

# Roswell

g e o r g i a

Fiscal Year Ending June 2016

# 2016

**Comprehensive  
Annual  
Financial  
Report**

**CITY OF ROSWELL, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2016**

**Prepared By:**  
**The City of Roswell Finance Department**

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**CITY OF ROSWELL, GEORGIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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## **INTRODUCTORY SECTION**

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

Principal Officials



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



Front: Jerry Orleans, Jere Wood, Kent Igleheart  
Back: Mike Palermo, Donald Horton, Marcelo Zapata, Nancy Diamond

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, 2016 (FY16). This report consists of management's representations concerning the finances of the City. 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 is responsible for establishing and maintaining an effective internal control structure. In developing and evaluating the City's ac-

counting system, consideration is given to the adequacy of its system of internal control. We believe the City'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 FY16, and the auditor's unmodified 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 for FY16, 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 ac-

counting 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 unmodified opinion that the City and its component units' financial statements for the fiscal year ended June 30, 2016 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 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 FY16. 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 Historic Roswell Convention & Visitors Bureau, Inc., is reported as discretely presented component units at June 30, 2016.

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. Roswell's City Council is comprised of six dedicated individuals who, elected at large, work together to make Roswell a better



Roswell City Hall

place to live, work and play. Overseeing policy making decisions, the City Council approves the annual budget, determines the millage rate, acts on rezoning and annexation and approves various ordinances. Council members also serve on City committees that give them the opportunity to learn critical details of projects and services that they will eventually vote upon in Regular and Zoning Council meetings.

The City of Roswell, Georgia 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 42 square miles and has an unparalleled quality of life for its 94,089 resi-

dents.

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

The City operates under a charter adopted in 1854 and revised on April 19, 2000.



Adult Recreation Aquatic Facility



Oak Leaf Triptych

Roswell has over 900 acres of parkland, 10 acres per 1,000 residents.

under the provisions of Fulton County.

The natural beauty along the Chattahoochee River, creative and innovative businesses, and emphasis on historic preservation distinguishes Roswell as a very special community. Roswell is a unique place...a progressive City with a small-town feel and a strong sense of family and community. Roswell is brimming with many of the amenities found in larger cities yet it has retained its charm and friendly atmosphere.

Roswell's recreation and parks services are second to none in the State of Georgia. From the hundreds of programs offered to residents to the City's beautiful trail system, no other park system in the state matches Roswell's. Roswell has over 900 acres of parkland, 10 acres per 1,000 residents. This exceeds the national recommendation of 7 acres per 1,000 residents. Roswell Recreation and Parks Department is nationally accredited. For five consecutive years, the City of Roswell's Recreation, Parks, Historic & Cultural Affairs Department has been named as a final-

ist for the National Gold Medal Award for Excellence in Park and Recreation Management by The American Academy for Park and Recreation Administration, in partnership with the National Recreation and Park Association. It has received the Georgia Recreation and Parks Association Agency of the Year designation for nine years. They have also received the USA Track and Field Georgia Association Green Space Award and were named "Community Wildlife Habitat" by the National Wildlife Federation in 2013.

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 a few communities 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

Quality of life for a community begins with a feeling of safety in our homes and in our streets. The City of Roswell has one of the lowest crime rates in the state and is consistently ranked as one of the safest cities in the entire Southeast. In 2006, Roswell was named the 18<sup>th</sup> Safest City in the United States and the safest city in Georgia. This is not the first time our City has received this accolade. We achieve this milestone each year through a well-trained and dedicated police force, and innovative technology.

Roswell's firefighters are on duty 24-hours-a-day, seven days a week to protect the lives of all citizens who live, work, visit or travel through Roswell. Roswell's Fire Department accomplishes this with a combined part-time and full-time work force and seven stations throughout the community. Roswell's Fire Department holds an Insurance Service Office (ISO) rating of Class 2. The ISO rating is a measurement of the effectiveness of fire protection services. Insurance companies base their fire insurance premiums on this rating, generally offering lower rates to communities with better protection.

Roswell continues to be a leader in the metro Atlanta area in managing the current and future growth of our wonderful city. We are fortunate to have leaders who concentrate their policy making into solid guidelines for smart growth and development. The Community Development Department is responsible for carrying out those guidelines. The City has implemented a number of projects that will enhance our community. These projects include receiving a \$2.3 million LCI



City of Roswell's Water Plant

Roswell preserves its rich past and heritage within a vibrant contemporary culture with a 640-acre Historic District.

Grant from the Atlanta Regional Commission to fund the redevelopment of the Roswell Midtown from Norcross Street to Commerce Parkway, completion of the Transportation Master Plan, and the Town Square area Design Charrettes. The Community Development Department also oversees building inspections and code enforcement. Roswell's enforcement of building codes with respect to apartments is the model for metro Atlanta.

To assist the City of Roswell with economic development, the City works hand-in-hand with Roswell, Inc. in a public/private partnership. Roswell, Inc. works closely with commercial property owners, business owners and developers to assure that all of our businesses are functioning at their highest and best use, contributing to the City's tax base and helping us achieve the City's economic development goals as identified in the Strategic Economic Development Plan (SEDP). In addition, Roswell Inc. works to actively market the City, recruit new businesses, and help existing businesses thrive.

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 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.



Bulloch Hall

## 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.



Gate City Brewery

## 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, Permanent 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.

...the City continues to meet its responsibility for sound financial management.



Canton Street

## Local Economy



Completed City Walk Development

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.

Roswell continues to be a prosperous municipality. The City of Roswell has earned an "AAA" bond rating, the highest possible rating, consistently each year since 2000.

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.

In the past, large population growth would likely result in further sprawl with the expansion of residential neighborhoods and chain-filled shopping centers. Now, however, local municipalities are looking inward and taking stock of their resources. They are reinvesting in current properties and implementing creative new zoning practices that will improve the quality of life within the cities. Roswell's new and updated UDC, or Unified Development Code, is an invaluable tool in the redevelopment efforts. It allows for mixed-use zoning and simplifies the processes that

have hindered new businesses in the past. The aging shopping centers of the 80's and 90's are being converted into office, retail and even residential spaces that allow residents to live, work and play within a walkable area.

This includes several massive projects that create mixed use, urban style developments in these formerly isolated suburbs. Projects like Alpharetta's Avalon, which is planning on adding additional housing, a hotel/conference center, and 550,000 square feet of new Class A office space and Milton's proposed city center all offer the village style amenities that allow residents to live, work and play within reasonable and even walkable distance.

Another planned mixed use project is Peridot, which would sit on a 47-acre tract at the corner of Morrison Parkway and Haynes Bridge road, abutting Ga. 400 on the south. It would contain restaurants, retail, a hotel, almost half a million square feet of office space, and 470 townhomes and condos. When built, nearly 2,000 jobs are expected to come with it.

Furthermore, the Georgia 400 Corridor is attracting major businesses to the area in larger numbers and diversity that ever be-

fore, particularly in the IT and medical industries. These corporations bring thousands of jobs to the area and provide opportunity for the highly skilled, highly educated workforce to thrive. This promotes affluence within the communities and further drives the local economics forward. 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.



City Green Rendering

The City government has earned a “AAA” bond rating, the highest possible rating, consistently each year since 2000 .

## 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 2016. 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 16 budget took

into consideration requests that 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 service levels while maintaining the City’s assets. The City uses 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.

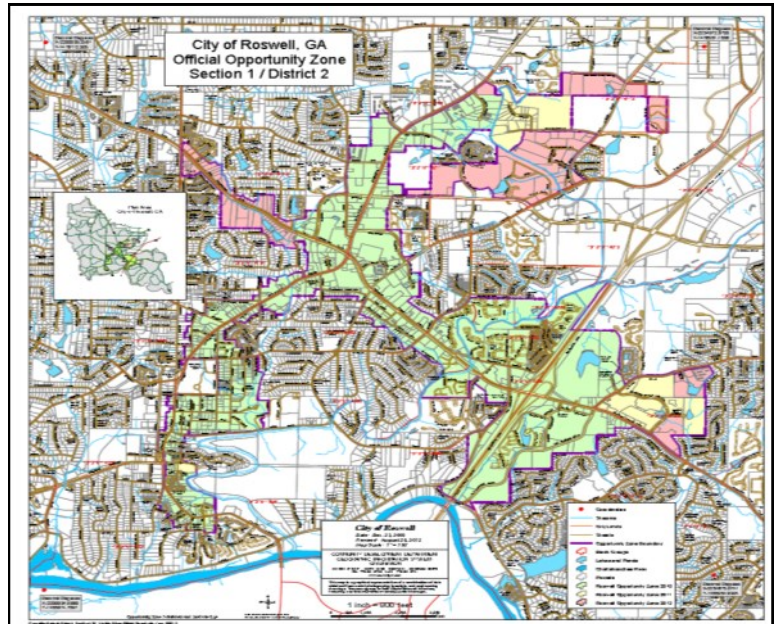
The City’s finances are consistently and rigorously reviewed and monitored by the City’s Budget Office. This timely evaluation of the finances allow for a quick response in the event that a financial decision must be made.

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.

During FY 16, the City of Roswell planned and implemented several major initiatives 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.

