement by obtaining a high score on a rating of standardized criteria. The criteria are designed to measure innovation, professionalism, productivity, and leadership attributes of the procurement organization.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Roswell, Georgia for its annual budget for fiscal year 2012. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. This award is valid for a period of one year only. This award has been received by the City for past nine (9) fiscal years.

Acknowledgments:

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department. I want to especially thank Wendy Johnson, Accounting Manager, and the accounting staff, Georgette McCray, Jackie Wolo and Kasey Wiggins for their dedication in preparing the financial records to be reviewed by the auditors. They have my sincere appreciation for the contributions made in the preparation of this report. Without their able assistance, the job would have been much more difficult. Appreciation is also expressed to the Mayor and Council for their cooperation and all City department heads for their positive attitudes toward budgetary responsibility. Finally, I would like to thank Kay Love, City Administrator, for her leadership and support in steering the financial affairs of the City of Roswell in a responsible manner.

Sincerely,



Keith Lee

Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Roswell
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. Mouill

President

Jeffrey R. Enos

Executive Director

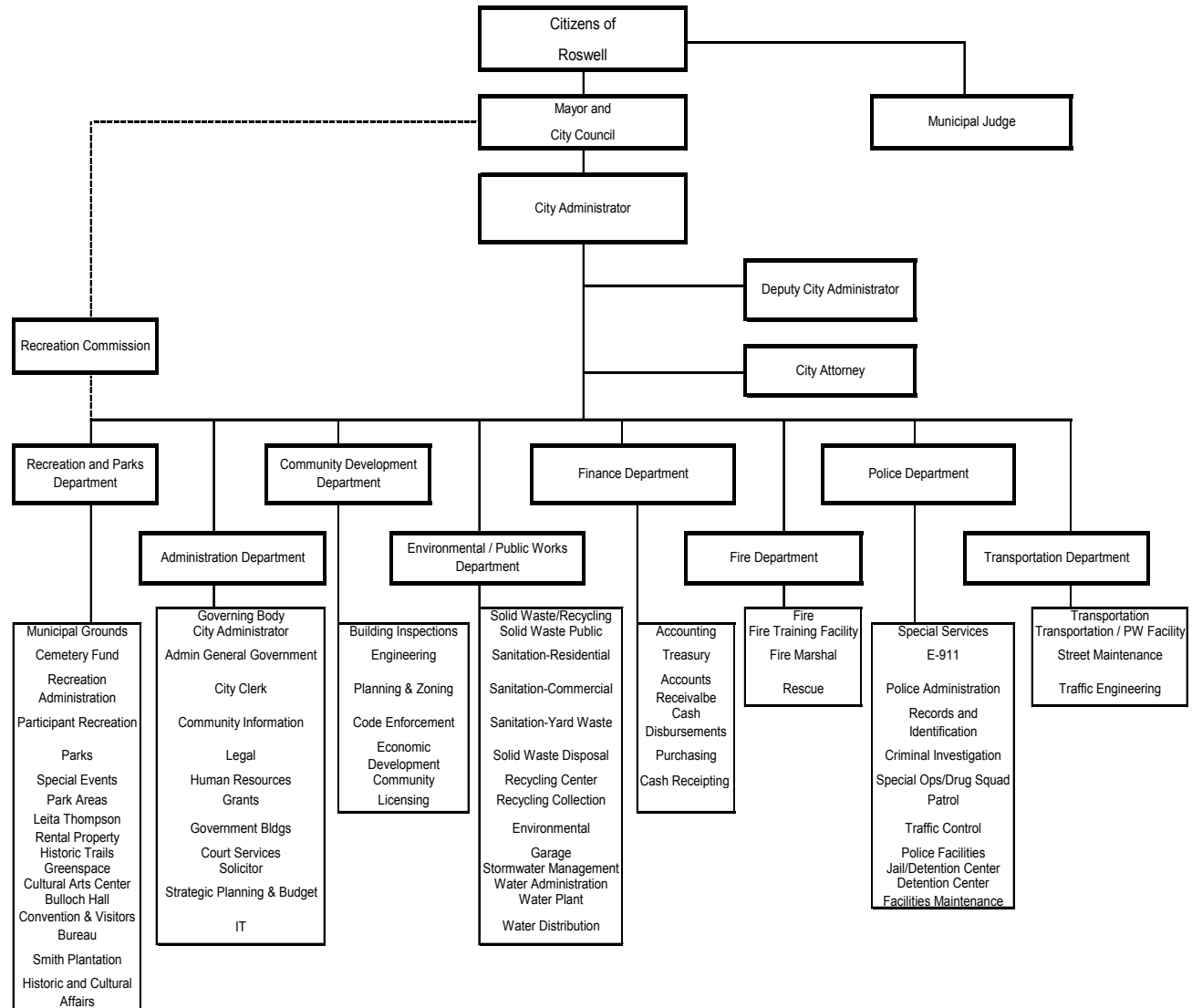
CITY OF ROSWELL, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2012

Kay Love	City Administrator
Michael Fisher	Deputy City Administrator
Alice Wakefield	Community Development Director
Keith Lee	Finance Director
Ricky Spencer	Fire Chief
Dan Roach	Human Resources Director
Dwayne Orrick	Police Chief
Stuart Moring	Public Works/Environmental Director
Joe Glover	Recreation and Parks Director
Steve Acenbrak	Transportation Director

Organizational chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the City Council
City of Roswell, 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 Roswell, Georgia** (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, 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 Roswell, Georgia, as of June 30, 2012, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the General Fund and Federal Grants Fund 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 January 29, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress (on pages 4 through 15, and page 54, respectively) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund statements and schedules and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 combining and individual fund statements and schedules and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

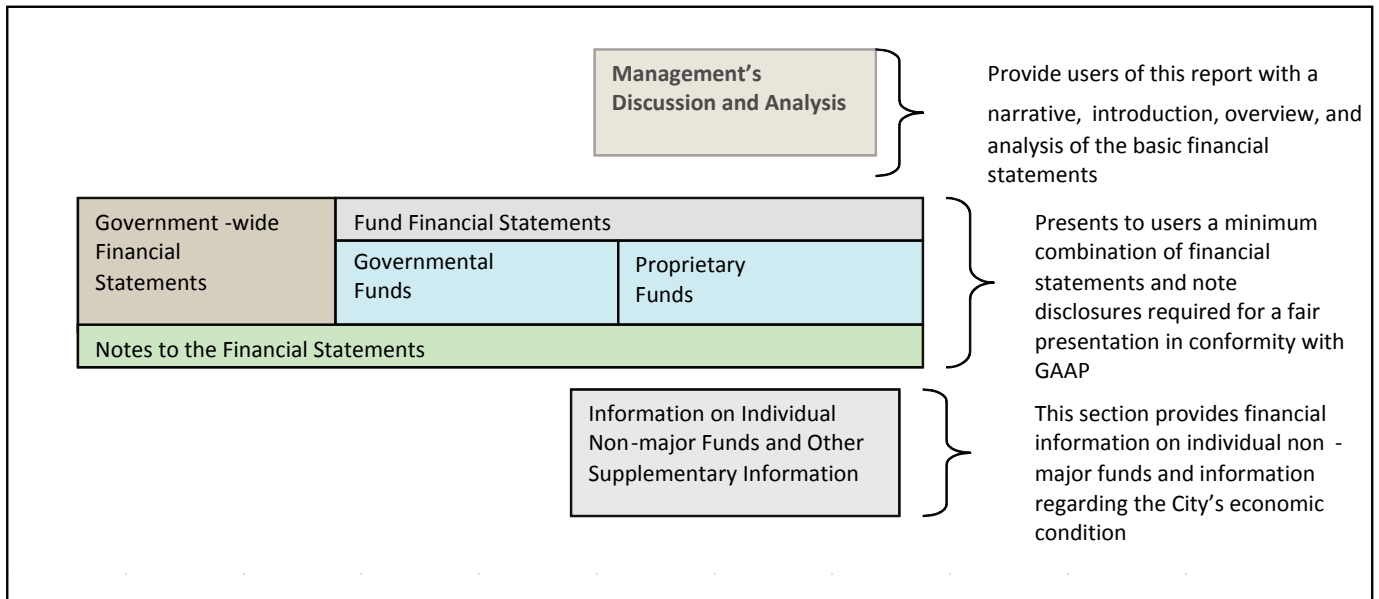
Atlanta, Georgia
January 29, 2013

Management's Discussion and Analysis

As management of Roswell, Georgia, we offer readers of Roswell's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. This discussion is intended to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the City's financial activities; 3) identify changes in the City's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Overview of the Financial Statements

This Comprehensive Annual Financial Report (CAFR) has been prepared in accordance with Generally Accepted Accounting Principles (GAAP and under the guiding principle of the Governmental Accounting Standards Board (GASB)). To help facilitate the understanding of the organization of this report we are providing the following illustration:



Management's Discussion and Analysis document is intended to serve as an introduction to the City of Roswell's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements

The City's basic financial statements include two government-wide financial statements. These statements provide both long-term and short-term information about the City's overall financial status. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business reporting. All governmental and business-type activities are combined to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net assets and the statement of activities, which are described below.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the City's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City as a whole is improving or deteriorating. Evaluation of the overall health of the City would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of City infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities*, reports how the City's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

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

- **Governmental activities** - Most of the City's basic services are reported here, including the police, fire, community development, transportation, information services, environmental and general administration. Property taxes, sales taxes and franchise fees finance the majority of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water system, environmental waste systems and participant recreation activities are reported here.
- **Component units** – The City includes three additional separate legal entities in its report – the Historic Roswell Convention & Visitors Bureau, Inc., Development Authority of the City of Roswell, Georgia and The Friends of Bulloch, Inc. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements are presented on pages 16 & 17 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. Within the basic financial statements, fund financial statements focus on the City's most significant funds rather than the City as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The City has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements.

The City maintains five major and eleven non-major governmental funds. The City's major governmental funds are: General, Impact Fees, Debt Service, Federal Grant, and Capital Projects. The City's non-major governmental funds are: 2000 Bond, Emergency 911, Hotel/Motel Tax, Confiscated Assets, Soil Erosion, State Grants, Leita Thompson, County/Local Grants, American Stimulus and Recovery Grant, CDBG Grants and Scholarship.

The basic governmental fund financial statements are presented on pages 18-22 of this report.

- *Proprietary funds* – The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business-type activities that are reported in the government-wide statements but provide more detail and additional information such as cash flows. These are reported in the fund financial statements and generally report services for which the City charges customers a fee.

The City maintains four enterprise funds: Water and Sewer, Solid Waste, Storm Water and Participant Recreation.

Also included within the proprietary fund are the internal service funds. These funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis.

The City has three of the fund types: Workman's Compensation, Risk Management and Group Health.

The proprietary fund financial statements are presented on pages 23-25 of this report.

Notes to the Basic Financial Statements

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

Budgetary Presentations

Budgetary comparison statements are included as "basic financial statements" for the general fund and the federal grants fund. Budgetary comparison schedules for all other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the City's adopted and final revised budget.

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information beginning on page 55.

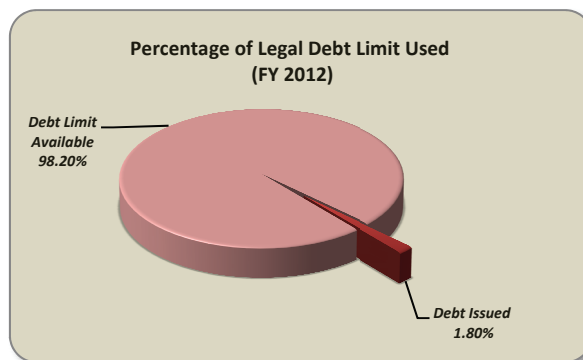
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City's assets exceeded its liabilities at June 30, 2012 by \$249,275,713 (net assets) for the fiscal year reported. Of this amount, \$64,352,675 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$171,836,106 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$13,086,932 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) At the end of the current fiscal year, unrestricted net assets decreased from \$66,134,000 in fiscal year 2011 to \$64,352,675.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total long-term bonds decreased by \$12,250,000 during the current fiscal year. The decrease was caused by the defeasance of bonds in FY 2012.



Financial Analysis of the City as a Whole

The financial highlights are explained in more detail in the "financial analysis" section of this document. The City's net assets at fiscal year-end 2012 increased 2.79% from \$242,508,955 at June 30, 2011 to \$249,275,713 at June 30, 2012 (See Table 1).

City of Roswell's Summary of Net Assets (Table 1)

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:								
Current and other assets	\$ 69,583	\$ 80,489	\$ 19,843	\$ 18,659	\$ 89,426	\$ 99,148	32.79%	35.66%
Capital assets	166,467	162,876	16,790	16,021	183,257	178,897	67.21%	64.34%
Total assets	<u>236,050</u>	<u>243,365</u>	<u>36,633</u>	<u>34,680</u>	<u>272,683</u>	<u>278,045</u>	<u>100.00%</u>	<u>100.00%</u>
Liabilities:								
Current liabilities	13,524	13,018	3,231	3,246	16,755	16,264	71.58%	45.77%
Long-term liabilities	5,046	17,733	1,607	1,539	6,653	19,272	28.42%	54.23%
Total liabilities	<u>18,570</u>	<u>30,751</u>	<u>4,838</u>	<u>4,785</u>	<u>23,408</u>	<u>35,536</u>	<u>100.00%</u>	<u>100.00%</u>
Net assets:								
Invested in capital assets, net of debt	156,690	140,779	15,146	14,581	171,836	155,360	68.93%	64.06%
Restricted	11,443	21,015	1,644	-	13,087	21,015	5.25%	8.67%
Unrestricted	49,347	50,820	15,005	15,314	64,352	66,134	25.82%	27.27%
Total net assets	<u>\$ 217,480</u>	<u>\$ 212,614</u>	<u>\$ 31,795</u>	<u>\$ 29,895</u>	<u>\$ 249,275</u>	<u>\$ 242,509</u>	<u>100.00%</u>	<u>100.00%</u>

The largest portion of the City's net assets (68.93%) at June 30, 2012, reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities.

An additional portion of the City's net assets (5.25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$64,352,000 or 25.82%) may be used to meet the government's ongoing obligations to citizens and creditors.

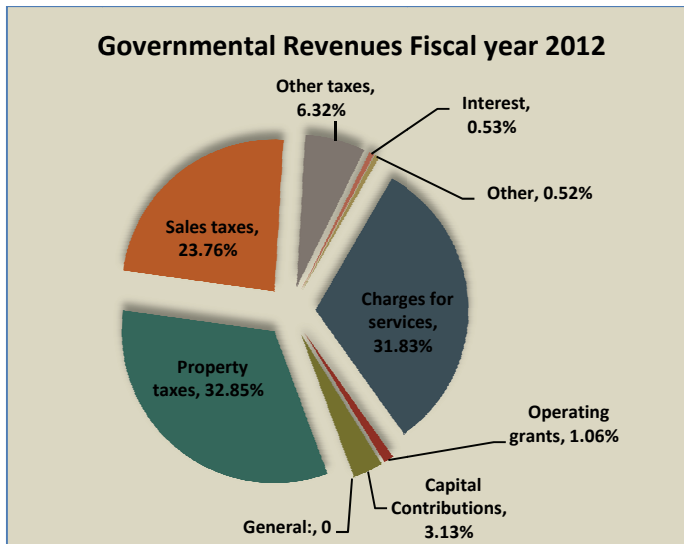
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF ROSWELL'S CHANGES IN NET ASSETS

Summary of Changes in Net Assets (Table 2)

(in thousands of dollars)

	Governmental Activities		Business Activities		Total		Percentage of Total	
	2012	2011	2012	2011	2012	2011	2012	2011
<i>Revenues:</i>								
<i>Program:</i>								
Charges for services	\$ 9,542	\$ 8,999	\$ 19,748	\$ 17,470	\$ 29,290	\$ 26,469	31.83%	27.59%
Operating grants	983	1,406	-	-	983	1,406	1.06%	1.47%
Capital Contributions	2,883	9,443	-	-	2,883	9,443	3.13%	9.84%
<i>General:</i>								
Property taxes	30,227	31,344	-	-	30,227	31,344	32.85%	32.67%
Sales taxes	21,863	20,406	-	-	21,863	20,406	23.76%	21.27%
Other taxes	5,816	6,066	-	-	5,816	6,066	6.32%	6.34%
Interest	411	559	70	135	481	694	0.53%	0.72%
Other	326	100	144	-	470	100	0.52%	0.09%
Total revenues	72,051	78,323	19,962	17,605	92,013	95,928	100.00%	100.00%
<i>Program Expenses:</i>								
General government	8,237	8,049	-	-	8,237	8,049	9.66%	9.88%
Judicial	1,374	1,442	-	-	1,374	1,442	1.61%	1.77%
Financial services	2,216	1,528	-	-	2,216	1,528	2.60%	1.87%
Planning and zoning	2,541	3,978	-	-	2,541	3,978	2.98%	4.88%
Public safety	26,037	24,346	-	-	26,037	24,346	30.54%	29.87%
Public works	13,437	12,670	-	-	13,437	12,670	15.76%	15.55%
Culture and recreation	12,102	11,445	-	-	12,102	11,445	14.20%	14.04%
Interest	823	1,193	-	-	823	1,193	0.97%	1.46%
Water and sewer	-	-	3,330	2,936	3,330	2,936	3.91%	3.60%
Solid waste	-	-	8,888	8,951	8,888	8,951	10.43%	10.98%
Stormwater	-	-	1,418	-	1,418	-	1.66%	0.00%
Participant Rec	-	-	4,844	4,964	4,844	4,964	5.68%	6.09%
Total expenses	66,767	64,651	18,480	16,851	85,247	81,502	100%	100%
Excess (deficiency)	5,284	13,672	1,482	754	6,766	14,426		
Transfers	(418)	(1,748)	418	1,748	-	-		
Change in net assets	4,866	11,924	1,900	2,502	6,766	14,426		
Beginning net assets	212,614	200,690	29,895	27,393	242,509	228,083		
Ending net assets	\$ 217,480	\$ 212,614	\$ 31,795	\$ 29,895	\$ 249,275	\$ 242,509		



GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 32.85% and sales taxes provided 23.76% of the City's total governmental revenues. Also, note that program revenues cover 36.02% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 63.89% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL ACTIVITIES EXPENSES

Table 3 presents the cost of each of the City's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

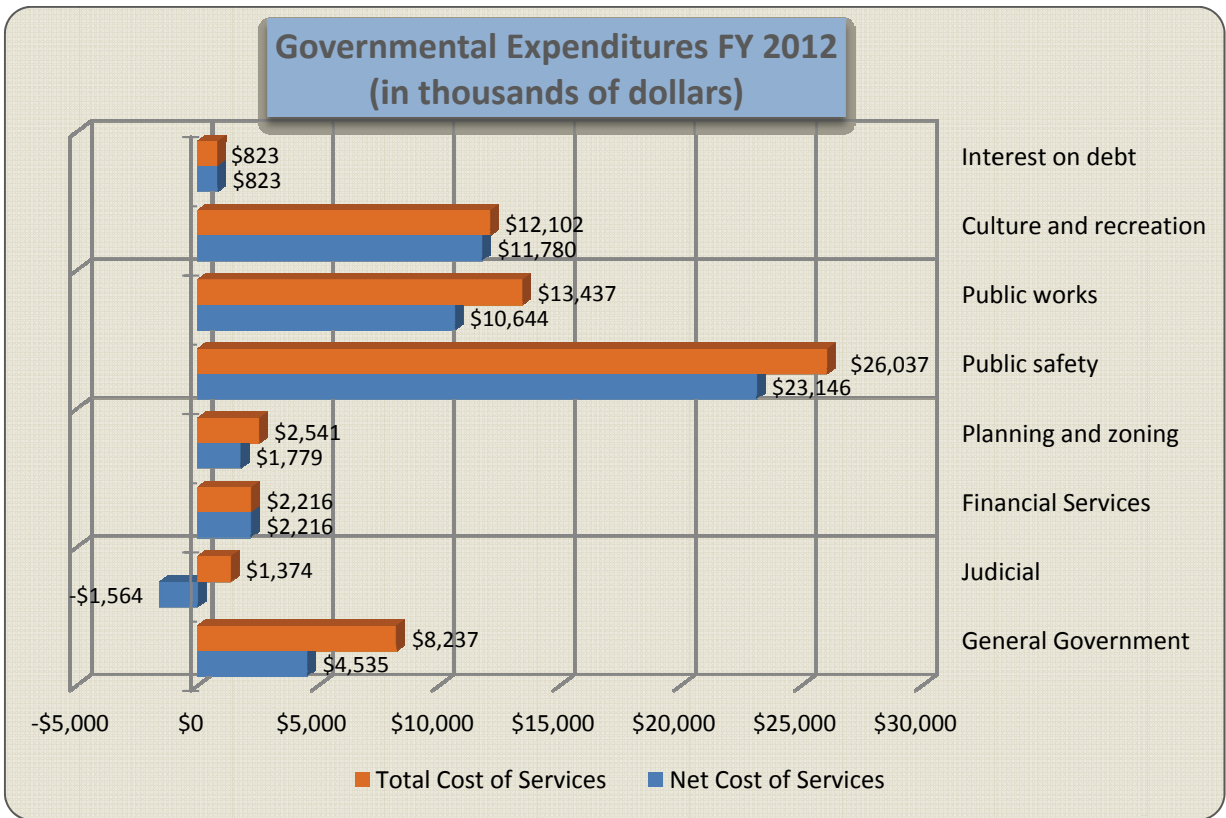
The most significant governmental expense for the City is providing Public Safety services such as Fire and Police protection. This comprises 39.00% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being fines and forfeitures. The second largest City cost for government is public works, totaling over \$13,437 million or 20.13% of governmental expenses.

- The cost of all governmental activities this fiscal year was \$66,767,000 compared to \$64,651,000 in FY 2011.
- The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes, sales tax and business taxes (\$57,906,000).
- Some of the costs were paid by those who benefited directly from the programs (\$9,542,000) and subsidies from other governments and organizations through grants and/or contributions (\$3,866,000).

CITY OF ROSWELL GOVERNMENTAL ACTIVITIES (TABLE 3)

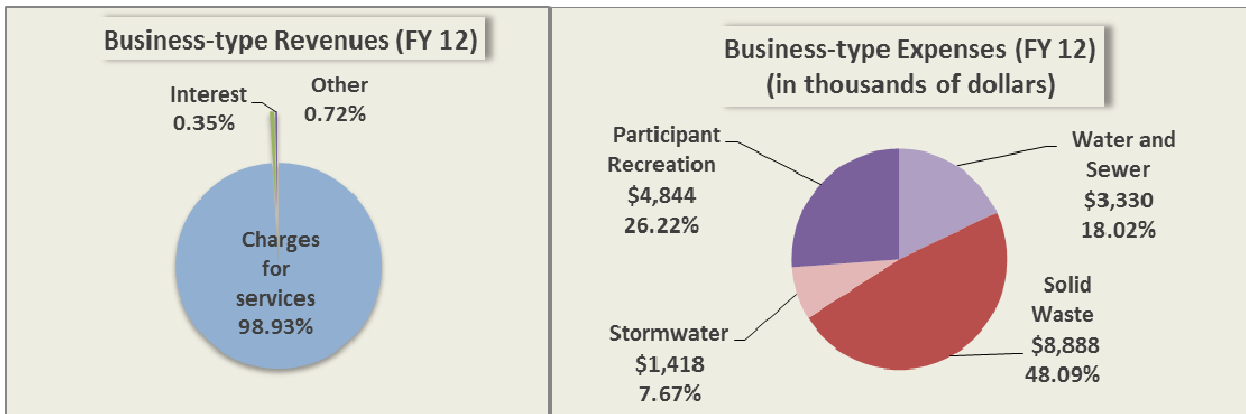
(IN THOUSANDS OF DOLLARS)

	Total Cost of Services		Percentage of Total		Net Cost of Services		Percentage of Total	
	2012	2011	2012	2011	2012	2011	2012	2011
General government	\$ 8,237	\$ 8,049	12.34%	12.45%	\$ 4,535	\$ 3,948	8.50%	8.81%
Judicial	1,374	1,442	2.06%	2.23%	(1,564)	(1,527)	-2.93%	-3.41%
Financial services	2,216	1,528	3.32%	2.36%	2,216	1,528	4.15%	3.41%
Planning and zoning	2,541	3,978	3.81%	6.15%	1,779	2,602	3.33%	5.81%
Public safety	26,037	24,346	39.00%	37.66%	23,146	21,812	43.38%	48.68%
Public works	13,437	12,670	20.13%	19.60%	10,644	4,172	19.95%	9.31%
Culture and recreation	12,102	11,445	18.13%	17.70%	11,780	11,075	22.08%	24.72%
Interest	823	1,193	1.23%	1.85%	823	1,193	1.54%	2.66%
Total	\$ 66,767	\$ 64,651	100.00%	100.00%	\$ 53,359	\$ 44,803	100.00%	100.00%



BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this fiscal year was \$18,480,000 as shown in Table 2 (Summary of Changes in Net Assets), the amounts paid by the users of the systems were \$19,748,000 and additionally the business-type activities earned \$70,000 from idle cash. Within the total business-type activities of the City, these activities reported an increase in net assets of \$1,900,000.



Financial Analysis of the City's Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements.

Governmental Funds

Governmental funds reported ending fund balances of \$53,955,314. Of this year-end total, \$7,182,955 is unassigned indicating availability for continuing City service requirements. The City has adopted a 25 percent stabilization policy to retain in reserve an equivalent of 25% of the next years budgeting general fund expenditures less the budgeted general fund capital expenditures. Therefore, \$13,486,289 is committed in accordance with the fund balance reserve policy.

Major Governmental Funds

The General Fund is the City's primary operating funds and the largest source of day-to-day service delivery. At the end of the current fiscal year, fund balance of the general fund was \$26,463,407. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 17.23% of total general fund expenditures.

Total General Fund revenues were \$58,373,512, or a 1.55% increase from fiscal year 2012. Sales tax revenues increased in fiscal year 2012 by \$1,457,000. An increase in consumer sales prompted the increase in the City's sales tax revenues. Revenue budget projections did not require adjustments during the fiscal year.

The Federal Grant Fund's ending fund balance reflects a deficit of \$1,405,124 at the end of fiscal year 2012. This deficit is due to reimbursements in transit.

The Impact Fees Fund's ending fund balance reflects a decrease of \$309,000 from prior year while the Debt Service Fund's ending fund balance reflects decrease of \$7,166,187. The major reason for a decrease in the Impact Fee Fund's ending fund balance is utilization of fund balance for eligible capital projects. The major decrease in the Debt Service Fund is due to the defeasance of outstanding general obligation debt.

The Capital Projects Fund reflects an ending fund balance increase of \$1,434,280 or 13.58% of expenditures. The increase in fund balance is due to project monies that were appropriated for specific projects not being spent within the fiscal year due to a variety of reasons such as inclement weather, right-of-way purchases taking longer than expected, etc.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues were 0.38% over those in fiscal year 2011 and operating expenses were 6.07% more than the prior year.

The Water and Sewer Fund's operating revenues are .80 % over those in fiscal year 2011 and operating expenses were 13.17% greater than prior year. The increase in expenses is \$386,000 and is related to design of new water plant.

The Solid Waste Fund's operating revenues are 11.88% less than those in fiscal year 2011 and operating expenses were 0.045% lower than the prior year. The decrease in revenues is due to the reduction of solid waste fee structure at the beginning of fiscal year 2012.

The Participant Recreation Fund's operating revenues were 6.40% higher when compared to the same time in fiscal year 2011. Operating expenses were 2.07% less than prior year. The increase in the revenues was due to development of new programs at East Roswell Park.

The Storm Water Fund is a newly created fund in fiscal year 2012. This particular fund tracks revenues and expenses associated with managing storm water in the City. This fund ending fiscal year 2012 with net assets of \$1,235,254.

Budgetary Highlights

The General Fund – The General Fund's final approved revenue budget for FY 2012 was \$56,937,589. The original approved revenue budget was \$56,937,589. The City collected \$1,435,923 above the approved revenue budget. The increase in collection compared to budget projection can be attributed to sales tax collection.

The General Funds' final approved expenditure budget for FY 2012 was \$54,739,473. The original approved expenditure budget was \$52,962,162. The City expended 95.82% of the Amended Budget amount. The General Fund actual expenditures were \$2,291,997 less than budgeted. The difference in actual expenditures vs. budgeted is mainly a result of vacant positions and reduction in benefits.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation and related debt, for governmental and business-type activities as of June 30, 2012, was \$156,690,000 and \$15,146,000 respectively. The major changes to capital for FY12 were:

- Capital additions associated with governmental activities infrastructure (road improvements, sidewalks, etc.) were \$3,839,000. Primary capital related expenditures in this category went for road improvements.
- Capital additions associated with the purchase of vehicles were \$609,000 in governmental activities.
- Construction in progress added \$6,058,000 in additions. Some of the major projects in CIP were:
 - Marta transportation improvements
 - Oak Street Streetscape
 - Stormwater Utility
 - Sidewalks and trails
 - Parks and recreation additions
 - Financial software
- Machinery & Equipment added \$540,000 in additions.

For more information on the changes in capital assets, see Note 6.

City of Roswell's Capital Assets (Table4)
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$ 41,696	\$ 41,673	\$ -	\$ -	\$ 41,696	\$ 41,673
Construction in Progress	13,237	11,233	2,547	3,722	15,784	14,955
Total non-depreciable assets	54,933	52,906	2,547	3,722	57,480	56,628
Depreciable assets:						
Land improvements	24,482	22,844	-	-	24,482	22,844
Buildings and plant	71,403	70,595	2,540	2,252	73,943	72,847
Machinery and equipment	11,868	11,326	2,067	2,037	13,935	13,363
Vehicles	14,351	13,742	4,073	4,171	18,424	17,913
Infrastructure	115,299	111,460	12,386	10,238	127,685	121,698
Total depreciable assets	237,403	229,967	21,066	18,698	258,469	248,665
Less accumulated depreciation:	125,868	119,997	6,822	6,399	132,690	126,396
Net book value-depreciated assets	111,535	109,970	14,244	12,299	125,779	122,269
Percentage depreciated	53.02%	52.18%	32.38%	34.22%	51.34%	50.83%
Total Capital Assets	\$ 166,468	\$ 162,876	\$ 16,791	\$ 16,021	\$ 183,259	\$ 178,897

At June 30, 2012, the depreciable capital assets for governmental activities were 53.02% depreciated. Note that the business-type activities are 32.38% depreciated.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$9,930,000, all of which is backed by the full faith and credit of the City (general obligation bonds).

City of Roswell Outstanding Borrowings as of June 30, 2012 and 2011
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 9,930	\$ 22,180	\$ -	\$ -	\$ 9,930	\$ 22,180
Plus Premium	207	412	-	-	207	412
Less: Deferred Charges	(360)	(495)	-	-	(360)	(495)
Claims payable	589	652	-	-	589	652
Compensated absences	1,831	1,845	279	227	2,110	2,072
Notes Payable	-	-	1,644	1,440	1,644	1,440
Total	\$ 12,197	\$ 24,594	\$ 1,923	\$ 1,667	\$ 14,120	\$ 26,261

For more information on long-term obligations, see Note 8 to the financial statements.

Economic Conditions Affecting the City

The City's elected and appointed officials considered many factors when adopting the fiscal year 2013 budget, tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City has supported the creation of "The Roswell Business Alliance". This endeavor is an expansion of the Historic Roswell's Convention and Visitors Bureau program of work to promote economic development for the area and promote public interest in the general improvement of business concerns and public perception in the area. The Bureau, through its Business Alliance Program, is to investigate, develop and make recommendations for improvement to economic development in the area.

The City continues to have a steady flow of newcomers and industry. The average household size is 2.61 persons with a majority of households having a mean average income of \$77,173. Based on per capita income, Roswell's populace is the most affluent of any city of significant size in the state. Roswell has the most educated populace of any city of significant size in the state, with 92.60% having a high school education, 53.4% with a bachelor's degree or higher.

Since a primary revenue stream for the City is property taxes, the City's property tax revenues are subject to changes based on reassessments and development.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances, comply with finance-related laws and regulations, and demonstrate the City's commitment to public accountability. If you have, questions about this report or would like to request additional information, contact the City at 770-641-3727 or visit the City's website at www.roswellgov.com.

CITY OF ROSWELL, GEORGIA

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 18,734,886	\$ 7,699,756	\$ 26,434,642
Investments	42,839,765	10,322,831	53,162,596
Receivables (net of allowance for uncollectibles)	1,587,273	3,259,892	4,847,165
Taxes receivable	2,548,143	-	2,548,143
Intergovernmental receivables	1,891,602	-	1,891,602
Internal balances	1,496,531	(1,496,531)	-
Inventories	55,034	-	55,034
Prepaid items	386,491	56,837	443,328
Deferred charges, unamortized balance	42,964	-	42,964
Capital assets, nondepreciable	54,932,521	2,546,783	57,479,304
Capital assets, depreciable, net of accumulated depreciation	111,534,638	14,243,419	125,778,057
Total assets	236,049,848	36,632,987	272,682,835
LIABILITIES			
Accounts payable	3,953,173	1,727,525	5,680,698
Accrued liabilities	2,057,993	85,606	2,143,599
Retainage payable	295,029	-	295,029
Customer deposits payable	-	629,716	629,716
Unearned revenue	66,675	471,635	538,310
Noncurrent liabilities due within one year			
Compensated absences payable	1,225,667	170,192	1,395,859
Note payable	-	145,369	145,369
Bonds payable	5,925,000	-	5,925,000
Noncurrent liabilities due in more than one year			
Compensated absences payable	605,620	108,470	714,090
Note payable	-	1,498,998	1,498,998
Claims payable	588,566	-	588,566
Bonds payable	3,851,888	-	3,851,888
Total liabilities	18,569,611	4,837,511	23,407,122
NET ASSETS			
Invested in capital assets, net of related debt	156,690,271	15,145,835	171,836,106
Restricted for:			
Debt service	1,472,231	1,644,367	3,116,598
Environmental	38,204	-	38,204
Culture and recreation	2,556,533	-	2,556,533
Transportation	1,660,851	-	1,660,851
Public safety	4,051,182	-	4,051,182
Capital projects	1,540,966	-	1,540,966
Cemetery maintenance	87,503	-	87,503
Scholarship - nonexpendable	25,000	-	25,000
Scholarship - expendable	10,095	-	10,095
Unrestricted	49,347,401	15,005,274	64,352,675
Total net assets	\$ 217,480,237	\$ 31,795,476	\$ 249,275,713

The accompanying notes are an integral part of these financial statements.

Component Units		
Friends of Bulloch, Inc.	Historic Roswell Convention & Visitors Bureau, Inc.	Development Authority
\$ 53,526	\$ 255,576	\$ 18,793
10,189	-	-
-	9,000	-
-	-	-
-	-	-
13,323	-	-
7,365	-	-
-	-	-
-	-	-
-	31,404	-
84,403	295,980	18,793
6,286	4,320	-
1,431	6,858	-
-	-	-
44,153	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
51,870	11,178	-
-	31,404	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
32,533	253,398	18,793
\$ 32,533	\$ 284,802	\$ 18,793

CITY OF ROSWELL, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,236,617	\$ 3,119,940	\$ 582,083	\$ -
Judicial	1,374,204	2,938,290	-	-
Financial services	2,216,138	-	-	-
Public safety	26,036,827	2,530,256	273,740	86,745
Public works	13,437,515	264,376	-	2,529,485
Planning and zoning	2,540,695	609,157	104,660	47,765
Culture and recreation	12,101,876	80,474	22,790	218,524
Interest on long-term debt	823,163	-	-	-
Total governmental activities	66,767,035	9,542,493	983,273	2,882,519
Business-type activities:				
Water and sewer	3,329,906	3,567,302	-	-
Solid waste	8,887,662	8,654,480	-	-
Participant recreation	4,843,760	4,625,882	-	-
Stormwater	1,418,152	2,900,374	-	-
Total business-type activities	18,479,479	19,748,038	-	-
Total primary government	\$ 85,246,514	\$ 29,290,531	\$ 983,273	\$ 2,882,519
Component units:				
Friends of Bulloch, Inc.	\$ 211,141	\$ 179,037	\$ 7,666	\$ -
Historic Roswell Convention & Visitors Bureau	594,171	107,517	187,200	2,275
Development Authority	-	-	-	-
Total component units	\$ 805,312	\$ 286,554	\$ 194,866	\$ 2,275
General revenues:				
Property taxes				
Sales and use taxes				
Hotel/motel taxes				
Business taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year (restated)				
Net assets, end of year				

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Friends of Bulloch, Inc.	Historic Roswell Convention & Visitors Bureau, Inc.	Development Authority
\$ (4,534,594)	\$ -	\$ (4,534,594)	\$ -	\$ -	\$ -
1,564,086	-	1,564,086	-	-	-
(2,216,138)	-	(2,216,138)	-	-	-
(23,146,086)	-	(23,146,086)	-	-	-
(10,643,654)	-	(10,643,654)	-	-	-
(1,779,113)	-	(1,779,113)	-	-	-
(11,780,088)	-	(11,780,088)	-	-	-
(823,163)	-	(823,163)	-	-	-
<u>(53,358,750)</u>	<u>-</u>	<u>(53,358,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	237,396	237,396	-	-	-
-	(233,182)	(233,182)	-	-	-
-	(217,878)	(217,878)	-	-	-
-	1,482,222	1,482,222	-	-	-
-	1,268,559	(213,664)	-	-	-
<u>\$ (53,358,750)</u>	<u>\$ 1,268,559</u>	<u>\$ (53,572,413)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (24,438)	\$ -	\$ -
-	-	-	-	(297,179)	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,438)</u>	<u>\$ (297,179)</u>	<u>\$ -</u>
\$ 30,226,761	\$ -	\$ 30,226,761	\$ -	\$ -	\$ -
21,863,443	-	21,863,443	-	-	-
788,220	-	788,220	-	431,109	-
5,027,657	-	5,027,657	-	-	-
411,379	69,956	481,335	718	-	3
147,178	143,846	291,024	-	-	-
178,509	-	178,509	-	-	-
(418,445)	418,445	-	-	-	-
<u>58,224,702</u>	<u>632,247</u>	<u>58,856,949</u>	<u>718</u>	<u>431,109</u>	<u>3</u>
4,865,952	1,900,806	6,766,758	(23,720)	133,930	3
212,614,285	29,894,670	242,508,955	56,253	150,872	18,790
<u>\$ 217,480,237</u>	<u>\$ 31,795,476</u>	<u>\$ 249,275,713</u>	<u>\$ 32,533</u>	<u>\$ 284,802</u>	<u>\$ 18,793</u>

CITY OF ROSWELL, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

ASSETS	General	Federal Grants	Impact Fees	Capital Projects
Cash and cash equivalents	\$ 2,269,569	\$ -	\$ 660,107	\$ 3,264,685
Investments	23,306,516	-	3,015,844	11,477,799
Receivables (net of allowance for uncollectibles)	1,090,353	-	8,222	18,493
Taxes receivable	2,357,736	-	-	-
Intergovernmental receivables	-	1,095,701	-	-
Due from other funds	1,682,961	123,454	-	5,283,946
Inventories	55,034	-	-	-
Prepaid items	132,838	6,694	-	19,971
Total assets	\$ 30,895,007	\$ 1,225,849	\$ 3,684,173	\$ 20,064,894
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,060,455	\$ 464,226	\$ 11,845	\$ 1,084,313
Accrued liabilities	1,496,362	21	-	-
Retainage payable	-	23,890	-	271,139
Due to other funds	1,089,805	1,229,486	992	30,680
Deferred revenues	784,978	913,351	-	-
Total liabilities	4,431,600	2,630,974	12,837	1,386,132
FUND BALANCES				
Fund balances:				
Nonspendable:				
Prepays	132,838	6,694	-	19,971
Inventories	55,034	-	-	-
Permanent fund corpus	-	-	-	-
Restricted:				
Public safety	-	-	1,643,317	-
Culture and recreation	-	-	367,168	1,140,027
Environmental	-	-	-	-
Transportation	-	-	1,660,851	-
Cemetery maintenance	87,503	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Scholarship	-	-	-	-
Committed:				
Culture and recreation	-	-	-	-
Environmental	520,337	-	-	-
Stabilization	13,486,289	-	-	-
Assigned:				
Capital projects	-	-	-	17,518,764
FY 2013 expenditures	2,443,624	-	-	-
General government	175,727	-	-	-
Financial services	24,018	-	-	-
Planning and zoning	296,089	-	-	-
Public safety	205,556	-	-	-
Public works	47,653	-	-	-
Culture and recreation	106,346	-	-	-
Unassigned	8,882,393	(1,411,819)	-	-
Total fund balances	26,463,407	(1,405,125)	3,671,336	18,678,762
Total liabilities and fund balances	\$ 30,895,007	\$ 1,225,849	\$ 3,684,173	\$ 20,064,894

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the governmental activities.