Over 100 businesses are taking advantage of an exciting business location incentive available in Roswell's expanded Opportunity Zone with new businesses signing up each month. The program offers the highest and most user-friendly job tax credit in the state. Designation carries dramatic tax advantages. First, businesses in the designated area, or zone, are eligible for the maximum state job tax credit of \$3,500 per employee for five years starting the year of the hire. Second, any legal business is eligible; there are no restrictions on the type of jobs created. Third, only two or more jobs need to be created in any one year to be eligible (other programs require ten), and there is no upper limit on eligible jobs. Fourth, and most significantly, if the company's state income tax liability is insufficient to absorb all of the credits the balance may be taken by retaining employee withholding taxes that would otherwise be paid to the state. This allows the credit to be "cashed out" quickly and easily. The amounts retained by the com-

Over 100 businesses are taking advantage of an exciting business location incentive available in Roswell's expanded Opportunity Zone



Opportunity Zone

pany from employee withholding are exempt by law from Georgia income tax and may not be subject to federal income tax, so the company gets the full value of the credited dollars. Note that there are flow-through opportunities to pass the credit to partners, shareholders, etc.

The City is implementing its second Strategic Economic Development Plan (SEDP) under a partnership with Roswell Inc., which provides economic development services to the City. The plan includes 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. Led by an Executive Committee, Roswell Inc. used the plan's guidelines to craft an action plan that is being implemented. The Roswell Downtown Development Authority was

reactivated in January 2012, and is at work activating property for redevelopment. The City also added a business incentive program to its economic development incentive program for larger companies.

The Grove Way community behind City Hall continues to experience exciting changes in which the City Community Development Department has been involved. A new luxury apartment complex with concierge-level amenities is completing construction. Also in Grove Way, property is currently being developed into cottage and townhouse units.

The rewrite implements 2030 Comprehensive Plan recommendations calling for revitalizing areas in decline, providing additional housing options, and reconciling conflicting rules to attract quality projects. Planning and zoning ordinance issues needed addressing to help make the City's vision a reality. The Unified Development Code (UDC) speaks to contempo-



rary development and zoning practices consistently in a way that is easily understood by administrators, developers, and community members.

The City of Roswell adopted an Urban Redevelopment Plan in 2010 which was amended in 2013. This plan examines an area primarily west of SR 400 which it describes as “an older suburban retail, office, and light industrial district with an historic downtown.” These areas are noted for having more retail space than demand, leading to vacancy and blight. Residential spaces in this area are typically multifamily and are frequently older, with poor maintenance practices and higher crime rates. The Urban Redevelopment Area includes areas with the highest poverty rates in Fulton County north of the Chattahoochee River. In response to these stated concerns, the plan attempts to provide a way to accomplish the following:

- Incentivize redevelopment in commercial areas,
- Improve workforce housing,
- Redevelop properties to their highest and best economic uses,
- Build upon the existing transportation network...with better connections and multiple modes of transportation.”

The plan proposes ways to do this including rezoning and the establishment of Opportunity Zones in which lower taxes and other incentives could encourage redevelopments and new businesses. It also cites other successful plans including some from the ARC’s Livable Centers Initiative and Roswell’s Midtown redevelopment plan from 2003, which resulted in a streetscape project on Alpharetta Street where redevelopment can now be seen.

Downtown Roswell is a thriving historic center anchored by natural

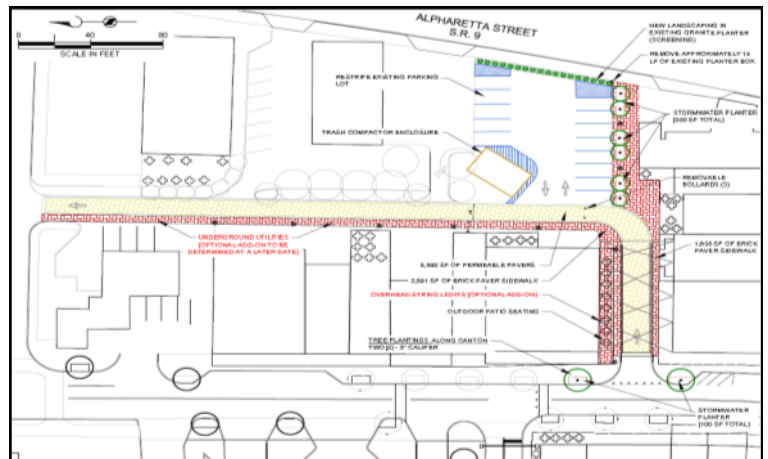
and historic resources. The area centered on Canton Street is home to many local restaurants and boutique retailers in historic buildings. As the downtown has become more active and busy, attention has turned to the area’s alleyways which were used irregularly and haphazardly for parking, vehicular and pedestrian circulation and garbage dumpsters. Businesses increasingly saw these typically unused spaces as useful assets that should be capitalized upon, which motivated the city to create a master plan for these irregular and precious spaces. Based on public and city inputs, the plan created a unique and context-sensitive vision for each of the seven corridors identified. These recommendations included widened sidewalks with space for outdoor dining, branded gateways, infrastructure to support temporary road closures, use of consistent materials and textures, and various parking and circulation modifications all aimed at creating a friendlier, accessible Downtown Roswell. The master plan was adopted by the City in May 2015, along with a first phase implementation plan for improvements to East Alley including permeable pavers for the roadway, brick pav-

ers for expanded sidewalks, removable bollards, tree plantings on Canton Street, and a trash compactor enclosure, among other improvements.

As an adjunct to the UDC, the City embarked on a project to create a set of design guidelines that support the City’s proposed UDC. The focus of the project was to establish design options that allow for innovative approaches to development while maintaining the desired character that is Roswell. The guidelines address development throughout the city, including the historic district. However, they do not address changes to existing single-family homes or neighborhoods in Roswell.

Roswell’s UDC provides the specific design standards that shape development throughout the city, such as permitted land uses and maximum height. The design guidelines build on UDC standards to address the design quality of new development and changes in the historic district. Considerations include building massing, materials, public amenities, historic rehabilitation and storm water management.

As the downtown has become more active and busy, attention has turned to the area’s alleyways which were used irregularly and haphazardly for parking, vehicular and pedestrian circulation and garbage dumpsters.



East Alley

## 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 unsecured 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; 5) Debt and 6) Investment Policy. The City of Roswell also has established a variety of procedures for 1) Deposits; 2) Deferred Inflows/Outflows of Resources; 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.

Current revenue will be sufficient to support current operating expenditures plus recurring capital expenditures.

## 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, 2015. 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 govern-

ment 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-six consecutive years, since June 30, 1989. We believe our current report continues to conform to the Certificate of Achievement program require-

ments, and we are submitting it to the GFOA.

The City of Roswell Department of Finance, Purchasing Division was recognized in 2016 by the National Purchasing Institute and received their 12th 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 2016. 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 thirteen fiscal years.

### City Recognition

Named a Gold Certified Green Community by the Atlanta Regional Commission for leadership in its environmental and sustainability efforts

Named One of the Top Three Cities in the Nation to Raise Your

Family: Roswell was listed third in the book, "Best Places to Raise Your Family," released by Frommer's

Roswell is ranked as the 18th Safest City in the United States according to City Crime Rankings

Named the 6th Best Place to Retire in the United States by Black Enterprise Magazine

City of Excellence: Only 50 cities in the state have been honored with the designation by the Georgia Municipal Association

Designated as a Bicycle Friendly Community in 2006 by the League of American Bicyclists

"Money Magazine's" 19th Best Eastern U.S. City to Live: Roswell was ranked 19th for cities with populations under 100,000

"Atlanta Magazine's" Best Place to Live in Metro Atlanta: Roswell was honored twice by "Atlanta Magazine" as the best place to live in the metro area

Internationally Accredited Police Department: Commission on Accreditation of Law Enforcement Agencies (CALEA)

State of Georgia Law Enforcement Certification: Roswell Police Department

Nationally Accredited Recreation and Parks Department: Commission for Accreditation of Park and Recreation Agencies

Preserve America Community Designation: Honored for its efforts in preserving our historic, cultural, and natural heritage

### Awards

Trendsetter Award 2006: Roswell received the award for the Big Creek Wetlands demonstration project from the Georgia Municipal Association

Create Community Award 2005: The Atlanta Regional Commission's most prestigious award. Roswell was honored for its efforts in environmental sustainability

Georgia Recreation and Parks Agency of the Year: 1974, 1979, 1984, 1988, 1990, 2000, 2005

Tree City USA Award: The National Arbor Day Foundation

...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.

## 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 the accounting staff 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



Government Finance Officers Association

**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, 2015**

Executive Director/CEO

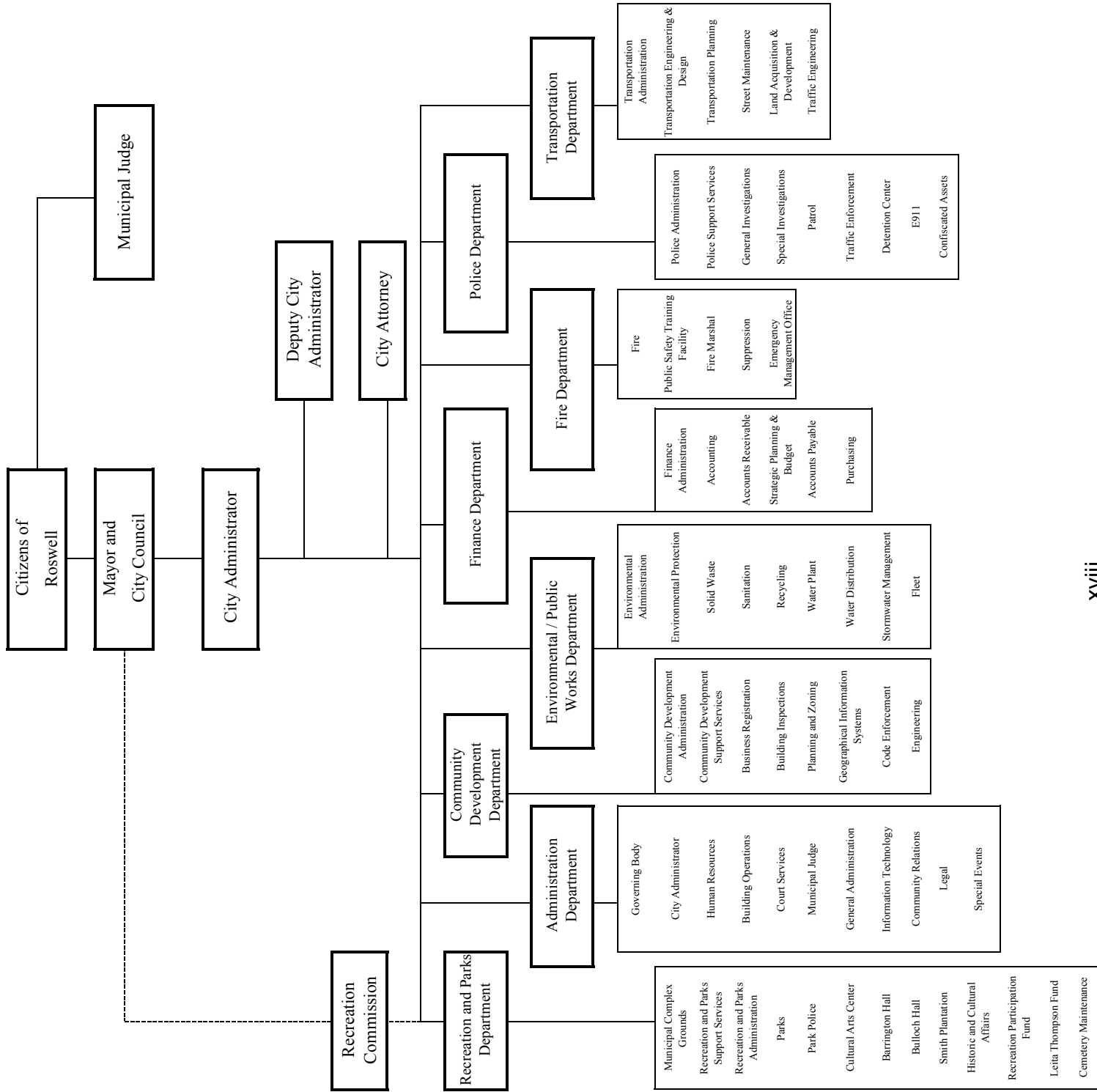
# CITY OF ROSWELL, GEORGIA

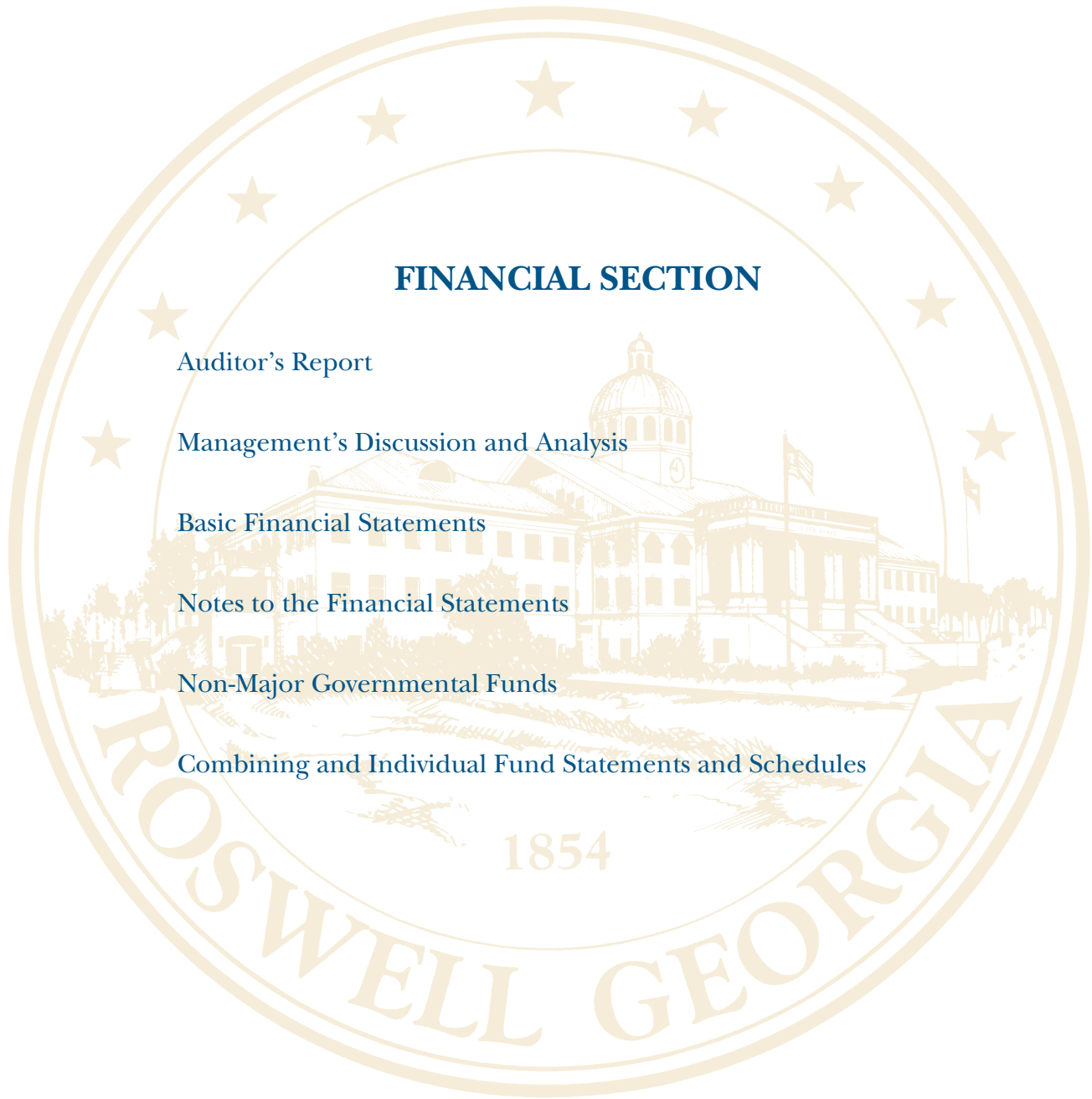
## PRINCIPAL OFFICIALS

June 30, 2016

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Kay Love	City Administrator
Michael Fischer	Deputy City Administrator
Alice Wakefield	Community Development Director
Keith Lee	Finance Director
Rick Burnette	Fire Chief
James Harner	Human Resources Director
Rusty Grant	Police Chief
Dan Skalsky	Public Works/Environmental Director
Morgan Rodgers	Recreation and Parks Director
Steve Acenbrak	Transportation Director





## **FINANCIAL SECTION**

Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Notes to the Financial Statements

Non-Major Governmental Funds

Combining and Individual Fund Statements and Schedules



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the City's Net Pension Liability, the Schedule of City Contributions and the Budgetary comparisons for the General Fund and Federal Grants Fund on pages 4 through 15, 58, 59, and 60 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016 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* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 19, 2016