Revenues in the statement of activities that do not provide current financial resources are reported as deferred revenues in the funds.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of these financial statements.

Debt Service	Nonmajor Governmental Funds	Total
\$ 1,252,501	\$ 5,428,605	\$ 12,875,467
-	1,283,699	39,083,858
31,816	398,220	1,547,104
190,407	-	2,548,143
-	795,901	1,891,602
7	3,253	7,093,621
-	-	55,034
750	10,501	170,754
<u>\$ 1,475,481</u>	<u>\$ 7,920,179</u>	<u>\$ 65,265,583</u>

\$ 2,500	\$ 1,178,863	\$ 3,802,202
-	20,943	1,517,326
-	-	295,029
-	1,173,962	3,524,925
143,678	328,780	2,170,787
<u>146,178</u>	<u>2,702,548</u>	<u>11,310,269</u>

750	10,501	170,754
-	-	55,034
-	25,000	25,000
-	2,337,534	3,980,851
-	1,049,338	2,556,533
-	38,204	38,204
-	-	1,660,851
-	-	87,503
1,328,553	-	1,328,553
-	1,540,966	1,540,966
-	10,095	10,095
-	148,498	148,498
-	345,114	865,451
-	-	13,486,289
-	-	17,518,764
-	-	2,443,624
-	-	175,727
-	-	24,018
-	-	296,089
-	-	205,556
-	-	47,653
-	-	106,346
-	(287,619)	7,182,955
<u>1,329,303</u>	<u>5,217,631</u>	<u>53,955,314</u>
<u>\$ 1,475,481</u>	<u>\$ 7,920,179</u>	

166,467,159

7,289,273

2,104,112

(12,335,621)

\$ 217,480,237

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

	General	Federal Grants	Impact Fees	Capital Projects
Revenues:				
Taxes	\$ 51,051,926	\$ -	\$ -	\$ -
Licenses and permits	1,429,927	-	-	-
Intergovernmental	119,826	1,550,348	-	-
Fines and forfeitures	2,938,290	-	-	-
Charges for services	2,384,517	-	-	-
Impact fees	-	-	245,049	-
Investment earnings	268,740	-	24,405	64,627
Contributions	25,431	-	-	-
Miscellaneous	154,855	-	-	23,654
Total revenues	<u>58,373,512</u>	<u>1,550,348</u>	<u>269,454</u>	<u>88,281</u>
Expenditures:				
Current:				
General government	7,159,431	641	-	201,776
Judicial	1,376,785	-	-	-
Financial services	2,087,071	-	-	-
Public safety	21,707,887	56,219	-	628,563
Public works	7,702,976	376,472	2,092	2,439,284
Planning and zoning	2,338,093	104,340	-	6,411
Culture and recreation	9,215,747	-	-	82,738
Capital outlay	-	1,799,383	576,272	7,203,581
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>51,587,990</u>	<u>2,337,055</u>	<u>578,364</u>	<u>10,562,353</u>
Excess (deficiency) of revenues over expenditures	6,785,522	(786,707)	(308,910)	(10,474,072)
Other financing sources (uses):				
Proceeds from sale of assets	127,858	-	-	-
Transfers in	-	-	-	11,908,352
Transfers out	(11,485,377)	-	-	-
Total other financing sources (uses)	<u>(11,357,519)</u>	<u>-</u>	<u>-</u>	<u>11,908,352</u>
Net change in fund balances	(4,571,997)	(786,707)	(308,910)	1,434,280
Fund balances (deficits), beginning of year	<u>31,035,404</u>	<u>(618,418)</u>	<u>3,980,246</u>	<u>17,244,482</u>
Fund balances (deficits), end of year	<u>\$ 26,463,407</u>	<u>\$ (1,405,125)</u>	<u>\$ 3,671,336</u>	<u>\$ 18,678,762</u>

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 6,168,215	\$ 788,220	\$ 58,008,361
-	-	1,429,927
-	2,118,301	3,788,475
-	364,405	3,302,695
-	1,774,345	4,158,862
-	-	245,049
8,985	24,681	391,438
-	-	25,431
-	80,474	258,983
<u>6,177,200</u>	<u>5,150,426</u>	<u>71,609,221</u>
-	310,209	7,672,057
-	-	1,376,785
-	-	2,087,071
-	2,349,550	24,742,219
-	63,530	10,584,354
-	10,512	2,459,356
-	722,550	10,021,035
-	1,519,999	11,099,235
12,250,000	-	12,250,000
1,093,387	-	1,093,387
<u>13,343,387</u>	<u>4,976,350</u>	<u>83,385,499</u>
(7,166,187)	174,076	(11,776,278)
-	24,676	152,534
-	-	11,908,352
-	(841,420)	(12,326,797)
-	(816,744)	(265,911)
(7,166,187)	(642,668)	(12,042,189)
<u>8,495,490</u>	<u>5,860,299</u>	<u>65,997,503</u>
<u>\$ 1,329,303</u>	<u>\$ 5,217,631</u>	<u>\$ 53,955,314</u>

CITY OF ROSWELL, 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

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

Net change in fund balances - total governmental funds	\$ (12,042,189)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	3,596,821
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(5,356)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	275,092
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	12,313,675
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 governmental funds.	284,089
Internal service funds are used by management to charge the costs of insurance plans and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	<u>443,820</u>
Change in net assets - governmental activities	<u>\$ 4,865,952</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF ROSWELL, GEORGIA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 50,048,000	\$ 50,048,000	\$ 51,051,926	\$ 1,003,926
Licenses and permits	1,172,000	1,172,000	1,429,927	257,927
Intergovernmental	79,500	79,500	119,826	40,326
Fines and forfeitures	3,000,000	3,000,000	2,938,290	(61,710)
Charges for services	2,289,839	2,289,839	2,384,517	94,678
Investment earnings	303,750	303,750	268,740	(35,010)
Contributions	500	500	25,431	24,931
Miscellaneous	44,000	44,000	154,855	110,855
Total revenues	<u>56,937,589</u>	<u>56,937,589</u>	<u>58,373,512</u>	<u>1,435,923</u>
Expenditures:				
Current:				
Administration	7,785,855	8,031,127	7,335,158	695,969
Courts	1,316,037	1,403,074	1,376,785	26,289
Finance	2,236,021	2,337,942	2,111,089	226,853
Police	16,075,326	16,328,001	15,758,176	569,825
Fire	6,173,584	6,362,137	6,155,267	206,870
Transportation	7,943,323	8,099,762	7,754,726	345,036
Planning and zoning	2,303,884	2,798,235	2,634,182	164,053
Recreation and parks	9,128,132	9,379,195	9,322,093	57,102
Total expenditures	<u>52,962,162</u>	<u>54,739,473</u>	<u>52,447,476</u>	<u>2,291,997</u>
Excess of revenues over expenditures	<u>3,975,427</u>	<u>2,198,116</u>	<u>5,926,036</u>	<u>3,727,920</u>
Other financing sources (uses):				
Proceeds from sale of assets	3,500	3,500	127,858	124,358
Transfers in	240,000	240,000	-	(240,000)
Transfers out	(10,485,377)	(11,527,185)	(11,485,377)	41,808
Total other financing sources (uses)	<u>(10,241,877)</u>	<u>(11,283,685)</u>	<u>(11,357,519)</u>	<u>(73,834)</u>
Net change in fund balances (budgetary basis)	<u>\$ (6,266,450)</u>	<u>\$ (9,085,569)</u>	<u>(5,431,483)</u>	<u>\$ 3,654,086</u>
Less outstanding encumbrances, June 30			<u>859,486</u>	
Net change in fund balances (GAAP basis)			<u>\$ (4,571,997)</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF ROSWELL, GEORGIA
FEDERAL GRANTS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,969,493	\$ 7,633,025	\$ 1,550,348	\$ (6,082,677)
Total revenues	<u>1,969,493</u>	<u>7,633,025</u>	<u>1,550,348</u>	<u>(6,082,677)</u>
Expenditures:				
Current:				
General government	-	28,883	764	28,119
Public safety	2,629	57,105	60,536	(3,431)
Public works	289,992	1,143,464	408,740	734,724
Planning and zoning	229,688	166,162	112,517	53,645
Capital outlay	899,058	3,493,902	2,706,893	787,009
Total expenditures	<u>1,421,367</u>	<u>4,889,516</u>	<u>3,289,450</u>	<u>1,600,066</u>
Excess (deficiency) of revenues over expenditures	548,126	2,743,509	(1,739,102)	(4,482,611)
Other financing sources:				
Transfers in	-	23,094	-	(23,094)
Total other financing sources	<u>-</u>	<u>23,094</u>	<u>-</u>	<u>(23,094)</u>
Net change in fund balances (budgetary basis)	<u>\$ 548,126</u>	<u>\$ 2,766,603</u>	(1,739,102)	<u>\$ (4,505,705)</u>
Less outstanding encumbrances, June 30			<u>952,395</u>	
Net change in fund balances (GAAP basis)			<u>\$ (786,707)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ROSWELL, GEORGIA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS

JUNE 30, 2012

ASSETS	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
Current assets:				
Cash	\$ 2,487,589	\$ 2,032,673	\$ 2,754,134	\$ 425,360
Investments	1,730,635	7,343,630	999,880	248,686
Receivables (net of allowance for uncollectibles)	1,121,043	1,790,886	3,201	344,762
Due from other funds	-	87,776	-	-
Prepaid items	8,291	55	46,124	2,367
Total current assets	<u>5,347,558</u>	<u>11,255,020</u>	<u>3,803,339</u>	<u>1,021,175</u>
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	2,235,309	74,232	-	237,242
Capital assets, being depreciated	15,255,169	5,276,382	477,959	56,220
Less accumulated depreciation	(4,510,602)	(2,213,059)	(97,450)	(1,200)
Total capital assets, net of accumulated depreciation	<u>12,979,876</u>	<u>3,137,555</u>	<u>380,509</u>	<u>292,262</u>
Total assets	<u>18,327,434</u>	<u>14,392,575</u>	<u>4,183,848</u>	<u>1,313,437</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,183,945	386,715	122,812	34,053
Accrued expenses	22,800	38,592	15,782	8,432
Customer deposits payable	592,745	-	36,971	-
Unearned revenue	-	-	471,635	-
Due to other funds	36,526	54,781	1,545,465	10,213
Compensated absences, current	43,567	71,627	37,422	17,576
Notes payable, current	145,369	-	-	-
Total current liabilities	<u>2,024,952</u>	<u>551,715</u>	<u>2,230,087</u>	<u>70,274</u>
Long-term liabilities:				
Compensated absences	21,798	53,983	24,780	7,909
Notes payable, long term	1,498,998	-	-	-
Total long-term liabilities	<u>1,520,796</u>	<u>53,983</u>	<u>24,780</u>	<u>7,909</u>
Total liabilities	<u>3,545,748</u>	<u>605,698</u>	<u>2,254,867</u>	<u>78,183</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,335,509	3,137,555	380,509	292,262
Restricted for debt service	1,644,367	-	-	-
Unrestricted	1,801,810	10,649,322	1,548,472	942,992
Total net assets	<u>\$ 14,781,686</u>	<u>\$ 13,786,877</u>	<u>\$ 1,928,981</u>	<u>\$ 1,235,254</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds
Net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 7,699,756	\$ 5,859,419
10,322,831	3,755,907
3,259,892	40,169
87,776	125
56,837	215,737
<u>21,427,092</u>	<u>9,871,357</u>
2,546,783	-
21,065,730	-
(6,822,311)	-
<u>16,790,202</u>	<u>-</u>
<u>38,217,294</u>	<u>9,871,357</u>
1,727,525	150,971
85,606	358,823
629,716	-
471,635	-
1,646,985	2,009,612
170,192	-
145,369	-
<u>4,877,028</u>	<u>2,519,406</u>
108,470	-
<u>1,498,998</u>	<u>-</u>
<u>1,607,468</u>	<u>-</u>
<u>6,484,496</u>	<u>2,519,406</u>
15,145,835	-
1,644,367	-
14,942,596	7,351,951
<u>\$ 31,732,798</u>	<u>\$ 7,351,951</u>
62,678	
<u>\$ 31,795,476</u>	

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
OPERATING REVENUES				
Charges for services				
Water sales	\$ 3,132,888	\$ -	\$ -	\$ -
Sewer sales	321,609	-	-	-
Sanitation sales	-	8,324,288	-	-
Stormwater sales	-	-	-	2,900,374
Other fees	97,393	29,849	4,625,882	-
Other operating income	15,412	300,343	-	-
Total operating revenues	<u>3,567,302</u>	<u>8,654,480</u>	<u>4,625,882</u>	<u>2,900,374</u>
OPERATING EXPENSES				
Personnel services and benefits	1,269,785	3,068,215	3,005,708	587,640
Purchased contract services	533,509	3,937,425	737,684	-
Supplies and maintenance	1,053,627	1,556,845	1,081,458	836,089
Utilities	80,904	8,997	-	-
Depreciation	384,898	338,536	36,521	1,200
Total operating expenses	<u>3,322,723</u>	<u>8,910,018</u>	<u>4,861,371</u>	<u>1,424,929</u>
Operating income (loss)	244,579	(255,538)	(235,489)	1,475,445
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	10,902	57,262	1,983	(191)
Interest expense	(23,116)	-	-	-
Gain on sale of assets	14,290	129,556	-	-
Total nonoperating revenues (expenses)	<u>2,076</u>	<u>186,818</u>	<u>1,983</u>	<u>(191)</u>
INCOME (LOSS) BEFORE TRANSFERS	246,655	(68,720)	(233,506)	1,475,254
Transfers in	-	-	658,445	-
Transfers out	-	-	-	(240,000)
Total transfers	<u>-</u>	<u>-</u>	<u>658,445</u>	<u>(240,000)</u>
Change in net assets	246,655	(68,720)	424,939	1,235,254
NET ASSETS, beginning of year	<u>14,535,031</u>	<u>13,855,597</u>	<u>1,504,042</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 14,781,686</u>	<u>\$ 13,786,877</u>	<u>\$ 1,928,981</u>	<u>\$ 1,235,254</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds
Change in net assets of business-type activities

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 3,132,888	\$ -
321,609	-
8,324,288	-
2,900,374	-
4,753,124	8,815,727
315,755	39,158
<u>19,748,038</u>	<u>8,854,885</u>
7,931,348	-
5,208,618	8,368,328
4,528,019	-
89,901	-
761,155	-
<u>18,519,041</u>	<u>8,368,328</u>
1,228,997	486,557
69,956	19,941
(23,116)	-
143,846	-
<u>190,686</u>	<u>19,941</u>
1,419,683	506,498
658,445	-
(240,000)	-
<u>418,445</u>	<u>-</u>
1,838,128	506,498
<u>29,894,670</u>	<u>6,845,453</u>
<u>\$ 31,732,798</u>	<u>\$ 7,351,951</u>
62,678	
<u>\$ 1,900,806</u>	

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

	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,748,546	\$ 8,672,987	\$ 4,611,471	\$ 2,555,612
Payments to suppliers and service providers	(1,519,565)	(5,577,241)	(952,551)	(794,190)
Payments to employees	(1,281,700)	(3,131,893)	(3,158,388)	(553,723)
Net cash provided by (used in) operating activities	<u>1,947,281</u>	<u>(36,147)</u>	<u>500,532</u>	<u>1,207,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	(2,845,247)	-	(248,877)
Sale of investments	779,570	-	-	-
Interest received	10,902	46,237	144	-
Net cash provided by (used in) investing activities	<u>790,472</u>	<u>(2,799,010)</u>	<u>144</u>	<u>(248,877)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(952,230)	(232,597)	(51,408)	(293,462)
Sale of capital assets	14,290	129,556	-	-
Proceeds from long-term borrowings	250,548	-	-	-
Principal payment on notes payable	(46,279)	-	-	-
Interest and fiscal charges paid	(18,320)	-	-	-
Net cash used in capital and related financing activities	<u>(751,991)</u>	<u>(103,041)</u>	<u>(51,408)</u>	<u>(293,462)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	658,445	-
Transfers out	-	-	-	(240,000)
Borrowing from other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>658,445</u>	<u>(240,000)</u>
Net increase (decrease) in cash and cash equivalents	1,985,762	(2,938,198)	1,107,713	425,360
Cash and cash equivalents:				
Beginning of year	501,827	4,970,871	1,646,421	-
End of year	<u>\$ 2,487,589</u>	<u>\$ 2,032,673</u>	<u>\$ 2,754,134</u>	<u>\$ 425,360</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 244,579	\$ (255,538)	\$ (235,489)	\$ 1,475,445
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	384,898	338,536	36,521	1,200
Decrease (increase) in accounts receivable	1,176,519	102,710	-	(344,762)
Decrease (increase) in due from other funds	4,725	(84,203)	-	-
Increase in prepaid expenses	(7,075)	(55)	(29,685)	(2,367)
Increase (decrease) in accounts payable	28,045	(128,700)	35,347	34,053
Increase (decrease) in accrued expenses	(26,492)	(71,508)	(156,698)	8,432
Increase (decrease) in customer deposits payable	90,979	-	(8,770)	-
Decrease in unearned revenue	-	-	(14,411)	-
Increase (decrease) in due to other funds	36,526	54,781	869,699	10,213
Increase in compensated absences	14,577	7,830	4,018	25,485
Net cash provided by (used in) operating activities	<u>\$ 1,947,281</u>	<u>\$ (36,147)</u>	<u>\$ 500,532</u>	<u>\$ 1,207,699</u>

The accompanying notes are an integral part of these financial statements.

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 20,588,616	\$ 9,679,868
(8,843,547)	(8,473,010)
<u>(8,125,704)</u>	<u>-</u>
3,619,365	1,206,858
(3,094,124)	(1,755,156)
779,570	
<u>57,283</u>	<u>20,478</u>
<u>(2,257,271)</u>	<u>(1,734,678)</u>
(1,529,697)	-
143,846	-
250,548	-
(46,279)	-
<u>(18,320)</u>	<u>-</u>
<u>(1,199,902)</u>	<u>-</u>
658,445	-
(240,000)	-
<u>-</u>	<u>2,004,950</u>
418,445	2,004,950
580,637	1,477,130
7,119,119	4,382,289
<u>\$ 7,699,756</u>	<u>\$ 5,859,419</u>
\$ 1,228,997	\$ 486,557
761,155	-
934,467	(3,626)
(79,478)	828,609
(39,182)	(82,517)
(31,255)	60,898
(246,266)	173,097
82,209	-
(14,411)	-
971,219	(256,160)
<u>51,910</u>	<u>-</u>
<u>\$ 3,619,365</u>	<u>\$ 1,206,858</u>

CITY OF ROSWELL, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Roswell, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Roswell operates under a mayor/council form of government and provides the following services to its citizens: public safety, judicial, public works, planning and zoning, culture and recreation, and general administrative services.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. 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.

Discretely Presented Component Units

Friends of Bulloch, Inc. (the "Society") has been included as a discretely presented component unit in the accompanying financial statements. The Society was incorporated under the laws of the State of Georgia on May 13, 1993 for the purpose of promoting the preservation of the historic landmark Bulloch Hall. There is a "Memorandum of Understanding" that spells out the agreed upon relationship between the City and the Friends of Bulloch, Inc. Volunteers and non-paid workers within the Society perform the duties at the historic site, Bulloch Hall, and any revenues generated from tours, festivals, etc. become the Society's funds. The generated revenues are ultimately spent on the historic site and any expense must be made in support of the City's long range strategic plan. The site is owned by the City, and the Society is fiscally dependent on the City for the use of that site. Separate financial statements are prepared for Friends of Bulloch, Inc.