## Management's Discussion and Analysis

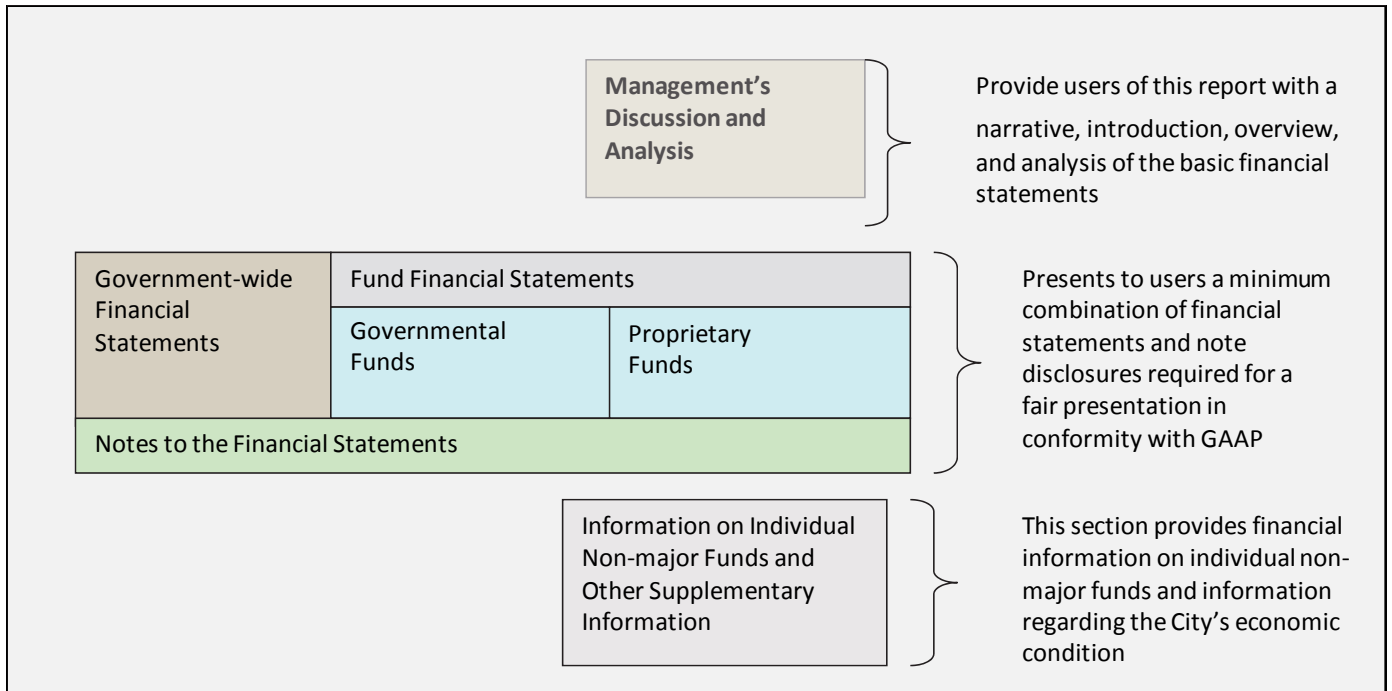
As management of Roswell, Georgia, we offer readers of Roswell's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. This discussion is intended to:

- 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 position and the statement of activities, which are described below.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position 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 tax 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 position 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 Position 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, storm water and participant recreation activities are reported here.
- **Component units** – The City includes one additional separate legal entity in its report – the Historic Roswell Convention & Visitors Bureau, Inc. Although legally separate, this "component unit" is important because the City is financially accountable for it.

The government-wide financial statements are presented on pages 16 and 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 Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City maintains three major and 15 non-major governmental funds. The City's major governmental funds are:
  - General,
  - Federal Grants
  - Capital Projects,

The City's non-major governmental funds are:

- Confiscated Assets,
- Emergency 911,
- State Grants,
- County and Local Grants
- American Stimulus Recovery Grants,
- CDBG Grants
- Soil Erosion,
- Hotel/Motel Tax,
- Leita Thompson,
- Impact Fees
- 2000 Bond,
- 2013 Bond,
- 2014 Bond,
- Debt Service,
- Scholarship.

The basic governmental fund financial statements are presented on pages 18-20 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 Position 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.
- **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 four of the fund types: Workman's Compensation, Risk Management, Fleet Services and Group Health.

The proprietary fund financial statements are presented on pages 21-23 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 24 of this report.

### **Budgetary Presentations**

Budgetary comparison statements are included as required supplementary information 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 62.

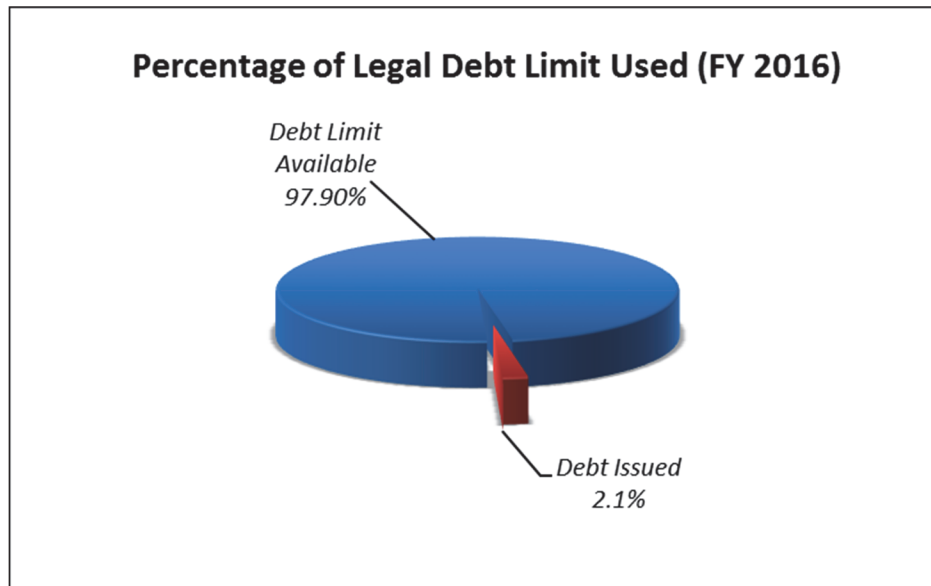
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Highlights**

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$255,709,911 (net position) for the fiscal year reported. Of this amount, \$40,947,486 is unrestricted, which may be used to meet the City's ongoing obligations to citizens and creditors.
- Total net position is comprised of the following:
  - 1) Capital assets, net of related debt, of \$200,156,600 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Net position of \$14,605,825 is 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 (FY), unrestricted net position increased from \$34,016,253 in FY 2015 to \$40,947,486.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, 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 \$1,375,000 during the current fiscal year. The decrease in the net of was caused by the payment of General Obligation bonds in FY 2016.



**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 position at FY 2016 increased 2.15% from \$250,230,000 at June 30, 2015 to \$255,609,000 at June 30, 2016 (See Table 1).

### City of Roswell's Summary of Net Position (Table 1)

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Assets:</b>								
Current and other assets	\$ 75,148	\$ 76,736	\$ 18,372	\$ 19,927	\$ 93,520	\$ 96,663	29.18%	31.60%
Capital assets	189,716	179,129	37,203	30,113	226,919	209,242	70.82%	68.40%
Total assets	264,864	255,865	55,575	50,040	320,439	305,905	100.00%	100.00%
Deferred outflows of resources	4,954	2,329	1,003	441	5,957	2,770	100.00%	100.00%
<b>Liabilities:</b>								
Current liabilities	9,630	8,824	4,417	5,215	14,047	14,039	19.90%	24.82%
Long-term liabilities	38,340	31,585	18,204	10,931	56,544	42,516	80.10%	75.18%
Total liabilities	47,970	40,409	22,621	16,146	70,591	56,555	100.00%	100.00%
Deferred inflows of resources	111	1,589	22	301	133	1,890	100.00%	100.00%
<b>Net position:</b>								
Net investment in capital asse	177,409	173,845	22,747	22,295	200,156	196,140	78.27%	78.38%
Restricted	14,605	20,074	-	-	14,605	20,074	5.71%	8.02%
Unrestricted	29,761	22,277	11,187	11,739	40,948	34,016	16.01%	13.59%
Total net position	\$ 221,775	\$ 216,196	\$ 33,934	\$ 34,034	\$ 255,709	\$ 250,230	100.00%	100.00%

The largest portion of the City's net position (78.31%) at June 30, 2016, 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 position (5.68%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$40,947,000 or 16.02%) 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

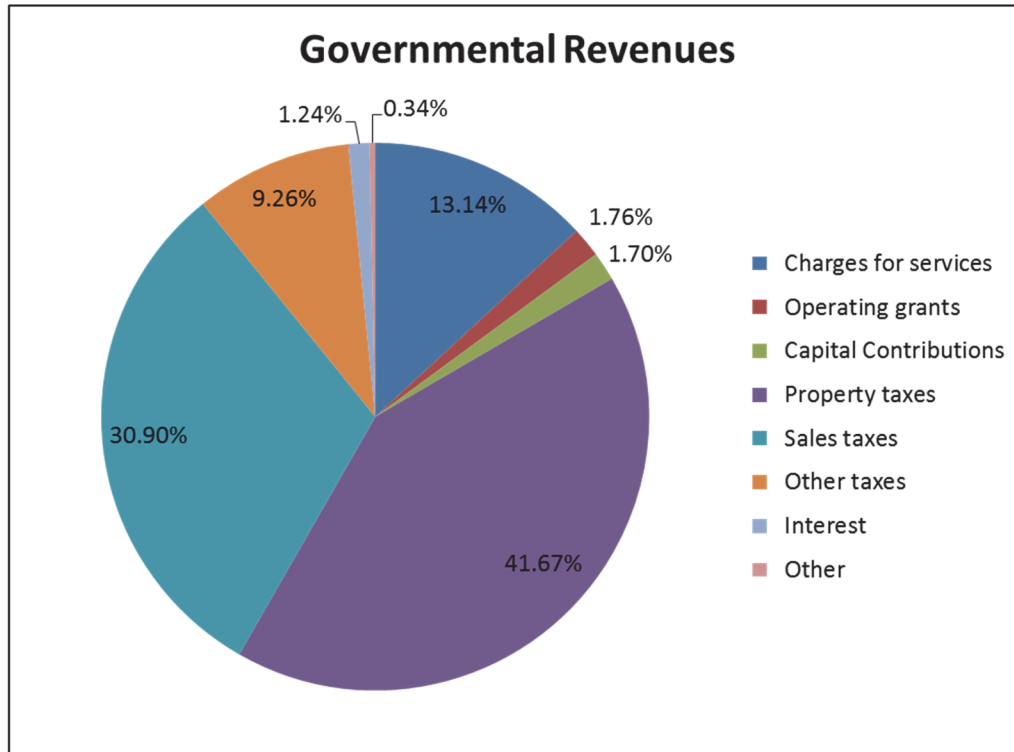
## CITY OF ROSWELL'S CHANGES IN NET POSITION

### Summary of Changes in Net Position (Table 2)

(in thousands of dollars)

	Governmental Activities		Business Activities		Total		Percentage of Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>Revenues:</i>								
<i>Program:</i>								
Charges for services	\$ 10,332	\$ 9,499	\$ 20,154	\$ 20,220	\$ 30,486	\$ 29,719	30.81%	31.10%
Operating grants	1,385	1,266	-	-	1,385	1,266	1.40%	1.32%
Capital Contributions	1,340	1,248	-	-	1,340	1,248	1.35%	1.31%
<i>General:</i>								
Property taxes	32,774	31,578	-	-	32,774	31,578	33.12%	33.05%
Sales taxes	24,304	23,965	-	-	24,304	23,965	24.56%	25.08%
Other taxes	7,285	6,596	-	-	7,285	6,596	7.36%	6.90%
Interest	973	651	150	62	1,123	713	1.13%	0.75%
Other	264	467	-	-	264	467	0.27%	0.49%
<b>Total revenues</b>	<b>78,657</b>	<b>75,270</b>	<b>20,304</b>	<b>20,282</b>	<b>98,961</b>	<b>95,552</b>	<b>100.00%</b>	<b>100.00%</b>
<i>Program Expenses:</i>								
General government	10,991	9,033	-	-	10,991	9,033	11.48%	9.81%
Judicial	978	1,155	-	-	978	1,155	1.02%	1.25%
Financial services	2,227	3,079	-	-	2,227	3,079	2.33%	3.35%
Planning and zoning	3,467	3,625	-	-	3,467	3,625	3.62%	3.94%
Public safety	27,540	26,043	-	-	27,540	26,043	28.77%	28.29%
Public works	16,307	16,115	-	-	16,307	16,115	17.04%	17.51%
Culture and recreation	13,104	13,732	-	-	13,104	13,732	13.69%	14.92%
Interest	188	363	-	-	188	363	0.20%	0.39%
Water and sewer	-	-	3,705	3,122	3,705	3,122	3.87%	3.39%
Solid waste	-	-	9,838	8,868	9,838	8,868	10.28%	9.63%
Stormwater	-	-	2,050	1,631	2,050	1,631	2.14%	1.77%
Participant Recreation	-	-	5,331	5,277	5,331	5,277	5.57%	5.73%
<b>Total expenses</b>	<b>74,802</b>	<b>73,145</b>	<b>20,924</b>	<b>18,898</b>	<b>95,726</b>	<b>92,043</b>	<b>100%</b>	<b>100%</b>
Excess (deficiency)	3,855	2,125	(620)	1,384	3,235	3,509		
Sale of assets	2,155	60	89		2,244	60		
Transfers	(431)	(48)	431	48	-	-		
<b>Change in net position</b>	<b>5,579</b>	<b>2,137</b>	<b>(100)</b>	<b>1,432</b>	<b>5,479</b>	<b>3,569</b>		
<b>Beginning net position, restated</b>	<b>216,196</b>	<b>214,059</b>	<b>34,034</b>	<b>32,602</b>	<b>250,230</b>	<b>246,661</b>		
<b>Ending net position</b>	<b>\$ 221,775</b>	<b>\$ 216,196</b>	<b>\$ 33,934</b>	<b>\$ 34,034</b>	<b>\$ 255,709</b>	<b>\$ 250,230</b>		





### GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 41.67% and sales taxes provided 30.9% of the City's total governmental revenues. Also, note that program revenues cover 17.46% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 82.54% 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

**CITY OF ROSWELL GOVERNMENTAL ACTIVITIES (TABLE 3)**

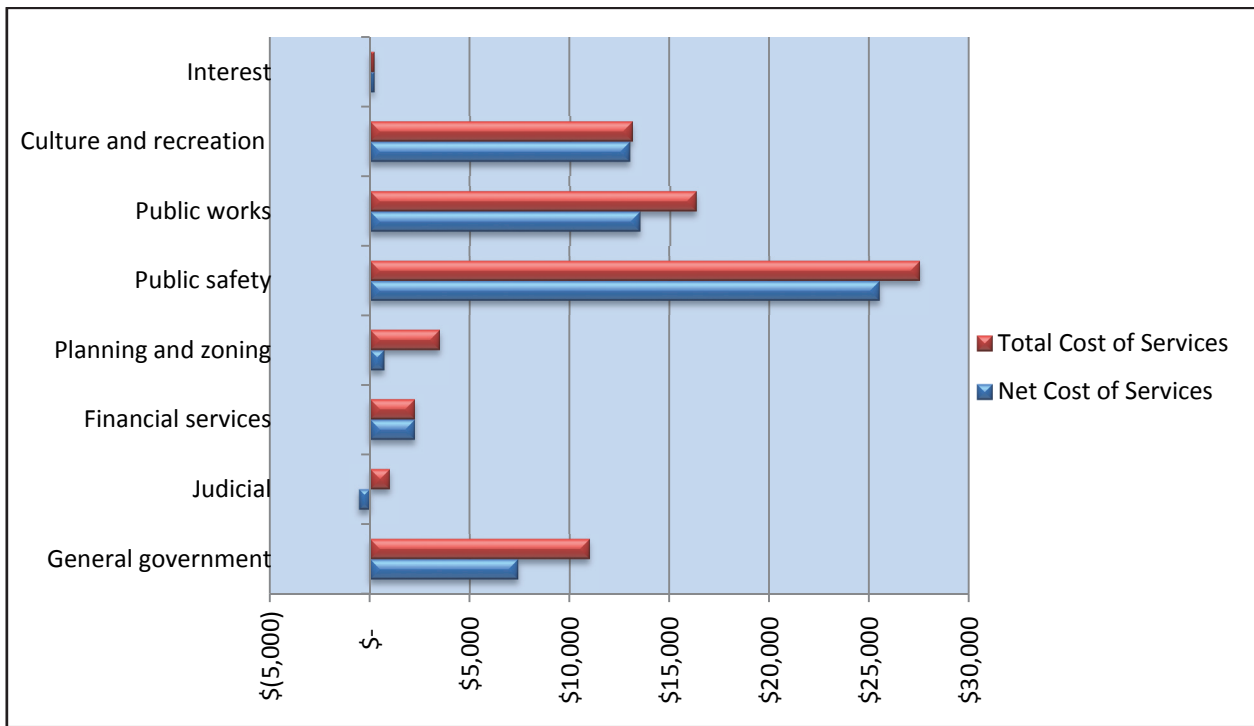
(IN THOUSANDS OF DOLLARS)

	Total Cost of Services		Percentage of Total		Net Cost of Services		Percentage of Total	
	2016	2015	2016	2015	2016	2015	2016	2015
<i>General government</i>	\$ 10,991	\$ 9,033	14.69%	12.35%	\$ 7,409	\$ 6,033	12.00%	9.87%
<i>Judicial</i>	978	1,155	1.31%	1.58%	(541)	(767)	-0.88%	-1.25%
<i>Financial services</i>	2,227	3,079	2.98%	2.99%	2,227	3,078	3.61%	5.04%
<i>Planning and zoning</i>	3,467	3,625	4.63%	4.96%	708	1,466	1.15%	2.40%
<i>Public safety</i>	27,540	26,043	36.82%	35.60%	25,288	23,594	40.96%	38.60%
<i>Public works</i>	16,307	16,115	21.80%	22.03%	13,494	13,754	21.85%	22.50%
<i>Culture and recreation</i>	13,104	13,732	17.52%	18.77%	12,971	13,611	21.01%	22.26%
<i>Interest</i>	188	363	0.25%	0.79%	189	363	0.31%	0.94%
<b>Total</b>	<b>\$ 74,802</b>	<b>\$ 73,145</b>	<b>100.00%</b>	<b>100.00%</b>	<b>\$ 61,745</b>	<b>\$ 61,132</b>	<b>100.00%</b>	<b>100.00%</b>

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.