The financial statements for the Society can be obtained by writing to Friends of Bulloch, Inc., 180 Bulloch Avenue, Roswell, Georgia 30075.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The Historic Roswell Convention & Visitors Bureau, Inc. (the "Bureau") has been included as a discretely presented component unit in the accompanying financial statements. The Bureau was incorporated under the laws of the State of Georgia on April 23, 1993 for the purposes of promoting the preservation of the Historic District of Roswell and encouraging tourism and improving the quality of life in the Historic District. Due to the significant portion of hotel/motel tax received by the Bureau, management feels it would be misleading not to include the Bureau as a component unit. Separate financial statements are prepared for the Historic Roswell Convention & Visitors Bureau, Inc.

The financial statements for the Bureau can be obtained by writing to Historic Roswell Convention & Visitors Bureau, Inc., 617 Atlanta Street, Roswell, Georgia 30075.

The Development Authority of the City of Roswell, Georgia (the "Authority") has been included as a discretely presented component unit in the accompanying financial statements. The Authority is a public body corporate and politic created on August 20, 1979 under the "Development Authorities Laws," O.C.G.A 36-62-1. One of the main purposes of the Authority is centered on the revitalization and redevelopment of the City through land acquisition. This purpose includes acquiring land for the City and other third parties such as private sector. The Authority consists of a board of not less than seven and no more than nine directors who serve six year terms appointed by City Council. Upon dissolution, the assets of the Authority would revert to the City. Separate financial statements for the Development Authority of the City of Roswell, Georgia are not prepared. There are no differences between the fund level and government-wide reporting for the Authority, therefore fund level statements have not been presented.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Property taxes, sales taxes, franchise taxes, charges for services, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Federal Grants Fund** accounts for the grant monies received from various federal agencies.

The **Impact Fees Fund** accounts for the collection of impact fees to pay for system improvements for fire, recreation and parks and transportation facilities as projected in the Roswell Comprehensive Land Use Plan.

The **Capital Projects Fund** accounts for financial resources to be used for the acquisition and construction of major capital projects.

The **Debt Service Fund** accounts for the accumulation of resources and payments made of principal and interest on the City's general obligation debt.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The City reports the following major proprietary funds:

The ***Water and Sewer Fund*** accounts for the activities of the City's water system and the billing on behalf of Fulton County's sewer system as it applies to City residents, which renders those services to the residents and businesses located within the City.

The ***Solid Waste Fund*** accounts for the operations of the City's solid waste and sanitation program.

The ***Participant Recreation Fund*** accounts for the operations of activities held at the City's parks.

The ***Stormwater Fund*** accounts for the operations of the City's stormwater program.

Additionally, the City reports the following fund types:

The ***special revenue funds*** account for revenue sources that are restricted or committed to expenditure for specific purposes.

The ***internal service funds*** account for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The City uses internal service funds to account for group health, risk management and workman's compensation.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the 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 nonoperating revenues and expenses.

D. Budget

Annual appropriated budgets are adopted for all funds, except capital project funds, which have project length budgets. The governmental fund budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles, except that encumbrances at year end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a full accrual basis, which is consistent with generally accepted accounting principles, except that encumbrances at year end are reported as budgetary expenses. All appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the subsequent year automatically with no formal action required by the City Council. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is employed by the City.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budget (Continued)

The following encumbrances were outstanding as of June 30, 2012:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 859,486
Federal Grants Fund	952,395
Impact Fees Fund	236,546
Capital Projects Fund	5,680,742
Water & Sewer Fund	99,872
Solid Waste Fund	20,189
Participant Recreation Fund	41,967
Stormwater Fund	371,022
Nonmajor governmental funds	168,455
Internal Service Fund	77,989
	<u>\$ 8,508,663</u>

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value based on quoted market prices as of the balance sheet date. Increases or decreases in the fair value during the year are recognized as a component of investment earnings.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Items

All inventories are valued at the lower of cost or market using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. The cost is recorded as an expenditure in the governmental funds when consumed. Inventories reported in the governmental funds are equally offset by fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are accounted for using the consumption method.

H. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to capitalize all general infrastructure assets regardless of the acquisition date and has used the estimated historical cost to value these assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend useful lives are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

Capital assets of the primary government are depreciated or amortized using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	40
Machinery and equipment	5 - 30
Vehicles	8
Infrastructure	10 - 65

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements as these amounts will be paid to employees upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

J. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

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 (i.e., 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 they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (i.e. resolution) of the City Council.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council, through resolution, has delegated to the Director of Finance the authority to assign funds for a particular purpose.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

Flow Assumptions – 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 amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. 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 borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used or restricted fund balance as described in the section above. All other net assets are reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Management Estimates

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

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$12,335,621 difference are as follows:

Bonds payable	\$ (9,930,000)
Unamortized premiums	(206,952)
Cost of issuance	42,964
Deferred charges on refundings	360,064
Claims payable	(588,566)
Accrued interest	(181,844)
Compensated absences	<u>(1,831,287)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ (12,335,621)</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (COINTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,596,821 difference are as follows:

Capital outlay	\$ 10,663,404
Depreciation expense	<u>(7,066,583)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u>\$ 3,596,821</u>

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$12,313,675 difference are as follows:

Principal repayment on bonds	\$ 12,250,000
Payments on claims payable	<u>63,675</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>	<u>\$ 12,313,675</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation states that “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 governmental funds.” The details of this \$284,089 difference are as follows:

Compensated absences	\$	13,865
Amortization		27,125
Accrued interest		243,099
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets - governmental activities</i>		
	\$	284,089

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

1. Prior to July 1, the City Manager submits the proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least seven days in advance by publication in the official organ of the City.
3. The budget is then legally enacted through passage of a resolution by the City Council at a public meeting.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the budget must be amended by formal action of the City Council in a regular meeting.

Budgeted amounts are as originally adopted, or as amended by the City Council. The supplementary budgetary appropriations made are reflected in the final budget amounts.

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2012. The fund deficits will be reduced through anticipated revenues, lower expenditures and General Fund appropriations, as needed.

<u>Fund</u>	<u>Deficit</u>
Federal Grants	\$ 1,405,125
State Grant	233,871
American Stimulus Recovery Grants	43,236
CDBG Grants	10,512

Excess Expenditures Over Appropriations

For the year ended June 30, 2012, the Federal Grants Fund Public Safety department had expenditures in excess of budget in the amount of \$3,431. This excess was funded by expenditures being less than budgeted in other departments.

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Georgia Office of the State Treasurer. However, Georgia Fund 1 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 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 participants' shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of the State Treasurer of the State of Georgia. As of June 30, 2012, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2012, the City's bank balances were collateralized as defined by State statutes and GASB.

At June 30, 2012, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

<u>Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual fund	\$ 25,035	N/A	N/A	0.25
Certificates of deposit	2,507,279	N/A	N/A	2.68
Georgia Fund 1	23,528,051	AAAm	S&P	0.15
Federal Home Loan Mortgage Corp.	4,004,856	AAA	N/A	2.11
Federal Home Loan Bank	1,008,135	AAA	N/A	1.16
Federal National Mortgage Assn	22,089,240	AAA	N/A	4.30
	<u>\$ 53,162,596</u>			

Interest rate risk. Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments. To reduce interest rate risk, the City limits the maturity of any investment to five years. An investment held to maturity will be paid at par value. The City intends to hold all investments to maturity.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

A. Primary Government

Receivables at June 30, 2012, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Federal Grants Fund	Impact Fees Fund	Capital Projects Fund	Debt Service Fund
Receivables:					
Taxes	\$ 2,592,444	\$ -	\$ -	\$ -	\$ 282,173
Other governments	-	1,095,701	-	-	-
Accounts	1,858,820	-	8,222	18,493	31,816
Gross receivables	4,451,264	1,095,701	8,222	18,493	313,989
Less allowance for uncollectibles	(1,003,175)	-	-	-	(91,766)
Net receivables	\$ 3,448,089	\$ 1,095,701	\$ 8,222	\$ 18,493	\$ 222,223
	Water & Sewer Fund	Solid Waste Fund	Participant Recreation Fund	Stormwater Fund	Nonmajor Governmental Funds
Receivables:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 398,220
Other governments	-	-	-	-	795,901
Accounts	1,223,993	2,055,104	3,201	387,939	-
Gross receivables	1,223,993	2,055,104	3,201	387,939	1,194,121
Less allowance for uncollectibles	(102,950)	(264,218)	-	(43,177)	-
Net receivables	\$ 1,121,043	\$ 1,790,886	\$ 3,201	\$ 344,762	\$ 1,194,121

Property taxes for the 2012 fiscal year were levied in August 2011, with property values assessed as of January 1, 2011. Bills are payable on or before December 1, 2011, after which the applicable property is subject to lien and penalties and interest are assessed. Property taxes attached as an enforceable lien on property as of January 1.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land and improvements	\$ 41,672,695	\$ 23,253	\$ -	\$ -	\$ 41,695,948
Construction in progress	11,233,475	6,058,142	-	(4,055,044)	13,236,573
Total capital assets, not being depreciated	<u>52,906,170</u>	<u>6,081,395</u>	<u>-</u>	<u>(4,055,044)</u>	<u>54,932,521</u>
Capital assets, being depreciated:					
Land improvements	22,843,699	503,389	-	1,134,645	24,481,733
Buildings and improvements	70,595,378	646,146	-	161,204	71,402,728
Machinery and equipment	11,326,309	528,477	-	12,819	11,867,605
Vehicles	13,741,648	1,810,680	(1,201,345)	-	14,350,983
Infrastructure	111,459,582	1,093,317	-	2,746,376	115,299,275
Total capital assets, being depreciated	<u>229,966,616</u>	<u>4,582,009</u>	<u>(1,201,345)</u>	<u>4,055,044</u>	<u>237,402,324</u>
Less accumulated depreciation for:					
Land improvements	8,561,980	1,043,980	-	-	9,605,960
Buildings and improvements	30,668,209	1,813,943	-	-	32,482,152
Machinery and equipment	4,372,308	950,590	-	-	5,322,898
Vehicles	9,057,929	687,366	(1,195,989)	-	8,549,306
Infrastructure	67,336,666	2,570,704	-	-	69,907,370
Total accumulated depreciation	<u>119,997,092</u>	<u>7,066,583</u>	<u>(1,195,989)</u>	<u>-</u>	<u>125,867,686</u>
Total capital assets, being depreciated, net	<u>109,969,524</u>	<u>(2,484,574)</u>	<u>(5,356)</u>	<u>4,055,044</u>	<u>111,534,638</u>
Governmental activities capital assets, net	<u>\$ 162,875,694</u>	<u>\$ 3,596,821</u>	<u>\$ (5,356)</u>	<u>\$ -</u>	<u>\$ 166,467,159</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 3,722,277	\$ 1,031,699	\$ -	\$ (2,207,193)	\$ 2,546,783
Total capital assets, not being depreciated	<u>3,722,277</u>	<u>1,031,699</u>	<u>-</u>	<u>(2,207,193)</u>	<u>2,546,783</u>
Capital assets, being depreciated:					
Buildings and improvements	2,251,589	51,308	-	237,109	2,540,006
Machinery and equipment	2,037,418	60,933	(31,200)	-	2,067,151
Vehicles	4,170,588	208,153	(305,898)	-	4,072,843
Infrastructure	<u>10,238,042</u>	<u>177,604</u>	<u>-</u>	<u>1,970,084</u>	<u>12,385,730</u>
Total capital assets, being depreciated	<u>18,697,637</u>	<u>497,998</u>	<u>(337,098)</u>	<u>2,207,193</u>	<u>21,065,730</u>
Less accumulated depreciation for:					
Buildings and improvements	221,502	55,653	-	-	277,155
Machinery and equipment	635,653	111,017	(31,200)	-	715,470
Vehicles	2,240,880	315,655	(305,898)	-	2,250,637
Infrastructure	<u>3,300,219</u>	<u>278,830</u>	<u>-</u>	<u>-</u>	<u>3,579,049</u>
Total accumulated depreciation	<u>6,398,254</u>	<u>761,155</u>	<u>(337,098)</u>	<u>-</u>	<u>6,822,311</u>
Total capital assets, being depreciated, net	<u>12,299,383</u>	<u>(263,157)</u>	<u>-</u>	<u>2,207,193</u>	<u>14,243,419</u>
Business-type activities capital assets, net	<u>\$ 16,021,660</u>	<u>\$ 768,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,790,202</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

Governmental activities:	
General government	\$ 668,923
Judicial	5,594
Financial services	148,949
Public safety	1,141,852
Public works	2,893,534
Planning and zoning	103,560
Culture and recreation	<u>2,104,171</u>
Total depreciation expense - governmental activities	<u><u>\$ 7,066,583</u></u>
Business-type activities:	
Water and Sewer Fund	\$ 384,898
Solid Waste Fund	338,536
Participant Recreation Fund	36,521
Stormwater Fund	<u>1,200</u>
Total depreciation expense - business-type activities	<u><u>\$ 761,155</u></u>

B. Discretely Presented Component Unit – Historic Roswell Convention & Visitor Bureau, Inc.

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 82,948	\$ 5,026	\$ -	\$ 87,974
Total	<u>82,948</u>	<u>5,026</u>	<u>-</u>	<u>87,974</u>
Less accumulated depreciation for:				
Machinery and equipment	(49,714)	(6,856)	-	(56,570)
Total	<u>(49,714)</u>	<u>(6,856)</u>	<u>-</u>	<u>(56,570)</u>
Total capital assets, being depreciated, net	<u><u>\$ 33,234</u></u>	<u><u>\$ (1,830)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,404</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Water & Sewer Fund	\$ 36,526
General Fund	Solid Waste Fund	54,781
General Fund	Participant Recreation Fund	1,545,465
General Fund	Stormwater Fund	10,213
General Fund	Nonmajor Governmental Funds	31,314
General Fund	Internal Service Fund	4,662
Federal Grants Fund	Capital Projects Fund	30,640
Federal Grants Fund	Nonmajor Governmental Funds	92,814
Capital Projects Fund	General Fund	1,001,570
Capital Projects Fund	Federal Grants Fund	1,226,600
Capital Projects Fund	Impact Fees Fund	992
Capital Projects Fund	Nonmajor Governmental Funds	1,049,834
Capital Projects Fund	Internal Service Fund	2,004,950
Debt Service Fund	General Fund	7
Solid Waste Fund	General Fund	87,776
Nonmajor Governmental Funds	General Fund	327
Nonmajor Governmental Funds	Federal Grants Fund	2,886
Nonmajor Governmental Funds	Capital Projects Fund	40
Internal Service Fund	General Fund	125
		<u>\$ 7,181,522</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended June 30, 2012 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 10,826,932
Capital Projects Fund	Nonmajor Governmental Funds	841,420
Capital Projects Fund	Stormwater Fund	240,000
Participant Recreation Fund	General Fund	658,445

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable	\$ 22,180,000	\$ -	\$ (12,250,000)	\$ 9,930,000	\$ 5,925,000
Less: Deferred amounts on refundings	(495,088)	-	135,024	(360,064)	-
Plus: Premiums	411,710	-	(204,758)	206,952	-
Total bonds payable	<u>22,096,622</u>	<u>-</u>	<u>(12,319,734)</u>	<u>9,776,888</u>	<u>5,925,000</u>
Compensated absences	1,845,152	2,684,352	(2,698,217)	1,831,287	1,225,667
Claims payable	652,241	-	(63,675)	588,566	-
Governmental activities long-term liabilities	<u>\$ 24,594,015</u>	<u>\$ 2,684,352</u>	<u>\$ (15,081,626)</u>	<u>\$ 12,196,741</u>	<u>\$ 7,150,667</u>
Business-type Activities:					
Note payable	\$ 1,440,098	\$ 250,548	\$ (46,279)	\$ 1,644,367	\$ 145,369
Compensated absences	226,766	393,370	(341,474)	278,662	170,192
Business-type activities long-term liabilities	<u>\$ 1,666,864</u>	<u>\$ 643,918</u>	<u>\$ (387,753)</u>	<u>\$ 1,923,029</u>	<u>\$ 315,561</u>

For governmental and business activities, compensated absences are liquidated in the funds from which the employees' salaries are paid, which include the General Fund, Nonmajor governmental funds, Water & Sewer Fund, Solid Waste Fund, Participant Recreation Fund, and Stormwater Fund. For governmental activities, claims and judgments will be liquidated in the Impact Fees Fund.

General Obligation Bonds. During 2008, the City issued \$15,975,000 of general obligation refunding bonds to provide resources to refund \$18,820,000 of 2000 general obligation bonds. The bonds carry a rate of interest ranging from 3.0%-5.0% per annum and mature February 1, 2015.

The City's debt service requirements to maturity on the general obligation bonds are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 5,925,000	\$ 436,425	\$ 6,361,425
2014	-	140,175	140,175
2015	4,005,000	140,175	4,145,175
Total	<u>\$ 9,930,000</u>	<u>\$ 716,775</u>	<u>\$ 10,646,775</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

Refunded Bonds. In fiscal year 2008, the City issued \$15,975,000 of 2008 General Obligation Refunding Bonds to refund the 2000 General Obligation Bonds. The City defeased the 2000 bonds by placing the proceeds of the new bonds in an irrevocable trust to provide resources for all future debt service payments on the old bonds. Accordingly, the trust account and related debt for the defeased bonds are not included in the City's financial statements. At June 30, 2012, \$19,705,000 of bonds outstanding are considered defeased.

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. These notes, including their original balances, are as follows at June 30, 2012.

<u>Interest Rate</u>	<u>Term</u>	<u>Due Date</u>	<u>Original Balance</u>
3.00%	10 years	2022	\$ 748,129
3.89%	10 years	2022	942,517
			<u>\$ 1,690,646</u>

The City's debt service requirements to maturity on the notes payable are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 145,369	\$ 55,239	\$ 200,608
2014	150,520	50,088	200,608
2015	155,856	44,752	200,608
2016	161,385	39,223	200,608
2017	167,113	33,495	200,608
2018 - 2022	864,124	74,315	938,439
Total	<u>\$ 1,644,367</u>	<u>\$ 297,112</u>	<u>\$ 1,941,479</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Roswell Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472.

As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible, who work forty hours per week are eligible to participate after one year. Benefits vest after five years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 2% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$30 for each year of service after reaching normal retirement age.

At January 1, 2012, the date of the most recent actuarial valuation, there were 973 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	162
Terminated vested participants not yet receiving benefits	238
Active employees - vested	406
Active employees - nonvested	167
Total	<u>973</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For the year ended June 30, 2012, the actuarially determined contribution rate was 14.33% of covered payroll. The City makes all contributions to the plan.

For the year ended June 30, 2012, the City's recommended contribution was \$3,791,000. Actual contributions totaled \$3,791,000. The recommended contribution was determined as part of the January 1, 2011 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (3.5% due to inflation). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

The following is a schedule of funding progress, using the actuarial cost method:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/2012	\$ 51,201,869	\$ 61,642,600	\$ 10,440,731	83.1%	\$ 26,499,787	39.4%

The above schedule of funding progress serves as a surrogate for the funded status and the funding progress of the plan. The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2012.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Employer Contributions

Fiscal Year Ended June 30,	Annual Pension Cost (APC)	Actual Pension Contribution	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 3,791,000	\$ 3,791,000	100.0 %	\$ -
2011	3,500,080	3,500,080	100.0	-
2010	2,952,925	2,952,925	100.0	-

NOTE 10. DEFINED CONTRIBUTION PLAN

The City of Roswell's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At June 30, 2012, there were 307 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Mayor and Council have approved discretionary employer contributions for 280 employees. Total employer and employee contributions for the year ended June 30, 2012 were \$150,974 and \$893,882 respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; natural disasters; injuries to employees; and losses resulting from providing accident and health benefits to employees and their dependents.

Workers' Compensation

The City is self-insured for workers' compensation claims. Individual limits for City payments are \$600,000 per claim. After these limits are met, private insurance covers the claims. The City has entered into a contract with a third party administrator to administer the claims. The City has established the Workers' Compensation Fund to record this activity. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

The following describes the activity for the past two fiscal years.