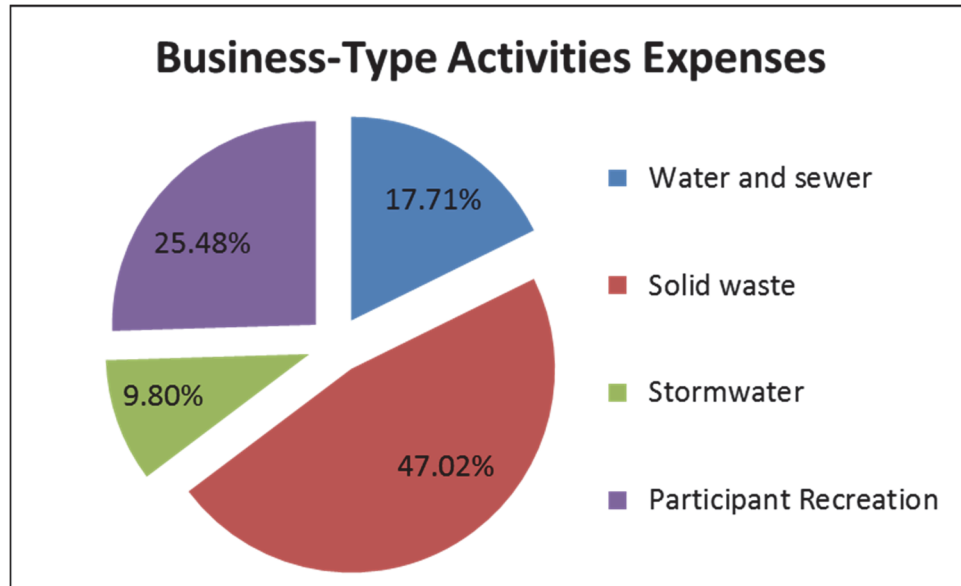
The most significant governmental expense for the City is providing Public Safety services such as Fire and Police protection. This comprises 40.96% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being fines and forfeitures. The second largest City cost for government is public works, totaling over \$16,307 million or 21.85% of governmental expenses.

- The cost of all governmental activities this fiscal year was \$74,802,000 compared to \$73,145,000 in FY 2015.
- 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 (\$65,600,000).
- Some of the costs were paid by those who benefited directly from the programs (\$10,107,000) and subsidies from other governments and organizations through grants and/or contributions (\$2,725,000).



**BUSINESS-TYPE ACTIVITIES**  
**Revenues vs. Costs**

The cost of all Proprietary (Business Type) activities this fiscal year was \$20,924,000 as shown in Table 2 (Summary of Changes in Net Position), the amounts paid by the users of the systems were \$20,154,000 and additionally the business-type activities earned \$150,000 from idle cash. Within the total business-type activities of the City, these activities reported a decrease in net position of \$100,000.



#### 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 balance of \$56,757,000. Of this year-end total, \$3,998,000 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, \$15,825,000 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 \$25,661,000. 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 9.47% of total general fund expenditures.

Total General Fund revenues were \$69,898,000, or a 11.63% decrease from FY 2015. Sales tax revenues increased in FY 2016 by \$339,000.

The Capital Projects Fund reflects an ending fund balance increase of \$973,000. The increase in fund balance is due to project monies that were appropriated, in current year.

#### 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 \$22,000 above those in FY 2015.

The Water and Sewer Fund's operating revenues are 1.2% above those in FY 2015 and operating expenses were 5.36% more than prior year. The increase in expenses is \$583,000 and is related to construction of new facilities.

The Solid Waste Fund's operating revenues are 6.04% less than those in FY 2015 and operating expenses were 5.81% more than the prior year.

The Participant Recreation Fund's operating revenues were 8.71% more when compared to the same time in FY 2015. Operating expenses were 2.0% more than prior year.

The Storm Water Fund's operating revenues were \$7,000 lower when compared to the same time in FY 2015. Operating expenses were 25.70% more than prior year. The increase in expenses was related to full-time personnel and continued capital improvements.

### **Budgetary Highlights**

**The General Fund** – The General Fund's final approved revenue budget for FY 2016 was \$67,992,283. The original approved revenue budget was \$65,203,637. The City collected \$1,905,000 above the approved revenue budget. The increase in collection compared to budget projection can be attributed to sales tax collection and Vehicle Title Tax.

The General Funds' final approved expenditure budget for FY 2016 was \$61,138,050. The original approved expenditure budget was \$58,219,137. The City expended 94.92% of the Amended Budget amount. The General Fund actual expenditures were \$3,103,000 less than budgeted. The difference in actual expenditures vs. budgeted is mainly a result of vacant positions.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The City's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2016, was \$189,716,000 and \$37,204,000 respectively. The major changes to capital for FY2016 were:

- Capital additions associated with governmental activities infrastructure (road improvements, sidewalks, etc.) were \$6,577,000. Primary capital related expenditures in this category went for road improvements.
- Capital additions associated with the purchase of vehicles were \$2,839,000 in governmental activities.
- Construction in progress added \$11,673,000 in additions. Some of the major projects in CIP were:
  - Roadway, Sidewalks and trails
  - Parks and recreation additions
- Machinery & Equipment added \$1,899,000 in additions.

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

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Non-depreciable assets:</b>						
Land	\$ 45,479	\$ 42,102	\$ -	\$ -	\$ 45,479	\$ 42,102
Construction in Progress	22,391	23,459	17,771	12,921	40,162	36,380
Total non-depreciable assets	67,870	65,561	17,771	12,921	85,641	78,482
<b>Depreciable assets:</b>						
Land improvements	29,441	29,441	-	-	29,441	29,441
Buildings and plant	74,804	74,091	2,955	2,955	77,759	77,046
Machinery and equipment	21,410	14,409	2,290	2,309	23,700	16,718
Vehicles	21,519	19,697	4,727	4,899	26,246	24,596
Infrastructure	131,431	124,854	18,879	16,170	150,310	141,024
Total depreciable assets	278,605	262,492	28,851	26,333	307,456	288,825
Less accumulated depreciation:	156,759	148,925	9,418	9,141	166,177	158,066
<b>Net book value-depreciated assets</b>	121,846	113,567	19,433	17,192	141,279	130,759
Percentage depreciated	56.27%	56.74%	32.64%	34.71%	54.05%	54.73%
<b>Total Capital Assets</b>	\$ 189,716	\$ 179,128	\$ 37,204	\$ 30,113	\$ 226,920	\$ 209,241

At June 30, 2016, the depreciable capital assets for governmental activities were 56.27% depreciated. Note that the business-type activities are 32.64% depreciated.

**Long-term Debt**

At the end of the fiscal year, the City had total bonded debt outstanding of \$11,409,000, backed by the full faith and credit of the City (general obligation bonds).

**City of Roswell Long-Term Debt as of June 30, 2016 and 2015**  
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Bonds	\$ 11,020	\$ 12,395	\$ -	\$ -	\$ 11,020	\$ 12,395
Plus Premium	389	477	-	-	389	477
Claims payable	818	569	-	-	818	569
Compensated absences	2,552	2,433	401	378	2,953	2,811
Net pension liability	18,507	14,428	3,747	2,735	22,254	17,163
Notes Payable	5,053	1,283	14,456	7,818	19,509	9,101
<b>Total</b>	\$ 38,339	\$ 31,585	\$ 18,604	\$ 10,931	\$ 56,943	\$ 42,516

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

**Economic Conditions Affecting the City**

The City's elected and appointed officials considered many factors when adopting the FY 2016 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 activities of "Roswell Inc". 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 Roswell Inc, 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](http://www.roswellgov.com).

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**BASIC FINANCIAL STATEMENTS**



**CITY OF ROSWELL, GEORGIA**

**STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Historic Roswell Convention & Visitors Bureau, Inc.
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,759,373	\$ 6,073,575	\$ 33,832,948	\$ 535,772
Investments	40,153,545	4,763,312	44,916,857	-
Receivables (net of allowance for uncollectibles)	1,200,883	3,046,810	4,247,693	724
Taxes receivable	2,538,997	-	2,538,997	-
Intergovernmental receivables	1,407,312	-	1,407,312	-
Internal balances	436,870	(436,870)	-	-
Inventories	118,727	-	118,727	-
Prepaid items	329,396	22,207	351,603	-
Notes receivable	1,250,000	-	1,250,000	-
Real estate held for resale	-	4,902,198	4,902,198	-
Capital assets, nondepreciable	67,870,437	17,771,439	85,641,876	-
Capital assets, depreciable, net of accumulated depreciation	121,845,606	19,432,434	141,278,040	19,618
<b>Total assets</b>	<b>264,911,146</b>	<b>55,575,105</b>	<b>320,486,251</b>	<b>556,114</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan contributions subsequent to measurement date	2,094,795	424,112	2,518,907	-
Net difference between projected and actual pension plan investment earnings - pension plan	1,800,119	364,451	2,164,570	-
Pension plan experience differences	1,059,557	214,517	1,274,074	-
<b>Total deferred outflows of resources</b>	<b>4,954,471</b>	<b>1,003,080</b>	<b>5,957,551</b>	<b>-</b>
<b>LIABILITIES</b>				
Accounts payable	5,228,264	2,124,942	7,353,206	14,740
Accrued liabilities	3,514,357	318,910	3,833,267	7,747
Retainage payable	887,685	-	887,685	-
Customer deposits payable	-	996,106	996,106	-
Unearned revenue	8,773	576,762	585,535	-
Noncurrent liabilities due within one year				
Compensated absences payable	1,888,346	291,653	2,179,999	-
Capital leases	214,488	-	214,488	-
Installment sales agreement payable	317,236	-	317,236	-
Claims payable	150,000	-	150,000	-
Bonds payable	1,395,000	-	1,395,000	-
Noncurrent liabilities due in more than one year				
Compensated absences payable	663,443	109,187	772,630	-
Capital leases	1,390,178	-	1,390,178	-
Installment sales agreement payable	3,131,959	-	3,131,959	-
Note payable	-	14,456,590	14,456,590	-
Claims payable	667,760	-	667,760	-
Bonds payable	10,014,238	-	10,014,238	-
Net pension liability	18,506,794	3,746,878	22,253,672	-
<b>Total liabilities</b>	<b>47,978,521</b>	<b>22,621,028</b>	<b>70,599,549</b>	<b>22,487</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan assumption changes	111,722	22,620	134,342	-
<b>Total deferred inflows of resources</b>	<b>111,722</b>	<b>22,620</b>	<b>134,342</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	177,409,317	22,747,283	200,156,600	19,618
Restricted for:				
Debt service	2,765,493	-	2,765,493	-
Environmental	38,604	-	38,604	-
Culture and recreation	967,729	-	967,729	514,009
Transportation	1,476,649	-	1,476,649	-
Public safety	4,487,103	-	4,487,103	-
Capital projects	4,834,423	-	4,834,423	-
Cemetery maintenance	556	-	556	-
Scholarship - nonexpendable	25,000	-	25,000	-
Scholarship - expendable	10,268	-	10,268	-
Unrestricted	29,760,232	11,187,254	40,947,486	-
<b>Total net position</b>	<b>\$ 221,775,374</b>	<b>\$ 33,934,537</b>	<b>\$ 255,709,911</b>	<b>\$ 533,627</b>