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2012	\$ 158,451	\$ 569,372	\$ 372,653	\$ 355,170
2011	209,674	240,350	291,573	158,451

General Liability

The City participates in the Association of City Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

General Liability (Continued)

The fund is to defend and protect the members of the funds against liability or loss as prescribed in the member government contract. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded coverage in the past three years and there have been no significant reductions in coverage.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

In addition to the liabilities enumerated in the balance sheet, at June 30, 2012, the City has contractual commitments on uncompleted contracts of approximately \$1,872,592.

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions arising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by Fulton County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 14. HOTEL/MOTEL TAX

The City has levied a 6% lodging tax. During the year ended June 30, 2012, the City collected \$788,220 in revenues. Of this amount \$1,001,174 or 127%, was expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

NOTE 15. RESTATEMENT – COMPONENT UNIT

Friends of Bulloch, Inc. has determined that a restatement of beginning net assets is necessary to properly report amounts as unearned revenue that were improperly reported as revenue in the prior year. This adjustment resulted in a change to the beginning net assets in the amount of \$46,420.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROSWELL, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Defined Benefit Pension Plan						
Measurement Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Liability (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
January 1, 2012	\$ 51,201,869	\$ 61,642,600	\$ 10,440,731	83.1%	\$ 26,499,787	39.4%
January 1, 2011	47,499,170	57,579,406	10,080,236	82.5%	26,005,248	38.8%
January 1, 2010	43,540,645	52,263,108	8,722,463	83.3%	26,934,920	32.4%
October 1, 2009	40,234,205	51,710,386	11,476,181	77.8%	26,715,959	43.0%
November 1, 2008	40,018,654	46,569,459	6,550,805	85.9%	25,412,437	25.8%
July 1, 2008	39,365,535	45,331,960	5,966,425	86.8%	24,908,305	24.0%

NOTE: See assumptions used for this schedule in the notes to the financial statements.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for particular purposes.

Confiscated Assets - to account for monies forfeited by criminals that are prosecuted for narcotics or vice activity.

Emergency 911 Telephone System - to account for the monthly 911 charge to help fund the cost of providing emergency 911 services. The E911 charges are restricted in purpose by state law.

State Grants - to account for grant monies received from various state agencies.

County/Local Grants - to account for grant monies received from various local agencies.

American Stimulus Recovery Grants - to account for American Stimulus Recovery grant monies received from various federal agencies.

CDBG Grants - to account for CDBG grant monies received from various federal agencies.

Soil Erosion - to account for fees received from developers for the promotion of soil erosion prevention.

Hotel/Motel Tax - to account for the collection of hotel/motel taxes within the City which are restricted for the promotion of tourism and development of trails. These funds support the Historic Roswell Convention & Visitors Bureau and Roswell's trail system.

Leita Thompson - to account for revenues collected in association with the Leitalift Foundation agreement for donated park land and its assets.

Capital Projects Fund

Capital projects funds are used to account for financial resources for the acquisition, construction, and improvements of the City's capital assets other than those financed by enterprise funds.

2000 Bond Fund - to account for the proceeds of the 2000 General Obligation Bond Issue. The revenue in this fund must be used for the acquisition and construction of major capital projects specifically identified in the bond issue.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Scholarship Fund - to account for funds designated for qualified scholarship participants.

CITY OF ROSWELL, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

ASSETS	Special Revenue Funds					
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants
Cash and cash equivalents	\$ 395,723	\$ 1,811,775	\$ 246,008	\$ 5,061	\$ 502,595	\$ -
Investments	506,417	-	-	-	-	-
Receivables, net of allowance for uncollectibles	20,589	298,800	-	-	-	-
Intergovernmental receivable	-	-	324,061	-	461,328	10,512
Due from other funds	-	-	40	-	3,213	-
Prepaid items	8,384	2,117	-	-	-	-
Total assets	\$ 931,113	\$ 2,112,692	\$ 570,109	\$ 5,061	\$ 967,136	\$ 10,512
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 118,166	\$ 382,767	\$ 471,563	\$ -	\$ 44,306	\$ 270
Accrued liabilities	-	15,794	-	-	-	599
Due to other funds	7,884	105,889	89,820	-	960,726	9,643
Deferred revenue	7,552	62,779	242,597	-	5,340	10,512
Total liabilities	133,602	567,229	803,980	-	1,010,372	21,024
FUND BALANCES						
Nonspendable:						
Prepays	8,384	2,117	-	-	-	-
Permanent fund corpus	-	-	-	-	-	-
Restricted:						
Public safety	789,127	1,543,346	-	5,061	-	-
Culture and recreation	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Scholarship	-	-	-	-	-	-
Committed:						
Culture and recreation	-	-	-	-	-	-
Environmental	-	-	-	-	-	-
Unassigned	-	-	(233,871)	-	(43,236)	(10,512)
Total fund balances	797,511	1,545,463	(233,871)	5,061	(43,236)	(10,512)
Total liabilities and fund balances	\$ 931,113	\$ 2,112,692	\$ 570,109	\$ 5,061	\$ 967,136	\$ 10,512

Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Soil Erosion	Hotel/Motel Tax	Leita Thompson	2000 Bond	Scholarship Fund	
\$ 279,385	\$ 482,083	\$ 154,949	\$ 1,540,966	\$ 10,060	\$ 5,428,605
253,376	498,871	-	-	25,035	1,283,699
1,447	77,384	-	-	-	398,220
-	-	-	-	-	795,901
-	-	-	-	-	3,253
-	-	-	-	-	10,501
<u>\$ 534,208</u>	<u>\$ 1,058,338</u>	<u>\$ 154,949</u>	<u>\$ 1,540,966</u>	<u>\$ 35,095</u>	<u>\$ 7,920,179</u>
\$ 150,890	\$ 9,000	\$ 1,901	\$ -	\$ -	\$ 1,178,863
-	-	4,550	-	-	20,943
-	-	-	-	-	1,173,962
-	-	-	-	-	328,780
<u>150,890</u>	<u>9,000</u>	<u>6,451</u>	<u>-</u>	<u>-</u>	<u>2,702,548</u>
-	-	-	-	-	10,501
-	-	-	-	25,000	25,000
-	-	-	-	-	2,337,534
-	1,049,338	-	-	-	1,049,338
38,204	-	-	-	-	38,204
-	-	-	1,540,966	-	1,540,966
-	-	-	-	10,095	10,095
-	-	148,498	-	-	148,498
345,114	-	-	-	-	345,114
-	-	-	-	-	(287,619)
<u>383,318</u>	<u>1,049,338</u>	<u>148,498</u>	<u>1,540,966</u>	<u>35,095</u>	<u>5,217,631</u>
<u>\$ 534,208</u>	<u>\$ 1,058,338</u>	<u>\$ 154,949</u>	<u>\$ 1,540,966</u>	<u>\$ 35,095</u>	<u>\$ 7,920,179</u>

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

	Special Revenue Funds					
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,269,696	-	848,605	-
Fines and forfeitures	364,405	-	-	-	-	-
Charges for services	-	1,764,032	-	-	-	-
Investment earnings	10,143	3,577	-	-	49	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>374,548</u>	<u>1,767,609</u>	<u>1,269,696</u>	<u>-</u>	<u>848,654</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	309,600	-
Public safety	246,457	1,579,359	451,840	-	71,894	-
Public works	-	-	-	-	63,510	-
Culture and recreation	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	10,512
Capital outlay	-	391,982	961,887	-	62,484	-
Total expenditures	<u>246,457</u>	<u>1,971,341</u>	<u>1,413,727</u>	<u>-</u>	<u>507,488</u>	<u>10,512</u>
Excess (deficiency) of revenues over expenditures	128,091	(203,732)	(144,031)	-	341,166	(10,512)
Other financing sources (uses):						
Proceeds from sale of assets	12,338	12,338	-	-	-	-
Transfers out	(464,420)	-	-	-	-	-
Total other financing sources (uses):	<u>(452,082)</u>	<u>12,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(323,991)	(191,394)	(144,031)	-	341,166	(10,512)
Fund balances (deficits), beginning of year	<u>1,121,502</u>	<u>1,736,857</u>	<u>(89,840)</u>	<u>5,061</u>	<u>(384,402)</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ 797,511</u>	<u>\$ 1,545,463</u>	<u>\$ (233,871)</u>	<u>\$ 5,061</u>	<u>\$ (43,236)</u>	<u>\$ (10,512)</u>

Special Revenue Funds			Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Soil Erosion	Hotel/Motel Tax	Leita Thompson	2000 Bond	Scholarship Fund	
\$ -	\$ 788,220	\$ -	\$ -	\$ -	\$ 788,220
-	-	-	-	-	2,118,301
-	-	-	-	-	364,405
10,313	-	-	-	-	1,774,345
4,103	2,427	-	4,343	39	24,681
-	-	80,474	-	-	80,474
<u>14,416</u>	<u>790,647</u>	<u>80,474</u>	<u>4,343</u>	<u>39</u>	<u>5,150,426</u>
609	-	-	-	-	310,209
-	-	-	-	-	2,349,550
-	-	-	20	-	63,530
-	624,174	95,876	2,500	-	722,550
-	-	-	-	-	10,512
-	-	-	103,646	-	1,519,999
<u>609</u>	<u>624,174</u>	<u>95,876</u>	<u>106,166</u>	<u>-</u>	<u>4,976,350</u>
13,807	166,473	(15,402)	(101,823)	39	174,076
-	-	-	-	-	24,676
-	(377,000)	-	-	-	(841,420)
-	(377,000)	-	-	-	(816,744)
13,807	(210,527)	(15,402)	(101,823)	39	(642,668)
<u>369,511</u>	<u>1,259,865</u>	<u>163,900</u>	<u>1,642,789</u>	<u>35,056</u>	<u>5,860,299</u>
<u>\$ 383,318</u>	<u>\$ 1,049,338</u>	<u>\$ 148,498</u>	<u>\$ 1,540,966</u>	<u>\$ 35,095</u>	<u>\$ 5,217,631</u>

**CITY OF ROSWELL, GEORGIA
CONFISCATED ASSETS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 51,600	\$ 79,600	\$ 364,405	\$ 284,805
Investment earnings	1,500	1,500	10,143	8,643
Total revenues	<u>53,100</u>	<u>81,100</u>	<u>374,548</u>	<u>293,448</u>
Expenditures:				
Current:				
Public safety	251,168	310,515	275,093	35,422
Total expenditures	<u>251,168</u>	<u>310,515</u>	<u>275,093</u>	<u>35,422</u>
Excess (deficiency) of revenues over expenditures	(198,068)	(229,415)	99,455	328,870
Other financing sources (uses):				
Proceeds from sale of assets	-	-	12,338	12,338
Transfers out	(464,420)	(464,420)	(464,420)	-
Total other financing sources (uses)	<u>(464,420)</u>	<u>(464,420)</u>	<u>(452,082)</u>	<u>12,338</u>
Net change in fund balances (budgetary basis)	<u>\$ (662,488)</u>	<u>\$ (693,835)</u>	(352,627)	<u>\$ 341,208</u>
Less outstanding encumbrances, June 30			<u>28,636</u>	
Net change in fund balances (GAAP basis)			<u>\$ (323,991)</u>	

**CITY OF ROSWELL, GEORGIA
EMERGENCY 911 TELEPHONE SYSTEM**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 1,600,000	\$ 1,600,000	\$ 1,764,032	\$ 164,032
Investment earnings	11,000	11,000	3,577	(7,423)
Total revenues	<u>1,611,000</u>	<u>1,611,000</u>	<u>1,767,609</u>	<u>156,609</u>
Expenditures:				
Current:				
Public safety	1,672,384	1,864,766	1,603,715	261,051
Capital outlay	18,000	569,919	407,312	162,607
Total expenditures	<u>1,690,384</u>	<u>2,434,685</u>	<u>2,011,027</u>	<u>423,658</u>
Deficiency of revenues over expenditures	(79,384)	(823,685)	(243,418)	580,267
Other financing sources:				
Proceeds from sale of assets	-	-	12,338	12,338
Total other financing sources	<u>-</u>	<u>-</u>	<u>12,338</u>	<u>12,338</u>
Net change in fund balances (budgetary basis)	<u>\$ (79,384)</u>	<u>\$ (823,685)</u>	(231,080)	<u>\$ 592,605</u>
Less outstanding encumbrances, June 30			<u>39,686</u>	
Net change in fund balances (GAAP basis)			<u>\$ (191,394)</u>	

**CITY OF ROSWELL, GEORGIA
STATE GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 623,462	\$ 2,347,238	\$ 1,269,696	\$ (1,077,542)
Total revenues	<u>623,462</u>	<u>2,347,238</u>	<u>1,269,696</u>	<u>(1,077,542)</u>
Expenditures:				
Current:				
Public safety	-	-	451,840	(451,840)
Capital outlay	508,171	1,658,829	961,887	696,942
Total expenditures	<u>508,171</u>	<u>1,658,829</u>	<u>1,413,727</u>	<u>245,102</u>
Net change in fund balances (budgetary basis)	<u>\$ 115,291</u>	<u>\$ 688,409</u>	(144,031)	<u>\$ (832,440)</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (144,031)</u>	

**CITY OF ROSWELL, GEORGIA
AMERICAN STIMULUS RECOVERY GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,744,349	\$ 1,434,217	\$ 848,605	\$ (585,612)
Investment earnings	-	-	49	49
Total revenues	<u>1,744,349</u>	<u>1,434,217</u>	<u>848,654</u>	<u>(585,612)</u>
Expenditures:				
Current:				
General government	112,341	787,276	309,600	477,676
Public safety	-	74,689	71,894	2,795
Public works	-	6,370	63,510	(57,140)
Planning and zoning	94,000	185,138	-	185,138
Capital outlay	1,233,447	76,367	62,484	13,883
Total expenditures	<u>1,439,788</u>	<u>1,129,840</u>	<u>507,488</u>	<u>622,352</u>
Net change in fund balances (budgetary basis)	<u>\$ 304,561</u>	<u>\$ 304,377</u>	341,166	<u>\$ 36,789</u>
Less outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ 341,166</u>	

**CITY OF ROSWELL, GEORGIA
CDBG GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 417,613	\$ 417,613	\$ -	\$ (417,613)
Total revenues	<u>417,613</u>	<u>417,613</u>	<u>-</u>	<u>(417,613)</u>
Expenditures:				
Current:				
Planning and zoning	240,026	240,026	10,512	229,514
Capital outlay	<u>177,587</u>	<u>177,587</u>	<u>-</u>	<u>177,587</u>
Total expenditures	<u>417,613</u>	<u>417,613</u>	<u>10,512</u>	<u>407,101</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	(10,512)	<u>\$ (10,512)</u>
Less outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ (10,512)</u>	

**CITY OF ROSWELL, GEORGIA
SOIL EROSION**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 3,000	\$ 3,000	\$ 10,313	\$ 7,313
Investment earnings	-	-	4,103	4,103
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>14,416</u>	<u>11,416</u>
Expenditures:				
Current:				
General government	-	447	609	(162)
Capital outlay	-	166,809	100,000	66,809
Total expenditures	<u>-</u>	<u>167,256</u>	<u>100,609</u>	<u>66,647</u>
Excess (deficiency) of revenues over expenditures	3,000	(164,256)	(86,193)	78,063
Other financing uses:				
Transfers out	-	(60,000)	-	60,000
Total other financing uses	<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>60,000</u>
Net change in fund balances (budgetary basis)	<u>\$ 3,000</u>	<u>\$ (224,256)</u>	(86,193)	<u>\$ 138,063</u>
Less outstanding encumbrances, June 30			<u>100,000</u>	
Net change in fund balances (GAAP basis)			<u>\$ 13,807</u>	

**CITY OF ROSWELL, GEORGIA
HOTEL/MOTEL TAX**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 626,000	\$ 626,000	\$ 788,220	\$ 162,220
Investment earnings	-	-	2,427	2,427
Total revenues	<u>626,000</u>	<u>626,000</u>	<u>790,647</u>	<u>164,647</u>
Expenditures:				
Current:				
Culture and recreation	449,587	628,911	624,174	4,737
Total expenditures	<u>449,587</u>	<u>628,911</u>	<u>624,174</u>	<u>4,737</u>
Excess (deficiency) of revenues over expenditures	176,413	(2,911)	166,473	169,384
Other financing uses:				
Transfers out	(377,000)	(377,000)	(377,000)	-
Total other financing uses	<u>(377,000)</u>	<u>(377,000)</u>	<u>(377,000)</u>	<u>-</u>
Net change in fund balances (budgetary basis)	<u>\$ (200,587)</u>	<u>\$ (379,911)</u>	(210,527)	<u>\$ 169,384</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (210,527)</u>	

CITY OF ROSWELL, GEORGIA
LEITA THOMPSON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2012**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 79,200	\$ 79,200	\$ 80,474	\$ 1,274
Total revenues	<u>79,200</u>	<u>79,200</u>	<u>80,474</u>	<u>1,274</u>
Expenditures:				
Current:				
Culture and recreation	63,192	106,559	96,009	10,550
Total expenditures	<u>63,192</u>	<u>106,559</u>	<u>96,009</u>	<u>10,550</u>
Net change in fund balances (budgetary basis)	<u>\$ 16,008</u>	<u>\$ (27,359)</u>	(15,535)	<u>\$ 11,824</u>
Less outstanding encumbrances, June 30			<u>133</u>	
Net change in fund balances (GAAP basis)			<u>\$ (15,402)</u>	

**CITY OF ROSWELL, GEORGIA
2000 BOND**

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

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 4,343	\$ 4,343
Total revenues	-	-	4,343	4,343
Expenditures:				
Current:				
Public works	-	9,604	20	9,584
Culture and recreation	-	10,000	2,500	7,500
Capital outlay	5,033	1,529,390	103,646	1,425,744
Total expenditures	5,033	1,548,994	106,166	1,442,828
Net change in fund balances (budgetary basis)	<u>\$ (5,033)</u>	<u>\$ (1,548,994)</u>	(101,823)	<u>\$ 1,447,171</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (101,823)</u>	

**CITY OF ROSWELL, GEORGIA
IMPACT FEES FUND**

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

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 165,600	\$ 442,271	\$ 245,049	\$ (197,222)
Investment earnings	10,000	34,342	24,405	(9,937)
Total revenues	<u>175,600</u>	<u>476,613</u>	<u>269,454</u>	<u>(207,159)</u>
Expenditures:				
Current:				
Public works	-	4,660	2,092	2,568
Capital outlay	<u>2,324,477</u>	<u>5,742,084</u>	<u>812,818</u>	<u>4,929,266</u>
Total expenditures	<u>2,324,477</u>	<u>5,746,744</u>	<u>814,910</u>	<u>4,931,834</u>
Deficiency of revenues over expenditures	(2,148,877)	(5,270,131)	(545,456)	4,724,675
Other financing uses:				
Transfers out	-	(810,198)	-	810,198
Total other financing uses	<u>-</u>	<u>(810,198)</u>	<u>-</u>	<u>810,198</u>
Net change in fund balances (budgetary basis)	<u>\$ (2,148,877)</u>	<u>\$ (6,080,329)</u>	(545,456)	<u>\$ 5,534,873</u>
Less outstanding encumbrances, June 30			<u>236,546</u>	
Net change in fund balances (GAAP basis)			<u>\$ (308,910)</u>	

**CITY OF ROSWELL, GEORGIA
CAPITAL PROJECTS**

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

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 1,000,000	\$ -	\$ (1,000,000)
Investment earnings	-	-	64,627	64,627
Miscellaneous	-	3,831	23,654	19,823
Total revenues	<u>-</u>	<u>1,003,831</u>	<u>88,281</u>	<u>(915,550)</u>
Expenditures:				
Current:				
General government	151,680	584,805	523,585	61,220
Public safety	37,500	85,737	631,058	(545,321)
Public works	2,040,000	9,270,431	2,474,534	6,795,897
Planning and zoning	-	35,800	6,411	29,389
Culture and recreation	73,000	225,162	91,138	134,024
Capital outlay	8,366,172	31,638,357	12,516,369	19,121,988
Total expenditures	<u>10,668,352</u>	<u>41,840,292</u>	<u>16,243,095</u>	<u>25,597,197</u>
Deficiency of revenues over expenditures	(10,668,352)	(40,836,461)	(16,154,814)	24,681,647
Other financing sources:				
Transfers in	10,668,352	18,420,672	11,908,352	(6,512,320)
Total other financing sources	<u>10,668,352</u>	<u>18,420,672</u>	<u>11,908,352</u>	<u>(6,512,320)</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ (22,415,789)</u>	(4,246,462)	<u>\$ 18,169,327</u>
Less outstanding encumbrances, June 30			<u>5,680,742</u>	
Net change in fund balances (GAAP basis)			<u>\$ 1,434,280</u>	

**CITY OF ROSWELL, GEORGIA
DEBT SERVICE**

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

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,375,000	\$ 6,375,000	\$ 6,168,215	\$ (206,785)
Investment earnings	15,000	15,000	8,985	(6,015)
Total revenues	<u>6,390,000</u>	<u>6,390,000</u>	<u>6,177,200</u>	<u>(212,800)</u>
Expenditures:				
Debt service:				
Principal	5,675,000	12,250,000	12,250,000	-
Interest	1,024,933	1,115,683	1,093,387	22,296
Total expenditures	<u>6,699,933</u>	<u>13,365,683</u>	<u>13,343,387</u>	<u>22,296</u>
Net change in fund balances (budgetary basis)	<u>\$ (309,933)</u>	<u>\$ (6,975,683)</u>	(7,166,187)	<u>\$ (190,504)</u>
Less outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ (7,166,187)</u>	

ENTERPRISE FUNDS

Enterprise funds account for external activities that are usually self-sustaining, primarily through user charges for services rendered.