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

**CITY OF ROSWELL, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 10,990,926	\$ 3,580,711	\$ 1,097	\$ -
Judicial	978,136	1,518,880	-	-
Financial services	2,227,142	-	-	-
Public safety	27,539,614	2,145,061	95,003	11,150
Public works	16,306,556	952,664	641,767	1,218,349
Planning and zoning	3,466,899	2,049,641	608,664	100,663
Culture and recreation	13,104,134	85,148	38,362	10,000
Interest on long-term debt	188,463	-	-	-
Total governmental activities	74,801,870	10,332,105	1,384,893	1,340,162
Business-type activities:				
Water and sewer	3,704,833	3,717,265	-	-
Solid waste	9,837,681	8,149,478	-	-
Participant recreation	5,331,459	5,230,761	-	-
Stormwater	2,050,328	3,056,827	-	-
Total business-type activities	20,924,301	20,154,331	-	-
Total primary government	\$ 95,726,171	\$ 30,486,436	\$ 1,384,893	\$ 1,340,162
<b>Component units:</b>				
Historic Roswell Convention & Visitors Bureau	\$ 1,269,646	\$ 208,640	\$ 540,000	\$ -
Total component units	\$ 1,269,646	\$ 208,640	\$ 540,000	\$ -
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 position				
Net position, beginning of year				
Net position, end of year				

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

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Historic Roswell Convention &amp; Visitors Bureau, Inc.</b>
\$ (7,409,118)	\$ -	\$ (7,409,118)	\$ -
540,744	-	540,744	-
(2,227,142)	-	(2,227,142)	-
(25,288,400)	-	(25,288,400)	-
(13,493,776)	-	(13,493,776)	-
(707,931)	-	(707,931)	-
(12,970,624)	-	(12,970,624)	-
(188,463)	-	(188,463)	-
<u>(61,744,710)</u>	<u>-</u>	<u>(61,744,710)</u>	<u>-</u>
-	12,432	12,432	-
-	(1,688,203)	(1,688,203)	-
-	(100,698)	(100,698)	-
-	1,006,499	1,006,499	-
-	<u>(769,970)</u>	<u>(769,970)</u>	<u>-</u>
<u>(61,744,710)</u>	<u>(769,970)</u>	<u>(62,514,680)</u>	<u>-</u>
-	-	-	(521,006)
-	-	-	<u>(521,006)</u>
32,773,564	-	32,773,564	-
24,304,306	-	24,304,306	-
1,068,593	-	1,068,593	594,393
6,216,679	-	6,216,679	-
973,372	149,892	1,123,264	37
2,154,701	89,851	2,244,552	-
263,592	-	263,592	-
(430,740)	430,740	-	-
<u>67,324,067</u>	<u>670,483</u>	<u>67,994,550</u>	<u>594,430</u>
5,579,357	(99,487)	5,479,870	73,424
216,196,017	34,034,024	250,230,041	460,203
<u>\$ 221,775,374</u>	<u>\$ 33,934,537</u>	<u>\$ 255,709,911</u>	<u>\$ 533,627</u>

**CITY OF ROSWELL, GEORGIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

ASSETS	Nonmajor Governmental Funds				
	General	Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 2,506,781	\$ -	\$ 9,920,846	\$ 10,146,340	\$ 22,573,967
Investments	21,709,205	-	9,010,823	7,423,637	38,143,665
Receivables (net of allowance for uncollectibles)	826,499	-	43,070	277,646	1,147,215
Taxes receivable	2,368,620	-	-	170,377	2,538,997
Intergovernmental receivables	-	1,354,542	-	52,770	1,407,312
Due from other funds	2,736,067	-	-	27,330	2,763,397
Inventories	118,727	-	-	-	118,727
Prepaid items	233,456	-	2,413	23,947	259,816
<b>Total assets</b>	<b>\$ 30,499,355</b>	<b>\$ 1,354,542</b>	<b>\$ 18,977,152</b>	<b>\$ 18,122,047</b>	<b>\$ 68,953,096</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,714,217	\$ 103,186	\$ 1,286,663	\$ 1,727,894	\$ 4,831,960
Accrued liabilities	2,473,220	-	-	34,222	2,507,442
Unearned revenue	-	-	-	8,773	8,773
Retainage payable	-	95,154	242,147	550,384	887,685
Due to other funds	27,303	1,156,202	-	697,391	1,880,896
Advances from other funds	73,985	-	-	-	73,985
<b>Total liabilities</b>	<b>4,288,725</b>	<b>1,354,542</b>	<b>1,528,810</b>	<b>3,018,664</b>	<b>10,190,741</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	315,811	-	-	54,337	370,148
Unavailable revenue - other	233,973	-	-	-	233,973
Unavailable revenue - intergovernmental	-	1,348,735	-	52,770	1,401,505
<b>Total deferred inflows of resources</b>	<b>549,784</b>	<b>1,348,735</b>	<b>-</b>	<b>107,107</b>	<b>2,005,626</b>
<b>FUND BALANCES</b>					
Fund balances:					
Nonspendable:					
Prepays	233,456	-	2,413	23,947	259,816
Inventories	118,727	-	-	-	118,727
Permanent fund corpus	-	-	-	25,000	25,000
Restricted:					
Public safety	-	-	-	4,487,103	4,487,103
Culture and recreation	-	-	-	967,729	967,729
Environmental	-	-	-	38,604	38,604
Transportation	-	-	-	1,476,649	1,476,649
Cemetery maintenance	556	-	-	-	556
Debt service	-	-	-	2,711,156	2,711,156
Capital projects	-	-	-	4,834,423	4,834,423
Scholarship	-	-	-	10,268	10,268
Committed:					
Culture and recreation	600,946	-	-	184,120	785,066
Environmental	-	-	-	297,923	297,923
Stabilization	15,825,259	-	-	-	15,825,259
Assigned:					
Capital projects	-	-	17,445,929	-	17,445,929
FY 2017 expenditures	2,635,070	-	-	-	2,635,070
General government	108,985	-	-	-	108,985
Judicial	38,050	-	-	-	38,050
Planning and zoning	39,963	-	-	-	39,963
Public safety	436,091	-	-	-	436,091
Public works	99,202	-	-	-	99,202
Culture and recreation	117,096	-	-	-	117,096
Unassigned	5,407,445	(1,348,735)	-	(60,646)	3,998,064
<b>Total fund balances</b>	<b>25,660,846</b>	<b>(1,348,735)</b>	<b>17,448,342</b>	<b>14,996,276</b>	<b>56,756,729</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 30,499,355</b>	<b>\$ 1,354,542</b>	<b>\$ 18,977,152</b>	<b>\$ 18,122,047</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	189,716,043
Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the governmental activities.	5,250,215
Notes receivable is not an available resource and, therefore, is not reported in the funds.	1,297,396
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.	2,005,626
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(19,898,199)
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expendable available financial resources and, therefore, are not reported in the funds.	(13,352,436)