Water and Sewer – to account for the costs of providing water services to a portion of the community.

Solid Waste – to account for the costs associated with providing refuse collection and disposal services to the community.

Participant Recreation – to account for the costs associated with providing recreational programs and services to the community.

Stormwater – to account for the City's stormwater operations.

**CITY OF ROSWELL, GEORGIA
WATER AND SEWER**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Water sales	\$ 2,900,000	\$ 2,900,000	\$ 3,132,888	\$ 232,888
Sewer sales	275,000	275,000	321,609	46,609
Other fees	55,500	55,500	97,393	41,893
Other operating income	<u>42,500</u>	<u>42,500</u>	<u>15,412</u>	<u>(27,088)</u>
Total operating revenues	<u>3,273,000</u>	<u>3,273,000</u>	<u>3,567,302</u>	<u>294,302</u>
Operating expenses:				
Personnel services and benefits	1,229,407	1,248,527	1,269,785	(21,258)
Purchased contract services	550,000	487,774	533,509	(45,735)
Supplies and maintenance	1,503,430	2,596,871	1,153,499	1,443,372
Utilities	97,047	97,047	80,904	16,143
Depreciation	-	-	384,898	(384,898)
Total operating expenses	<u>3,379,884</u>	<u>4,430,219</u>	<u>3,422,595</u>	<u>1,007,624</u>
Operating income (loss)	(106,884)	(1,157,219)	144,707	1,301,926
Non-operating revenues (expenses):				
Investment earnings	25,000	25,000	10,902	(14,098)
Interest expense	(77,000)	(19,175)	(23,116)	(3,941)
Gain on sale of assets	-	-	14,290	14,290
Total non-operating revenues (expenses)	<u>(52,000)</u>	<u>5,825</u>	<u>2,076</u>	<u>(3,749)</u>
Net change in net assets (budgetary basis)	<u>\$ (158,884)</u>	<u>\$ (1,151,394)</u>	146,783	<u>\$ 1,298,177</u>
Less outstanding encumbrances, June 30			<u>99,872</u>	
Net change in net assets (GAAP basis)			<u>\$ 246,655</u>	

**CITY OF ROSWELL, GEORGIA
SOLID WASTE**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Sanitation sales	\$ 8,441,000	\$ 8,441,000	\$ 8,324,288	\$ (116,712)
Other fees	31,000	31,000	29,849	(1,151)
Other operating income	181,000	181,000	300,343	119,343
Total operating revenues	<u>8,653,000</u>	<u>8,653,000</u>	<u>8,654,480</u>	<u>1,480</u>
Operating expenses:				
Personnel services and benefits	3,014,525	3,072,125	3,068,215	3,910
Purchased contract services	4,531,148	4,534,098	3,937,425	596,673
Supplies and maintenance	2,244,725	2,278,550	1,577,034	701,516
Utilities	10,970	10,970	8,997	1,973
Depreciation	-	-	338,536	(338,536)
Total operating expenses	<u>9,801,368</u>	<u>9,895,743</u>	<u>8,930,207</u>	<u>965,536</u>
Operating loss	(1,148,368)	(1,242,743)	(275,727)	967,016
Non-operating revenues:				
Investment earnings	20,000	20,000	57,262	37,262
Gain on sale of assets	-	-	129,556	129,556
Total non-operating revenues	<u>20,000</u>	<u>20,000</u>	<u>186,818</u>	<u>166,818</u>
Net change in net assets (budgetary basis)	<u>\$ (1,128,368)</u>	<u>\$ (1,222,743)</u>	(88,909)	<u>\$ 1,133,834</u>
Less outstanding encumbrances, June 30			<u>20,189</u>	
Net change in net assets (GAAP basis)			<u>\$ (68,720)</u>	

**CITY OF ROSWELL, GEORGIA
PARTICIPANT RECREATION**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Other fees	\$ 3,966,700	\$ 4,166,700	\$ 4,625,882	\$ 459,182
Total operating revenues	<u>3,966,700</u>	<u>4,166,700</u>	<u>4,625,882</u>	<u>459,182</u>
Operating expenses:				
Personnel services and benefits	2,920,931	2,966,151	3,005,708	(39,557)
Purchased contract services	700,000	754,825	738,018	16,807
Supplies and maintenance	1,003,537	1,202,038	1,123,091	78,947
Depreciation	-	-	36,521	(36,521)
Total operating expenses	<u>4,624,468</u>	<u>4,923,014</u>	<u>4,903,338</u>	<u>19,676</u>
Operating loss	(657,768)	(756,314)	(277,456)	478,858
Non-operating revenues:				
Investment earnings	-	-	1,983	1,983
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>1,983</u>
Loss before transfers	(657,768)	(756,314)	(275,473)	480,841
Transfers:				
Transfers in	658,445	658,445	658,445	-
Total transfers	<u>658,445</u>	<u>658,445</u>	<u>658,445</u>	<u>-</u>
Net change in net assets (budgetary basis)	<u>\$ 677</u>	<u>\$ (97,869)</u>	382,972	<u>\$ 480,841</u>
Less outstanding encumbrances, June 30			<u>41,967</u>	
Net change in net assets (GAAP basis)			<u>\$ 424,939</u>	

**CITY OF ROSWELL, GEORGIA
STORMWATER**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - BUDGET AND ACTUAL - BUDGETARY BASIS**

FOR THE YEAR ENDED JUNE 30, 2012

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
Operating revenues:				
Charges for services:				
Stormwater sales	\$ 2,800,000	\$ 2,800,000	\$ 2,900,374	\$ 100,374
Total operating revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,900,374</u>	<u>100,374</u>
Operating expenses:				
Personnel services and benefits	554,812	563,432	587,640	(24,208)
Supplies and maintenance	1,888,016	931,430	1,207,111	(275,681)
Depreciation	-	-	1,200	(1,200)
Total operating expenses	<u>2,442,828</u>	<u>1,494,862</u>	<u>1,795,951</u>	<u>(301,089)</u>
Operating income	357,172	1,305,138	1,104,423	(200,715)
Non-operating expenses:				
Investment losses	-	-	(191)	(191)
Total non-operating expenses	<u>-</u>	<u>-</u>	<u>(191)</u>	<u>(191)</u>
Income before transfers	357,172	1,305,138	1,104,232	(200,906)
Transfers:				
Transfers in	(240,000)	(240,000)	(240,000)	-
Total transfers	<u>(240,000)</u>	<u>(240,000)</u>	<u>(240,000)</u>	<u>-</u>
Net change in net assets (budgetary basis)	<u>\$ 117,172</u>	<u>\$ 1,065,138</u>	864,232	<u>\$ (200,906)</u>
Less outstanding encumbrances, June 30			<u>371,022</u>	
Net change in net assets (GAAP basis)			<u>\$ 1,235,254</u>	

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Group Health Fund – to account for charges to other funds and for the payment of employee's health insurance and the payment of claims.

Risk Management Fund – to account for charges to other funds and for the payment of general liability and property insurance and the payment of claims.

Workmans' Compensation Fund – to account for charges to other funds and for the payment of the workers' compensation insurance and claims.

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2012

	<u>Group Health Fund</u>	<u>Risk Management Fund</u>	<u>Workman's Compensation Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash	\$ 1,864,946	\$ 1,070,195	\$ 2,924,278	\$ 5,859,419
Investments	1,005,155	747,146	2,003,606	3,755,907
Receivables (net of allowance for uncollectibles)	34,181	1,388	4,600	40,169
Due from other funds	125	-	-	125
Prepaid items	2,963	152,711	60,063	215,737
Total assets	<u>2,907,370</u>	<u>1,971,440</u>	<u>4,992,547</u>	<u>9,871,357</u>
LIABILITIES				
Current liabilities:				
Accounts payable	61,087	11,685	78,199	150,971
Accrued liabilities	1,515	1,387	355,921	358,823
Due to other funds	1,816	1,801	2,005,995	2,009,612
Total liabilities	<u>64,418</u>	<u>14,873</u>	<u>2,440,115</u>	<u>2,519,406</u>
NET ASSETS				
Unrestricted	<u>2,842,952</u>	<u>1,956,567</u>	<u>2,552,432</u>	<u>7,351,951</u>
Total net assets	<u>\$ 2,842,952</u>	<u>\$ 1,956,567</u>	<u>\$ 2,552,432</u>	<u>\$ 7,351,951</u>

CITY OF ROSWELL, GEORGIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Total
OPERATING REVENUES				
Charges for services	\$ 7,505,985	\$ 863,392	\$ 446,350	\$ 8,815,727
Miscellaneous	-	-	39,158	39,158
Total operating revenues	<u>7,505,985</u>	<u>863,392</u>	<u>485,508</u>	<u>8,854,885</u>
OPERATING EXPENSES				
General and administrative	1,552,992	98,636	149,506	1,801,134
Claims paid	<u>5,369,772</u>	<u>628,050</u>	<u>569,372</u>	<u>6,567,194</u>
Total operating expenses	<u>6,922,764</u>	<u>726,686</u>	<u>718,878</u>	<u>8,368,328</u>
Operating income (loss)	583,221	136,706	(233,370)	486,557
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (losses)	<u>6,959</u>	<u>(1,467)</u>	<u>14,449</u>	<u>19,941</u>
Total nonoperating revenues (expenses)	<u>6,959</u>	<u>(1,467)</u>	<u>14,449</u>	<u>19,941</u>
Change in net assets	590,180	135,239	(218,921)	506,498
NET ASSETS, beginning of year	<u>2,252,772</u>	<u>1,821,328</u>	<u>2,771,353</u>	<u>6,845,453</u>
NET ASSETS, end of year	<u>\$ 2,842,952</u>	<u>\$ 1,956,567</u>	<u>\$ 2,552,432</u>	<u>\$ 7,351,951</u>

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

	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 7,721,609	\$ 1,457,104	\$ 501,155	\$ 9,679,868
Payments to suppliers and service providers	(6,983,971)	(821,422)	(667,617)	(8,473,010)
Net cash provided by (used in) operating activities	<u>737,638</u>	<u>635,682</u>	<u>(166,462)</u>	<u>1,206,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(1,005,155)	(750,001)	-	(1,755,156)
Interest received	5,153	-	15,325	20,478
Net cash provided by (used in) investing activities	<u>(1,000,002)</u>	<u>(750,001)</u>	<u>15,325</u>	<u>(1,734,678)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowing from other funds	-	-	2,004,950	2,004,950
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>2,004,950</u>	<u>2,004,950</u>
Net increase (decrease) in cash and cash equivalents	(262,364)	(114,319)	1,853,813	1,477,130
Cash and cash equivalents:				
Beginning of year	<u>2,127,310</u>	<u>1,184,514</u>	<u>1,070,465</u>	<u>4,382,289</u>
End of year	<u>\$ 1,864,946</u>	<u>\$ 1,070,195</u>	<u>\$ 2,924,278</u>	<u>\$ 5,859,419</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 583,221	\$ 136,706	\$ (233,370)	\$ 486,557
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase in receivables	(3,626)	-	-	(3,626)
Decrease in due from other funds	219,250	593,712	15,647	828,609
Increase in prepaids	-	(22,454)	(60,063)	(82,517)
Increase (decrease) in accounts payable	27,791	(45,092)	78,199	60,898
Increase (decrease) in accrued liabilities	(2,350)	(2,366)	177,813	173,097
Decrease in due to other funds	(86,648)	(24,824)	(144,688)	(256,160)
Net cash provided by (used in) operating activities	<u>\$ 737,638</u>	<u>\$ 635,682</u>	<u>\$ (166,462)</u>	<u>\$ 1,206,858</u>

STATISTICAL SECTION

This part of City of Roswell'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 government's overall financial health.

	<u>Page</u>
Financial Trends	76-81

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

Revenue Capacity.....	82-85
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These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

Debt Capacity.....	86-89
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information.....	90 and 91
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information.....	92-96
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These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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

CITY OF ROSWELL, GEORGIA

NET ASSETS BY COMPONENT Last Ten Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
GOVERNMENTAL ACTIVITIES				
Invested in capital assets, net of related debt	\$ 68,688	\$ 79,283	\$ 87,002	\$ 88,960
Restricted	24,625	22,371	9,351	7,836
Unrestricted	26,334	23,018	37,397	54,935
Total governmental activities net assets	<u>\$ 119,647</u>	<u>\$ 124,672</u>	<u>\$ 133,750</u>	<u>\$ 151,731</u>
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets, net of related debt	\$ 9,791	\$ 8,990	\$ 8,818	\$ 8,576
Restricted	-	-	-	-
Unrestricted	932	2,105	5,102	8,723
Total business-type activities net assets	<u>\$ 10,723</u>	<u>\$ 11,095</u>	<u>\$ 13,920</u>	<u>\$ 17,299</u>
PRIMARY GOVERNMENT				
Invested in capital assets, net of related debt	\$ 78,479	\$ 88,273	\$ 95,820	\$ 97,536
Restricted	24,625	22,371	9,351	7,836
Unrestricted	27,266	25,123	42,499	63,658
Total primary government net assets	<u>\$ 130,370</u>	<u>\$ 135,767</u>	<u>\$ 147,670</u>	<u>\$ 169,030</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 92,979	\$ 107,136	\$ 117,562	\$ 126,837	\$ 140,779	\$ 156,690
9,679	7,496	7,845	8,314	21,015	11,443
66,635	72,291	69,817	65,539	50,820	49,347
<u>\$ 169,293</u>	<u>\$ 186,923</u>	<u>\$ 195,224</u>	<u>\$ 200,690</u>	<u>\$ 212,614</u>	<u>\$ 217,480</u>
\$ 9,235	\$ 9,506	\$ 10,963	\$ 13,044	\$ 14,581	\$ 15,146
-	-	-	-	-	1,644
10,846	12,893	13,867	14,349	15,314	15,005
<u>\$ 20,081</u>	<u>\$ 22,399</u>	<u>\$ 24,830</u>	<u>\$ 27,393</u>	<u>\$ 29,895</u>	<u>\$ 31,795</u>
\$ 102,214	\$ 116,642	\$ 128,525	\$ 139,881	\$ 155,360	\$ 171,836
9,679	7,496	7,845	8,314	21,015	13,087
77,481	85,184	83,684	79,888	66,134	64,353
<u>\$ 189,374</u>	<u>\$ 209,322</u>	<u>\$ 220,054</u>	<u>\$ 228,083</u>	<u>\$ 242,509</u>	<u>\$ 249,276</u>

CITY OF ROSWELL, GEORGIA

CHANGES IN NET ASSETS Last Ten Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	2003	2004	2005	2006
EXPENSES				
Governmental activities:				
General government	\$ 6,462	\$ 7,007	\$ 5,312	\$ 3,948
Judicial	1,261	1,355	1,373	1,384
Financial services	1,727	1,875	3,290	4,057
Public safety	15,387	17,295	17,952	19,466
Public works	6,821	8,854	8,789	8,961
Planning and zoning	4,365	3,467	3,462	3,553
Culture and recreation	10,584	9,961	10,349	10,996
Interest and paying agent fees	3,333	2,764	2,583	2,353
Total governmental activities expenses	49,940	52,578	53,110	54,718
Business-type activities:				
Water and sewer	2,026	2,377	2,214	2,204
Solid waste	6,036	6,085	6,403	6,806
Participant recreation	-	2,987	3,112	3,399
Stormwater	-	-	-	-
Total business-type activities expenses	8,062	11,449	11,729	12,409
Total primary government expenses	\$ 58,002	\$ 64,027	\$ 64,839	\$ 67,127
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 23	\$ 1,470	\$ 298	\$ 1,012
Judicial (3)	-	-	-	2,968
Public safety	3,617	3,394	4,407	1,861
Public works	254	27	229	961
Planning and zoning	2,190	2,235	1,172	1,349
Culture and recreation	3,284	199	640	233
Total charges for services	9,368	7,325	6,746	8,384
Operating grants and contributions (1)	2,870	3,478	1,439	25
Capital grants and contributions (1)	-	643	-	3,880
Total governmental activities program revenues	12,238	11,446	8,185	12,289
Business-type activities:				
Charges for services:				
Water and sewer (2)	2,038	1,685	2,804	3,314
Solid waste	5,944	7,221	9,187	9,716
Participant recreation	-	3,501	3,230	3,401
Stormwater	-	-	-	-
Total charges for services	7,982	12,407	15,221	16,431
Capital grants and contributions (1)	-	-	-	-
Total business-type activities program revenues	7,982	12,407	15,221	16,431
Total primary government program revenues	\$ 20,220	\$ 23,853	\$ 23,406	\$ 28,720

(continued)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	4,311	\$ 5,398	\$ 7,130	\$ 7,309	\$ 8,049	\$ 8,237
	1,387	1,496	1,484	1,502	1,442	1,374
	3,987	3,964	2,387	2,335	1,528	2,216
	20,708	22,486	23,764	24,880	24,346	26,037
	10,009	8,847	9,402	12,380	12,670	13,438
	3,653	3,932	3,675	3,650	3,978	2,541
	11,369	12,634	12,198	12,340	11,445	12,102
	2,208	1,831	1,506	1,278	1,193	823
	<u>57,632</u>	<u>60,588</u>	<u>61,546</u>	<u>65,674</u>	<u>64,651</u>	<u>66,767</u>
	2,625	2,662	2,680	3,057	2,936	3,330
	8,166	8,655	8,607	8,985	8,951	8,887
	3,452	3,845	3,859	3,855	4,964	4,844
	-	-	-	-	-	1,418
	<u>14,243</u>	<u>15,162</u>	<u>15,146</u>	<u>15,897</u>	<u>16,851</u>	<u>18,479</u>
\$	<u>71,875</u>	<u>75,750</u>	<u>76,692</u>	<u>81,571</u>	<u>81,502</u>	<u>85,246</u>
\$	1,802	\$ 2,376	\$ 1,899	\$ 1,256	\$ 3,420	\$ 3,120
	3,106	3,154	584	2,259	2,969	2,938
	3,312	3,843	4,650	2,918	2,176	2,530
	734	435	481	1,480	67	264
	1,611	604	698	373	17	609
	435	476	273	512	350	80
	<u>11,000</u>	<u>10,888</u>	<u>8,585</u>	<u>8,798</u>	<u>8,999</u>	<u>9,541</u>
	378	1,300	737	2,368	1,406	983
	901	1,662	1,323	2,222	9,443	2,883
	<u>12,279</u>	<u>13,850</u>	<u>10,645</u>	<u>13,388</u>	<u>19,848</u>	<u>13,407</u>
	3,335	3,183	3,257	3,297	3,304	3,567
	9,090	9,763	9,681	9,981	9,821	8,655
	3,642	4,077	3,910	4,126	4,345	4,626
	-	-	-	-	-	2,900
	<u>16,067</u>	<u>17,023</u>	<u>16,848</u>	<u>17,404</u>	<u>17,470</u>	<u>19,749</u>
	621	107	-	844	-	-
	<u>16,688</u>	<u>17,130</u>	<u>16,848</u>	<u>18,248</u>	<u>17,470</u>	<u>19,749</u>
\$	<u>28,967</u>	<u>30,980</u>	<u>27,493</u>	<u>31,636</u>	<u>37,318</u>	<u>33,155</u>

CITY OF ROSWELL, GEORGIA

CHANGES IN NET ASSETS Last Ten Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

	2003	2004	2005	2006
Net (expense)/revenue				
Governmental activities	\$ (37,702)	\$ (41,132)	\$ (44,925)	\$ (42,429)
Business-type activities	(80)	958	3,492	4,022
Total primary government net expense	\$ (37,782)	\$ (40,174)	\$ (41,433)	\$ (38,407)
GENERAL REVENUES AND OTHER				
CHANGES IN NET ASSETS				
Governmental activities:				
Taxes				
Property taxes (4)	\$ 16,716	\$ 18,273	\$ 27,543	\$ 28,806
Sales taxes	14,317	16,728	18,780	21,284
Hotel/Motel taxes	554	464	619	730
Business taxes (4)	8,548	9,119	4,689	5,026
Total taxes	40,135	44,584	51,631	55,846
Investment earnings	795	581	1,078	2,071
Gain on sale of capital assets	-	-	-	-
Miscellaneous (4)	925	801	519	69
Transfers	(582)	(145)	775	962
Total governmental activities	41,273	45,821	54,003	58,948
Business-type activities:				
Investment earnings	18	10	80	266
Gain on sale of capital assets	-	-	-	53
Miscellaneous	-	21	28	-
Transfers	582	145	(775)	(962)
Total business-type activities	600	176	(667)	(643)
Total primary government	\$ 41,873	\$ 45,997	\$ 53,336	\$ 58,305
CHANGE IN NET ASSETS				
Governmental activities	\$ 3,571	\$ 4,689	\$ 9,078	\$ 16,519
Business-type activities	520	1,134	2,825	3,379
Total primary government	\$ 4,091	\$ 5,823	\$ 11,903	\$ 19,898

- (1) Operating grants and contributions and capital grants and contributions vary widely depending on the grants available from federal, state and local sources. Variances from 2003 to 2012 reflect the changes in grants awarded to the City.
- (2) The increase in water and sewer charges from 2004 to 2005 is attributable to a rate increase.
- (3) The decrease in Judicial for 2009 is attributable to the decrease in fine revenues and for the allocation of court fines to Public Safety.
- (4) The variations of property tax, business tax and miscellaneous collections reflect a change in the chart of accounts and definitions of accounts mandated by the State of Georgia.

2007	2008	2009	2010	2011	2012
\$ (45,353)	\$ (46,738)	\$ (50,901)	\$ (52,286)	\$ (44,803)	\$ (53,360)
2,445	1,968	1,702	2,351	619	1,269
<u>\$ (42,908)</u>	<u>\$ (44,770)</u>	<u>\$ (49,199)</u>	<u>\$ (49,935)</u>	<u>\$ (44,184)</u>	<u>\$ (52,090)</u>
\$ 30,628	\$ 31,635	\$ 31,890	\$ 31,674	\$ 31,344	\$ 30,227
22,443	22,689	19,720	19,562	20,406	21,863
795	853	686	602	721	788
5,151	5,307	5,378	5,248	5,345	5,028
<u>59,017</u>	<u>60,484</u>	<u>57,674</u>	<u>57,086</u>	<u>57,816</u>	<u>57,906</u>
3,784	3,395	1,751	593	559	411
-	-	-	-	-	148
122	479	202	73	100	179
(8)	10	(425)	-	(1,748)	(418)
<u>62,915</u>	<u>64,368</u>	<u>59,202</u>	<u>57,752</u>	<u>56,727</u>	<u>58,226</u>
314	348	280	123	135	70
15	12	24	89	-	144
-	-	-	-	-	-
8	(10)	425	-	1,748	418
<u>337</u>	<u>350</u>	<u>729</u>	<u>212</u>	<u>1,883</u>	<u>632</u>
<u>\$ 63,252</u>	<u>\$ 64,718</u>	<u>\$ 59,931</u>	<u>\$ 57,964</u>	<u>\$ 58,610</u>	<u>\$ 58,858</u>
\$ 17,562	\$ 17,630	\$ 8,301	\$ 5,466	\$ 11,924	\$ 4,867
2,782	2,318	2,431	2,563	2,502	1,901
<u>\$ 20,344</u>	<u>\$ 19,948</u>	<u>\$ 10,732</u>	<u>\$ 8,029</u>	<u>\$ 14,426</u>	<u>\$ 6,768</u>

CITY OF ROSWELL, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	2003 (1)	2004	2005	2006 (1)
General fund				
Reserved	\$ 2,240	\$ 1,300	\$ 1,916	\$ 1,710
Unreserved	26,774	29,123	28,995	33,383
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	29,014	30,423	30,911	35,093
All other governmental funds				
Reserved	26,806	26,244	23,652	14,472
Unreserved, reported in:				
Special revenue funds	(2,402)	(1,310)	(3,416)	(1,136)
Debt service funds	-	-	2,306	14,773
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	24,404	24,934	22,542	28,109
Total all funds	\$ 53,418	\$ 55,357	\$ 53,453	\$ 63,202

(1) Monies for capital projects were reflected in the General Fund reserves in 2003. As of fiscal year 2004, a capital projects fund was established. In addition, the difference in fund balance reserve from fiscal year 2005 to fiscal year 2006 in all other governmental funds is a result of increased expenditures in capital project related areas.

(2) The County implemented GASB Statement No. 54 for the year ending June 30, 2011.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012 (2)</u>
\$ 668	\$ 865	\$ 714	\$ 620	\$ -	\$ -
40,251	40,843	35,224	31,858	-	-
-	-	-	-	291	188
-	-	-	-	104	88
-	-	-	-	16,329	14,007
-	-	-	-	6,893	3,299
-	-	-	-	7,418	8,882
<u>40,919</u>	<u>41,708</u>	<u>35,938</u>	<u>32,478</u>	<u>31,035</u>	<u>26,463</u>
14,769	13,399	12,377	15,400 (2)	-	-
3,836	3,365	4,289	1,307	-	-
16,297	18,494	20,602	19,219	-	-
-	-	-	-	-	-
-	-	-	-	130	63
-	-	-	-	19,693	11,116
-	-	-	-	399	494
-	-	-	-	15,929	17,519
-	-	-	-	(1,188)	(1,699)
<u>34,902</u>	<u>35,258</u>	<u>37,268</u>	<u>35,926</u>	<u>34,963</u>	<u>27,492</u>
<u>\$ 75,821</u>	<u>\$ 76,966</u>	<u>\$ 73,206</u>	<u>\$ 68,404</u>	<u>\$ 65,998</u>	<u>\$ 53,955</u>

CITY OF ROSWELL, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	2003	2004	2005	2006
REVENUES				
Taxes	\$ 39,517	\$ 44,626	\$ 50,440	\$ 55,474
Licenses and permits (2)	2,122	2,539	1,661	1,813
Intergovernmental	2,869	3,478	3,245	4,475
Fines and forfeitures	1,861	1,618	2,050	3,066
Charges for services (3)	4,629	1,849	2,239	2,495
Impact fees	-	-	-	-
Investment earnings (4)	795	581	1,012	2,020
Contributions	-	-	-	-
Miscellaneous	1,682	2,120	1,336	1,041
Total revenues	53,475	56,811	61,983	70,384
EXPENDITURES				
General government	5,827	4,983	3,974	4,090
Judicial	1,156	1,138	1,274	1,289
Financial services	1,799	1,852	3,263	3,333
Public safety	14,974	16,202	17,240	18,405
Public works	8,307	6,547	6,377	6,525
Planning and zoning	4,520	3,140	3,223	3,317
Culture and recreation	9,804	7,974	8,497	9,102
Capital outlay	4,395	7,275	11,737	10,334
Principal on long-term debt	4,070	4,545	4,935	4,757
Interest and paying agent fees	3,225	2,579	2,505	2,358
Total expenditures	58,077	56,235	63,025	63,510
Excess of revenues over expenditures (continued)	(4,602)	576	(1,042)	6,874
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	6	1,496
Transfers in	627	6,304	9,550	9,448
Transfers out	(1,209)	(7,600)	(8,775)	(8,486)
Proceeds from bond refunding	10,790	-	-	-
Premium on bonds issued	77	-	-	-
Payments to refunded bond escrow agent	(11,079)	-	-	-
Capital leases	-	-	-	417
Total other financing sources (uses)	(794)	(1,296)	781	2,875
Net change in fund balances	\$ (5,396) (1)	\$ (720) (1)	\$ (261) (1)	\$ 9,749
 Debt service as a percentage of noncapital expenditures	 13.6%	 14.6%	 14.5%	 13.4%

(1) Beginning in fiscal year 2004, the City established a Capital Projects Fund. The changes in fund balance from fiscal year 2003 through 2005 is a result of the utilization of this new fund.

(2) The variations on licenses and permits reflect a change in the chart of accounts and definitions of accounts as mandated by the State of Georgia.

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	58,320	\$ 59,821	\$ 57,198	\$ 57,967	\$ 57,641	\$ 58,008
	2,117	2,428	1,295	1,187	1,268	1,430
	1,943	2,589	3,058	1,801	4,679	3,788
	4,218	4,811	3,476	3,392	3,345	3,303
	3,850	3,549	3,683	4,115	4,127	4,159
	-	-	-	95	276	245
	3,696	3,321	1,707	569	527	391
	-	-	-	-	-	25
	1,094	554	119	73	100	260
	<u>75,238</u>	<u>77,073</u>	<u>70,536</u>	<u>69,199</u>	<u>71,963</u>	<u>71,609</u>
	4,663	5,124	6,356	6,565	7,479	7,672
	1,326	1,460	1,532	1,501	1,439	1,377
	3,565	3,587	2,425	2,323	1,456	2,087
	20,054	22,171	23,205	24,108	23,218	24,742
	6,779	7,203	7,531	9,862	9,673	10,584
	3,469	3,786	3,749	3,660	3,945	2,459
	9,578	11,070	10,639	10,522	9,414	10,021
	7,121	11,227	12,774	9,303	9,592	11,099
	4,205	8,140	4,705	4,755	5,165	12,250
	2,247	2,329	1,484	1,432	1,240	1,093
	<u>63,007</u>	<u>76,097</u>	<u>74,400</u>	<u>74,031</u>	<u>72,621</u>	<u>83,385</u>
	<u>12,231</u>	<u>976</u>	<u>(3,864)</u>	<u>(4,832)</u>	<u>(658)</u>	<u>(11,776)</u>
	221	107	11,090	30	-	153
	7,853	10,516	(11,080)	8,539	7,821	-
	(7,861)	(10,506)	-	(8,539)	(9,569)	-
	-	15,975	-	-	-	-
	-	997	-	-	-	-
	-	(16,920)	-	-	-	11,908
	175	-	94	-	-	(12,327)
	<u>388</u>	<u>169</u>	<u>104</u>	<u>30</u>	<u>(1,748)</u>	<u>(266)</u>
\$	<u>12,619</u>	<u>\$ 1,145</u>	<u>\$ (3,760)</u>	<u>\$ (4,802)</u>	<u>\$ (2,406)</u>	<u>\$ (12,042)</u>
	11.5%	12.5%	9.8%	9.6%	10.1%	18.3%

(3) The difference in monies from fiscal year 2003 to fiscal year 2004 in charges for services represent the creation of the Participant Recreation Fund.

(4) The differences in interest earnings are due to changes in market conditions.

CITY OF ROSWELL, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE Last Ten Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Business Tax</u>	<u>Total</u>
2003	\$ 16,804	\$ 13,611	\$ 9,102	\$ 39,517
2004 (1)	18,357	16,584	9,685	44,626
2005 (1)	26,184	18,780	5,476	50,440
2006	28,434	2,117	6,923	37,474
2007	29,931	23,238	5,151	58,320
2008	30,971	23,543	5,307	59,821
2009 (2)	25,599	18,706	12,893	57,198
2010	32,031	20,086	5,850	57,967
2011	32,279	20,017	5,345	57,641
2012	30,329	22,652	5,028	58,008

- (1) The variations in both property taxes and business taxes from fiscal year 2004 to 2005 reflect a change in the chart of accounts and definitions of accounts as mandated by the State of Georgia.
- (2) Taxes have been classified differently in 2009 to more accurately reflect the tax source, thus resulting in variances compared to prior years.

CITY OF ROSWELL, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	Real Property	Privately Owned Public Utilities	Personal and Business (2)	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (3)	Assessed Value as a Percentage of Actual Value (1)
2003	\$ 2,135,161	\$ 30,471	\$ 1,285,798	\$ 124,776	\$ 3,326,654	5.432	\$ 8,316,635	40.00%
2004	2,343,765	32,191	1,356,140	126,129	3,605,967	5.167	9,014,918	40.00%
2005	2,488,316	36,622	1,346,710	127,014	3,744,634	6.087	9,361,585	40.00%
2006	2,573,445	45,290	1,340,669	123,357	3,836,047	6.087	9,590,118	40.00%
2007	2,771,967	51,896	1,435,251 (4)	131,024 (3)	4,128,090	6.087	10,320,225	40.00%
2008	3,105,857	53,966	1,541,096	140,597	4,560,322	5.657	11,535,720	40.00%
2009	3,226,197	49,179	1,824,638	249,837	4,850,177	5.455	12,125,443	40.00%
2010	3,209,102	44,830	1,863,224	253,501	4,863,655	5.455	12,159,138	40.00%
2011	3,049,069	38,015	1,815,995	264,506	4,638,573	5.455	11,596,433	40.00%
2012	2,900,791	38,015	1,850,126	264,119	4,524,813	5.455	11,312,033	40.00%

Source: Georgia Department of Revenue and Fulton County Tax Assessor's Department

(1) Assessed values are established by the County Assessment Board on January 1, of each year at 40% of actual value, as required by State law.

(2) Personal and business property includes commercial, industrial and non profit real property, and motor vehicles.

(3) The number of exempt properties increased from 431 in 2008 to 449 in 2009.

(4) Commercial real estate value increased from 2008 to 2009.

CITY OF ROSWELL, GEORGIA

PROPERTY TAX RATES (DIRECT AND OVERLAPPING GOVERNMENTS) Last Ten Fiscal Years (Mills - rate per \$1,000 of taxable assessed value)

Fiscal Year	Tax Year	City of Roswell					Overlapping Rates Fulton County			
		General Millage	(Less) Local Option		Total M&O	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage
			Sales Tax	Total						
2003	2002	7.144	(3.718)	3.426	2.006	5.432	12.527	0.280	12.807	
2004	2003	6.876	(3.617)	3.259	1.908	5.167	12.052	0.270	12.322	
2005	2004	8.442	(4.233)	4.209	1.878	6.087	11.581	0.066	11.647	
2006	2005	8.606	(4.397)	4.209	1.878	6.087	11.581	0.064	11.645	
2007	2006	8.497	(4.288)	4.209	1.878	6.087	11.407	0.063	11.470	
2008	2007	8.173	(4.262)	3.911	1.746	5.657	10.281	0.000	10.281	
2009	2008	7.978	(3.919)	4.059	1.396	5.455	10.281	0.000	10.281	
2010	2009	7.679	(3.620)	4.059	1.396	5.455	10.281	0.000	10.281	
2011	2010	7.898	(3.839)	4.059	1.396	5.455	10.281	0.000	10.281	
2012	2011	8.003	(3.944)	4.059	1.396	5.455	10.281	0.000	10.281	

Source: State Department of Revenue

Note: The City's basic property tax rate may be increased by majority vote of the City's Mayor and Council. Rates for debt service are set based on yearly requirements.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Overlapping Rates				
School District			State	Total
Operating Millage	Debt Service Millage	Total School Millage	Total State Millage	Direct & Overlapping Rates
18.460	0.310	18.770	0.250	41.480
17.758	0.298	18.056	0.250	39.160
17.315	0.291	17.606	0.250	43.120
17.825	0.282	18.107	0.250	47.202
17.825	0.282	18.107	0.250	46.852
16.904	1.189	18.093	0.250	43.123
16.403	1.099	17.502	0.250	42.420
17.502	0.000	17.502	0.250	43.519
18.502	0.000	18.502	0.250	44.519
18.502	0.000	18.502	0.250	44.519

CITY OF ROSWELL, GEORGIA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (amounts expressed in thousands)

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
	Value	Rank	Value	Value	Rank	Value
Kimberly-Clark Corp	\$ 23,356	1	0.52%	\$ 33,360	2	1.00%
Orion Roswell Associates	18,390	2	0.41%	-	-	-
Northmeadow Investors LLC	17,904	3	0.40%	-	-	-
AMIREIT	16,304	4	0.36%	-	-	-
A Colonial Three Hundred Five	16,196	5	0.36%	-	-	-
Calibre Creek Apartment Partners	14,524	6	0.32%	-	-	-
Sanctuary Park Realty Holding	12,920	7	0.29%	-	-	-
Willeo Creek Landings LP	10,445	8	0.23%	-	-	-
Jefferson at Champions Pkwy	9,592	9	0.21%	-	-	-
DRA Grande Oaks LLC	9,560	10	0.21%	-	-	-
Weeks Realty	-	-	-	47,578	1	1.43%
Walmart/Sam's Club/K-Mart Place	-	-	-	33,163	3	1.00%
Prudential Ins Company of America	-	-	-	9,252	4	0.28%
Tahoe North	-	-	-	6,816	5	0.20%
North Fulton Hospital	-	-	-	6,417	6	0.19%
Phoenix	-	-	-	6,134	7	0.18%
Mrs. Edith W. Spruill	-	-	-	4,959	8	0.15%
Home Depot USA	-	-	-	3,979	9	0.12%
Totals	<u>\$ 149,191</u>		<u>3.30%</u>	<u>\$ 151,658</u>		<u>4.56%</u>

Source: Financial Services Division within the City Finance Department.

CITY OF ROSWELL, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Adjusted Levy
2003	\$ 15,757	\$ 15,452	98.06%	\$ 291	\$ 15,743	99.91%
2004	16,329	15,751	96.46%	560	16,311	99.89%
2005	20,196	19,337	95.75%	825	20,162	99.83%
2006	21,146	20,776	98.25%	338	21,114	99.85%
2007	22,557	22,119	98.06%	392	22,511	99.80%
2008	23,372	22,892	97.95%	388	23,280	99.61%
2009	24,278	23,279	95.89%	825	24,104	99.28%
2010	24,449	23,737	97.09%	491	24,228	99.10%
2011	23,814	22,868	96.03%	550	23,418	98.34%
2012	22,335	21,761	97.43%	-	21,761	97.43%

Source: Financial Services Division within the City Finance Department.

Note:

Taxes levied have been adjusted to include subsequent bills. If an assessment is in appeal at the time of the billing, the City bills 85% of of the taxable amount. When the appeal is settled, the City then sends a bill for the increased amount.

CITY OF ROSWELL, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Capital Leases	Total	Notes Payable			
2003	\$ 62,380	\$ -	\$ 62,380	\$ -	\$ 62,380	1.97%	\$ 743
2004	57,835	-	57,835	-	57,835	1.81%	680
2005	53,315	-	53,315	-	53,315	1.65%	621
2006	48,580	395	48,975	-	48,975	1.51%	558
2007	44,570	375	44,945	-	44,945	1.27%	508
2008	36,625	180	36,805	-	36,805	1.12%	422
2009	32,100	-	32,100	-	32,100	0.96%	379
2010	27,345	-	27,345	-	27,345	0.78%	312
2011	22,180	-	22,180	1,440	23,620	0.62%	267
2012	9,930	-	9,930	1,644	11,574	0.34%	127

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF ROSWELL, GEORGIA

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years (amounts expressed in thousands)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2003	\$ 62,380	\$ 6,119	\$ 56,261	0.68%	\$ 670
2004	57,835	5,136	52,699	0.58%	620
2005	53,315	5,074	48,241	0.52%	561
2006	48,580	7,237	41,343	0.43%	481
2007	44,570	9,097	35,473	0.34%	401
2008	36,625	6,996	29,629	0.26%	339
2009	32,100	7,845	24,255	0.20%	287
2010	27,345	8,290	19,055	0.16%	217
2011	22,180	8,495	13,685	0.12%	155
2012	9,930	1,329	8,601	0.08%	94

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

CITY OF ROSWELL, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2012 (amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Debt repaid with property taxes			
Fulton County Board of Education	\$ 134,370	8.10%	\$ 10,884
City of Roswell direct debt	9,930		9,930
Total direct and overlapping debt	\$ 144,300		\$ 20,814

Sources: Assessed value data used to establish estimate applicable percentages are located in the Fulton County 2007 CAFR and City of Roswell Finance Department records. Debt outstanding data provided by each government unit.

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

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

CITY OF ROSWELL, GEORGIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

	2003	2004	2005	2006
Debt limit (10% of total assessed value)	\$ 345,143	\$ 373,210	\$ 387,165	\$ 395,940
Total net debt applicable to limit	56,261	52,699	48,241	41,343
Legal debt margin	\$ 288,882	\$ 320,511	\$ 338,924	\$ 354,597
Total net debt applicable to the limit as a percentage of debt limit	16.30%	14.12%	12.46%	10.44%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

	2007	2008	2009	2010	2011	2012
	\$ 425,911	\$ 475,489	\$ 518,848	\$ 511,716	\$ 490,308	\$ 478,893
	35,473	29,629	24,255	19,055	13,685	8,601
	\$ 390,438	\$ 445,860	\$ 494,593	\$ 492,661	\$ 476,623	\$ 470,292
	8.33%	6.23%	4.67%	3.72%	2.79%	1.80%
Assessed Value						\$ 4,524,813
Add back: exempt real property						264,119
Total assessed value						4,788,932
Debt limit (10% of total assessed value)						478,893
Debt applicable to limit:						
General obligation bonds						9,930
Less: Amount set aside for repayment of general obligation debt						(1,329)
Total net debt applicable to limit						8,601
Legal debt margin						\$ 470,292

CITY OF ROSWELL, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment (1)	Unemployment Rate
2003	83,911	\$ 3,160,676	\$ 37,667	35.20	73,138	2.50
2004	85,044	3,203,352	37,667	35.20	75,672	2.40
2005	85,920	3,236,349	37,667	35.20	81,022	4.00
2006	87,802	3,236,349	37,667	35.55	83,772	3.50
2007	88,465	3,547,977	40,106	37.20	23,309 (2)	3.40
2008	87,312	3,283,804	37,610	35.20	23,309	4.60
2009	84,595	3,358,841	38,318	36.60	13,294	7.61
2010	87,719	3,490,778	39,795	37.00	13,336	8.70
2011	88,346	3,824,145	43,286	36.30	13,563	10.20
2012	91,168	3,453,535	37,881	36.20	14,848	7.30

Sources: U.S. Census Bureau for the population, personal income, median age, per capita income, and unemployment rate. Statistics for 2012 are for the City of Roswell except for the unemployment rate which is for the state of Georgia.

(1) The school enrollment was provided by the Fulton County Board of Education.

(2) The school enrollment was given for the City of Roswell for 2007 whereas in previous years it has been given for all of Fulton County, Georgia.

CITY OF ROSWELL, GEORGIA

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kimberly-Clark Corporation	1,278	1	2.53%	1,600	1	4.42%
Verizon Wireless	1,220	2	2.42%			
North Fulton Regional Hospital	656	3	1.30%	950	2	2.63%
City of Roswell	594	4	1.18%	747	3	2.07%
Target Store	391	5	0.78%	235	10	0.64%
Verint Americas Inc.	346	6	0.69%			
Wal-mart Supercenter	311	7	0.62%	480	4	1.33%
Kroger	308	8	0.61%	279	9	0.77%
Prommis Solutions, LLC	300	9	0.59%			
Accu-Tech Corporation	279	10	0.55%			
Nalley Auto Dealership	-		-	419	5	1.16%
The Home Depot	-		-	326	6	0.90%
United Parcel Service	-		-	381	8	1.05%
Witness Systems	-		-	340	7	0.94%
Total	5,683		11.27%	5,757		15.91%

Source: City of Roswell Economic & Community Development Department

CITY OF ROSWELL, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
City Administrator	3	3	3	3	3	3	2	3	3	3
City Hall	6	6	6	6	6	8	8	8	9	9
Community Information	4	4	4	4	4	4	3	4	4	4
Court Services	18	18	18	18	18	20	20	20	16	17
General Administration	9	8	8	8	8	8	6	6	5	6
Governing Body	3	3	3	3	3	3	2	2	2	2
Human Resources	5	5	5	5	5	5	4	3	3	3
Legal	3	3	3	3	3	3	3	3	3	3
Risk Management	-	-	1	1	1	1	2	-	1	1
Worker's Compensation	-	-	-	-	-	-	-	-	1	1
Benefits Manager	-	-	-	-	-	-	-	-	1	1
Strat. Planning and Budgeting	2	3	3	3	3	3	3	3	3	-
IT (formerly MIS)	-	-	-	-	-	-	8	8	9	9
Finance										
Accounting	9	8	8	8	9	8	8	5	4	4
Finance - Administration	3	3	3	3	2	2	2	2	3	3
Treasury	-	-	-	-	-	-	-	-	1	1
Accounts Payable	-	-	-	-	-	-	-	3	-	-
Cash Disbursement	-	-	-	-	-	-	-	-	3	3
Accounts Receivable	-	-	-	-	-	-	-	-	6	6
Cash Receipting	-	-	-	-	-	-	-	-	3	3
Purchasing	5	5	5	5	5	4	4	4	3	3
IT (formerly MIS)	3	5	5	6	8	8	-	-	-	-
Tax Administration	4	4	4	4	4	4	5	5	-	-
Utility Billing	3	3	4	4	4	6	5	5	-	-
Strat. Planning and Budgeting	-	-	-	-	-	-	-	-	-	3

Source: City Budget Office

Continued

CITY OF ROSWELL, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Criminal Investigations	21	21	21	21	18	19	21	21	23	23
Jail/Detention	27	27	27	27	28	31	33	34	34	33
Patrol	74	76	81	81	80	84	90	86	79	77
Police-Admin Services	14	14	16	16	2	2	2	2	3	3
Police - Bldg Maintenance	1	1	1	1	-	-	-	-	-	-
Police - Support Services	7	7	7	7	23	25	23	24	25	27
Special Operations	12	12	10	10	11	8	10	13	11	12
Traffic Control	16	16	13	13	13	12	9	10	13	12
E-911	18	19	19	19	19	19	18	19	19	22
Fire										
Administration	-	-	-	-	2	2	2	2	2	2
Fire	3	4	4	4	3	4	4	6	6	6
Fire Training	1	1	1	1	1	1	1	1	1	1
Fire Marshal	10	10	10	10	9	9	9	9	9	9
Cultural & recreation										
Municipal Complex	2	2	2	2	2	2	2	2	2	2
Administration	-	-	-	-	2	2	2	2	2	2
Support Services	46	45	45	45	43	43	43	22	22	38
Parks	47	47	47	49	49	54	54	51	51	56
Barrington Hall	-	-	-	1	1	1	1	1	1	1
Bulloch Hall	1	1	1	1	1	1	1	1	1	1
Smith Plantation	1	1	1	1	1	1	1	1	1	1
Cultural Arts	2	2	2	2	2	2	2	2	2	2
Historic & Cultural Affairs	1	1	1	1	1	1	1	1	1	1
Environmental										
Administration	-	-	-	-	2	2	2	2.15	2.15	2
Environmental	6	4	4	5	3	3	3	3	3	3
Water Resources	-	-	-	3	3.5	4.5	4.5	1.5	1.5	-
Garage	7	7	7	7	7	7	7	7	7	7
Stormwater Mgmt	3	3	2	5	4	4	4	6.75	6.75	9

Continued

CITY OF ROSWELL, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Community Development										
Administration	-	-	-	-	3	3	3	3	3	3
Building Inspections	6	6	5	5	5	5	4	-	4	5
Code Enforcement	5	5	4	4	5	5	6	-	6	6
Support Services	11	11	11	11	7	7	6	2	2	2
Economic Development	1	2	1	1	2	2	2	4	4	2
Engineering	12	12	10	10	10	9	6	-	1	6
GIS	-	-	3	3	3	3	3	3	3	4
Licensing	1	1	2	2	2	2	2	1	1	1
Planning & Zoning	10	11	11	11	11	11	9	13	13	7
Transportation										
Transportation	10	16	9	10	7	7	11	8	8	8
Trans/PW Facility	-	1	7	8	8	-	-	-	-	-
Administration	-	-	-	-	3	3	3	3	4	4
Street Maintenance	43	35	34	31	31	31	31	31	31	31
Land Acq. & Development	-	-	-	-	-	-	-	-	-	3
Traffic Engineering	20	20	19	15	15	22	16	20	18	18
Water										
Administration	1	2	1	1	1.9	1.9	0.9	1.3	1.3	2.05
Distribution	10	10	10	10	9.25	9.25	9	10	9	9
Water Plant	6	6	6	6	5.75	5.75	6	7	7	7
Solid Waste										
Administration	4	5	5	5	4.85	4.85	4.85	4.5	4.5	4.5
Public Education	1	1	1	1	0.75	0.75	0.75	0.55	0.55	0.55
Residential Collection	41	41	39	39	33	34	35	34	34	34
Commercial Collection	8	8	8	8	8	8	7	8	8	8
Yard Trimmings Collection	13	13	12	12	-	-	-	-	-	-
Recycling Center	6	6	6	6	6	5	6	6.25	6.25	6.25
	608	613	609	615	598	613	606	574	580	608

CITY OF ROSWELL, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Calls for service	90,087	87,945	91,717	99,692	108,947	106,948	93,651	108,864	102,864	85,216
Traffic stops	32,686	26,348	26,399	33,433	36,896	34,139	33,320	43,457	43,090	28,885
Part 1 Crimes Index Rate	32.1	31.2	28.6	31.7	26.6	31.6	31.9	26.2	23.7	23.6
Fire										
Fire Calls	1,461	1,917	1,905	1,914	2,142	2,030	1,965	2,103	7,104	7,096
Fires extinguished	357	257	258	310	288	242	191	197	203	198
EMS Calls	3,862	3,420	3,656	4,384	4,082	4,102	4,100	4,364	5,101	4,795
Community development										
Building permits issued (1)	1,299	5,834	4,484	4,491	4,694	4,155	3,423	3,912	3,798	4,068
Refuse collection										
Household garbage collected-tons per year	18,545	18,461	18,519	18,256	22,045	21,803	21,164	18,872	19,080	18,645
Curbside recycling collected-tons per year	4,639	5,121	5,602	5,931	5,913	6,404	6,398	8,251	7,086	6,766
Yard waste collected-tons per year	7,845	8,085	9,825	8,074	7,225	7,997	8,024	7,386	8,712	8,140
Recycling from recycle center-tons per year	3,975	5,401	3,617	3,228	3,617	3,022	2,639	2,438	2,056	1,586
Parks and recreation										
Registered participants (2)	191,613	183,677	186,263	187,200	191,244	189,104	196,716	191,448	33,694	34,722
Park acres maintained	800	800	850	890	907	890	917	917	917	918
Participant Visits	722,543	740,847	725,909	668,517	697,189	691,501	712,321	719,012	-	-
Spectator Visits	463,469	503,514	456,151	412,921	430,914	362,627	408,360	409,840	-	-
Facility Visits	817,982	772,840	755,521	836,736	848,103	916,733	906,812	952,368	-	-
Total Point of Sale Participants (2)	-	-	-	-	-	-	-	-	102,971	122,170
Total Facility Rentals (2)	-	-	-	-	-	-	-	-	1,725	1,707
Water										
Water production in MGD	412.91	419.78	387.31	350.32	416.92	417	328	373	371	351
Sanitation										
Number of residential customers	21,120	22,885	22,885	23,221	23,840	24,309	23,807	25,080	25,146	25,230
Number of commercial customers	1,107	1,115	1,115	1,216	1,285	1,115	1,203	1,201	836	892

Sources: Various city departments.

Note: Operating indicators are not available for the general government function

(1) In fiscal year 2002 Fulton County implemented a sewer moratorium. This moratorium allowed for a limited amount of development during fiscal years 2002 and 2003. In fiscal year 2004 the moratorium was lifted resulting in increased development and therefore explains the increase in building permits from fiscal year 2003 to fiscal year 2004.

(2) With implementation of new registration software, we are now able to more accurately count total registered participants. Totals from previous years were based on monthly reports, causing participants to be counted multiple times for the same activity. Point of Sale Participants include fees for daily entry for the Pool, both Spraygrounds, Tennis Courts, Racquetball and Manor Haunted House. Total Rentals includes all paying room and shelter reservations at any Roswell Parks.

CITY OF ROSWELL, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Vehicles (1)	31	31	31	31	53	53	54	54	54	54
Buildings	30	30	30	30	30	30	30	30	30	30
Police										
Vehicles (2)	112	138	138	138	150	150	157	157	157	157
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Fire hydrants	4285	4443	4443	4443	4452	4452	4452	4452	4452	4452
Parks and recreation										
Acreage	868	890	890	890	901	901	901	917	917	917
Parks and playgrounds	17	19	19	19	19	19	19	19	19	19
Athletic fields	38	42	43	43	43	43	43	44	44	44
Recreational buildings	8	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	34	34	34	34	34	34	34	34	34	34
Transportation										
Paved roads in miles	342	360	360	360	373	373	373	373	373	373
Traffic signals	139	145	144	145	145	145	145	145	145	145
Water										
Water mains (miles)	200	200	200	200	201	201	201	201	201	201
Water plant	1	1	1	1	1	1	1	1	1	1

Sources: City of Roswell capital asset inventory system.

(1) The difference in the number of vehicles from fiscal year 2006 to fiscal year 2007 is the result of an increase in the overall fleet of vehicles owned by the City.

(2) The difference in the number of vehicles from fiscal year 2006 to fiscal year 2007 is the result of an increase in the fleet of police vehicles owned by the City.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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 Roswell, 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 Roswell, Georgia (the "City") as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 29, 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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2012-1 and 2012-2, to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated January 29, 2013.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor and City Council of the City of Roswell, Georgia, management, others within the entity, 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.



Atlanta, Georgia
January 29, 2013



**INDEPENDENT AUDITOR'S 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**

**To the Honorable Mayor and Members
of the City Council
City of Roswell, Georgia**

Compliance

We have audited the City of Roswell, Georgia's (the "City'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's major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the summary of audit 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 the City's management. Our responsibility is to express an opinion on the City'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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the City 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'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'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.

This report is intended solely for the information and use of management, the Mayor and City Council of the City of Roswell, Georgia, others within the entity, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 29, 2013

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant	14.218	2012 CDBG	\$ 10,512
Passed through the Fulton County, Georgia:			
Community Development Block Grant	14.218	06GRA004	31,705
Community Development Block Grant	14.218	11GRA008	34,335
Community Development Block Grant	14.218	12GRA001	332,356
Total Community Development Block Grant			<u>408,908</u>
Passed through Fulton County, Georgia:			
Neighborhood Stabilization Project Grant - ARRA	14.228	10GRA011	886
Passed through the Georgia Urban County Consortium:			
Home Investment Partnerships Program	14.239	18004	641
Total U.S. Department of Housing and Urban Development			<u>410,435</u>
U.S. DEPARTMENT OF INTERIOR			
Passed through the Georgia Department of Natural Resources:			
Historic Preservation Fund Grant	15.904	38005	6,000
Total U.S. Department of Interior			<u>6,000</u>
U.S. DEPARTMENT OF JUSTICE			
State Criminal Alien Assistance Program	16.606	12GRA005	68,514
Bullet Proof Vest Partnership Program	16.607	04GRA010	4,660
Edward Byrne Memorial Justice Assistance Grant	16.738	11GRA005	22,942
Edward Byrne Memorial Justice Assistance Grant	16.738	12GRA003	17,851
Passed through the City of Atlanta, Georgia:			
Edward Byrne Memorial Justice Assistance Grant	16.738	10GRA007	23,958
Edward Byrne Memorial Justice Assistance Grant - ARRA	16.803	10GRA002	71,894
Total Justice Assistance Grant Cluster			<u>136,645</u>
Total U.S. Department of Justice			<u>209,819</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through the Georgia Department of Transportation:			
Highway Planning and Construction	20.205	05TRA007	724,762
Highway Planning and Construction	20.205	08TRA005	52,069
Highway Planning and Construction	20.205	11TRA002	86,048
Highway Planning and Construction	20.205	11TRA003	301,178
Highway Planning and Construction	20.205	12TRA010	126,293
Highway Planning and Construction	20.205	38004	30,000
Total Highway Planning and Construction Grant			<u>1,320,350</u>
Total U.S. Department of Transportation			<u>1,320,350</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Passed through the Georgia Environmental Finance Authority:			
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	11ENV012	84,622
Total U.S. Environmental Protection Agency			<u>84,622</u>
U.S. DEPARTMENT OF ENERGY			
Local Energy Assurance Planning Grant - ARRA	81.122	10GRA009	63,510
Energy Efficiency and Conservation Block Grant - ARRA	81.128	10GRA008	308,715
Total U.S. Department of Energy			<u>372,225</u>
Total Expenditures of Federal Awards			<u>\$ 2,403,451</u>

See accompanying note to schedule of expenditures of federal awards.

CITY OF ROSWELL, GEORGIA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

(1) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

In instances where the grant agreement requires the City to match grant awards with City funds, such matching funds are excluded in the accompanying Schedule of Expenditures of Federal Awards.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report. These programs are operated according to Federal regulations promulgated by the Federal agency providing the funding.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? yes no

Significant deficiencies identified not considered
to be material weaknesses? yes 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 OMB Circular
A-133, Section 510(a)? yes no

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

SECTION I SUMMARY OF AUDIT RESULTS (CONTINUED)

Identification of major programs/clusters:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.738/16.803	Edward Byrne Memorial Justice Assistance Grant
20.205	Highway Planning and Construction Grant
81.128	Energy Efficiency and Conservation Block Grant - ARRA

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 ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2012-1 Revenue and Accrued Liability Reporting

Criteria: Internal controls should be in place to ensure that the amounts reported as revenues and receivables are appropriate and properly valued. In addition, accrued liabilities should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect certain misstatements in the reporting of the City's proprietary fund revenues, receivables and accrued liabilities.

Context/Cause:

- The Water and Sewer Fund unbilled receivables and related earned revenues were not properly reported. An adjustment of approximately \$211,000 was required to properly report unbilled receivables and revenues.
- As part of an intergovernmental agreement with Fulton County, Georgia, the City bills citizens for sewer treatment and remits ninety percent of the billings to Fulton County, Georgia for waste treatment. During our testing of accrued liabilities, an audit adjustment of approximately \$84,000 was required to correct the accrued sewer fee liability account in the Water and Sewer Fund. The year-end calculation of the accrued sewer fee liability as calculated by the City was overstated due to improper reporting of unbilled receivables and related revenues.

Effects: Audit adjustments for approximately \$211,000 and \$84,000 were needed to correctly report receivables and related revenues and accrued liabilities, respectively.

Recommendation: We recommend the City carefully review all sewer billings and collections to ensure that revenues and receivables and the accrued sewer liability are reported at the proper amount in accordance with the related intergovernmental agreement with Fulton County, Georgia.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that proprietary fund receivables and related revenues and the sewer accrued liability are properly recorded.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2012-2 Expenses and Related Liabilities

Criteria: Generally, expenses should be recognized as soon as a liability is incurred, regardless of the timing of cash flows.

Condition: Internal controls were not sufficient to detect certain misstatements in the reporting of the City's expenses and related liabilities.

Context/Cause: During our testing of expenses and related liabilities, an audit adjustment was required to correct current year balances. In the Group Health Insurance Fund, an adjustment for approximately \$393,000 was required to properly record expenses and accounts payable. This adjustment was a result of the City improperly recording an expense and related liability in the fiscal year ended June 30, 2012 when the transaction pertained to the fiscal year ending June 30, 2013.

Effects: An audit adjustment for approximately \$393,000 was needed to correctly report expenses and the related liability.

Recommendation: We recommend the City carefully review expenses and related liabilities to ensure all necessary transactions are properly reported.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenses and related liabilities are properly recorded.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

None Reported.