Net position of governmental activities \$ 221,775,374

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

**CITY OF ROSWELL, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General	Federal Grants	Capital Projects	Nonmajor Governmental Funds	Total
<b>Revenues:</b>					
Taxes	\$ 61,846,844	\$ -	\$ -	\$ 2,853,461	\$ 64,700,305
Licenses and permits	2,783,646	-	-	-	2,783,646
Intergovernmental	94,003	428,814	641,767	710,327	1,874,911
Fines and forfeitures	1,518,880	-	-	295,699	1,814,579
Charges for services	2,894,895	-	-	1,969,642	4,864,537
Impact fees	-	-	-	911,626	911,626
Investment earnings	500,360	-	222,226	203,390	925,976
Contributions	38,362	-	56,453	-	94,815
Miscellaneous	220,695	-	42,897	85,148	348,740
Total revenues	<u>69,897,685</u>	<u>428,814</u>	<u>963,343</u>	<u>7,029,293</u>	<u>78,319,135</u>
<b>Expenditures:</b>					
Current:					
General government	9,515,496	1,052	267,160	9,287	9,792,995
Judicial	1,021,249	-	-	-	1,021,249
Financial services	2,277,786	-	-	-	2,277,786
Public safety	23,488,039	9,645	-	2,147,859	25,645,543
Public works	7,417,330	-	1,754,131	7,053	9,178,514
Planning and zoning	3,086,633	-	-	373,143	3,459,776
Culture and recreation	10,034,702	4,340	-	1,197,257	11,236,299
Capital outlay	-	1,327,364	14,859,220	6,844,341	23,030,925
Debt service:					
Principal	221,374	-	-	1,375,000	1,596,374
Interest and fiscal charges	27,675	-	-	257,140	284,815
Total expenditures	<u>57,090,284</u>	<u>1,342,401</u>	<u>16,880,511</u>	<u>12,211,080</u>	<u>87,524,276</u>
Excess (deficiency) of revenues over expenditures	12,807,401	(913,587)	(15,917,168)	(5,181,787)	(9,205,141)
<b>Other financing sources (uses):</b>					
Proceeds from sale of capital assets	119,643	-	1,345,332	-	1,464,975
Issuance of long-term debt	543,773	-	3,449,195	-	3,992,968
Transfers in	150,779	8,495	12,246,013	53,778	12,459,065
Transfers out	(12,510,566)	-	(150,000)	(70,285)	(12,730,851)
Total other financing sources (uses)	<u>(11,696,371)</u>	<u>8,495</u>	<u>16,890,540</u>	<u>(16,507)</u>	<u>5,186,157</u>
Net change in fund balances	1,111,030	(905,092)	973,372	(5,198,294)	(4,018,984)
<b>Fund balances (deficit), beginning of year</b>	<u>24,549,816</u>	<u>(443,643)</u>	<u>16,474,970</u>	<u>20,194,570</u>	<u>60,775,713</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 25,660,846</u>	<u>\$ (1,348,735)</u>	<u>\$ 17,448,342</u>	<u>\$ 14,996,276</u>	<u>\$ 56,756,729</u>

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

## 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, 2016

---

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

Net change in fund balances - total governmental funds	\$ (4,018,984)
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.	11,147,921
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position.	(560,274)
The issuance of notes receivable do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The effect of this transaction is to increase net position.	1,297,396
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	290,735
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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,644,973)
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.	29,632
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>37,904</u>
Change in net position - governmental activities	<u>\$ 5,579,357</u>

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

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# CITY OF ROSWELL, GEORGIA

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2016

	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
<b>ASSETS</b>				
Current assets:				
Cash	\$ 893,634	\$ 141,897	\$ 3,056,872	\$ 1,981,172
Investments	250,395	4,000,697	-	512,220
Receivables (net of allowance for uncollectibles)	1,895,707	945,538	2,343	203,222
Prepaid items	4,803	320	16,528	556
Real estate held for resale	-	4,902,198	-	-
Total current assets	<u>3,044,539</u>	<u>9,990,650</u>	<u>3,075,743</u>	<u>2,697,170</u>
Noncurrent assets:				
Capital assets:				
Capital assets, not being depreciated	17,089,818	2,214	609,291	70,116
Capital assets, being depreciated	18,288,138	5,755,058	865,455	3,942,279
Less accumulated depreciation	(6,405,932)	(2,380,010)	(300,492)	(332,062)
Advances to other funds	-	73,985	-	-
Total noncurrent assets	<u>28,972,024</u>	<u>3,451,247</u>	<u>1,174,254</u>	<u>3,680,333</u>
Total assets	<u>32,016,563</u>	<u>13,441,897</u>	<u>4,249,997</u>	<u>6,377,503</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan contributions subsequent to measurement date	78,132	178,754	114,013	53,213
Net difference between projected and actual pension plan investment earnings - pension plan	67,141	153,608	97,975	45,727
Pension plan experience differences	39,520	90,414	57,668	26,915
Total deferred outflows of resources	<u>184,793</u>	<u>422,776</u>	<u>269,656</u>	<u>125,855</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,319,532	512,413	217,775	75,222
Accrued expenses	48,334	69,002	177,030	24,544
Customer deposits payable	223,838	718,118	54,150	-
Due to other funds	27	-	410,323	-
Unearned revenue	-	-	551,762	25,000
Compensated absences, current	54,711	120,589	75,002	41,351
Total current liabilities	<u>1,646,442</u>	<u>1,420,122</u>	<u>1,486,042</u>	<u>166,117</u>
Long-term liabilities:				
Compensated absences	15,224	47,102	34,518	12,343
Notes payable, long term	14,456,590	-	-	-
Net pension liability	690,271	1,579,228	1,007,264	470,115
Total long-term liabilities	<u>15,162,085</u>	<u>1,626,330</u>	<u>1,041,782</u>	<u>482,458</u>
Total liabilities	<u>16,808,527</u>	<u>3,046,452</u>	<u>2,527,824</u>	<u>648,575</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan assumption changes	4,167	9,534	6,081	2,838
Total deferred inflows of resources	<u>4,167</u>	<u>9,534</u>	<u>6,081</u>	<u>2,838</u>
<b>NET POSITION</b>				
Net investment in capital assets	14,515,434	3,377,262	1,174,254	3,680,333
Unrestricted	873,228	7,431,425	811,494	2,171,612
Total net position	<u>\$ 15,388,662</u>	<u>\$ 10,808,687</u>	<u>\$ 1,985,748</u>	<u>\$ 5,851,945</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds  
Net position 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>
\$ 6,073,575	\$ 5,185,406
4,763,312	2,009,880
3,046,810	6,272
22,207	69,580
4,902,198	-
<u>18,808,102</u>	<u>7,271,138</u>
17,771,439	-
28,850,930	-
(9,418,496)	-
73,985	-
<u>37,277,858</u>	<u>-</u>
<u>56,085,960</u>	<u>7,271,138</u>
424,112	47,771
364,451	41,051
214,517	24,162
<u>1,003,080</u>	<u>112,984</u>
2,124,942	396,304
318,910	890,577
996,106	-
410,350	472,151
576,762	-
291,653	37,161
<u>4,718,723</u>	<u>1,796,193</u>
109,187	13,626
14,456,590	-
3,746,878	422,045
<u>18,312,655</u>	<u>435,671</u>
<u>23,031,378</u>	<u>2,231,864</u>
22,620	2,548
<u>22,620</u>	<u>2,548</u>
22,747,283	-
11,287,759	5,149,710
<u>34,035,042</u>	<u>\$ 5,149,710</u>
(100,505)	
<u>\$ 33,934,537</u>	

**CITY OF ROSWELL, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Participant Recreation</u>	<u>Stormwater</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 3,138,854	\$ -	\$ -	\$ -
Sewer sales	234,094	-	-	-
Sanitation sales	-	8,121,700	-	-
Stormwater sales	-	-	-	3,056,827
Other fees	158,875	27,580	5,230,761	-
Other operating income	185,442	198	-	-
Total operating revenues	<u>3,717,265</u>	<u>8,149,478</u>	<u>5,230,761</u>	<u>3,056,827</u>
<b>OPERATING EXPENSES</b>				
Personnel services and benefits	1,379,049	3,434,570	3,180,800	934,765
Purchased contract services	711,655	4,188,296	1,110,026	-
Supplies and maintenance	1,031,487	1,861,556	994,033	838,148
Utilities	59,312	9,476	-	-
Claims paid	-	-	-	-
Depreciation	530,746	345,404	51,135	135,861
Total operating expenses	<u>3,712,249</u>	<u>9,839,302</u>	<u>5,335,994</u>	<u>1,908,774</u>
Operating income (loss)	5,016	(1,689,824)	(105,233)	1,148,053
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	3,397	91,753	23,341	31,401
Gain (loss) on sale of capital assets	2,700	87,151	-	(149,122)
Total nonoperating revenues (expenses)	<u>6,097</u>	<u>178,904</u>	<u>23,341</u>	<u>(117,721)</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	11,113	(1,510,920)	(81,892)	1,030,332
Transfers in	-	163,551	321,391	-
Transfers out	-	-	-	(54,202)
Total transfers	<u>-</u>	<u>163,551</u>	<u>321,391</u>	<u>(54,202)</u>
Change in net position	11,113	(1,347,369)	239,499	976,130
<b>NET POSITION, beginning of year</b>	<u>15,377,549</u>	<u>12,156,056</u>	<u>1,746,249</u>	<u>4,875,815</u>
<b>NET POSITION, end of year</b>	<u>\$ 15,388,662</u>	<u>\$ 10,808,687</u>	<u>\$ 1,985,748</u>	<u>\$ 5,851,945</u>

Adjustment to reflect the consolidation of internal service fund activities to enterprise funds  
Change in net position 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>
\$ 3,138,854	\$ -
234,094	-
8,121,700	-
3,056,827	-
5,417,216	9,739,802
185,640	708,572
<u>20,154,331</u>	<u>10,448,374</u>
8,929,184	2,702,875
6,009,977	-
4,725,224	-
68,788	-
-	7,581,045
1,063,146	-
<u>20,796,319</u>	<u>10,283,920</u>
(641,988)	164,454
149,892	53,544
(59,271)	-
<u>90,621</u>	<u>53,544</u>
(551,367)	217,998
484,942	-
(54,202)	(158,954)
<u>430,740</u>	<u>(158,954)</u>
(120,627)	59,044
	<u>5,090,666</u>
	<u>\$ 5,149,710</u>
\$ 21,140	
<u>\$ (99,487)</u>	

**CITY OF ROSWELL, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

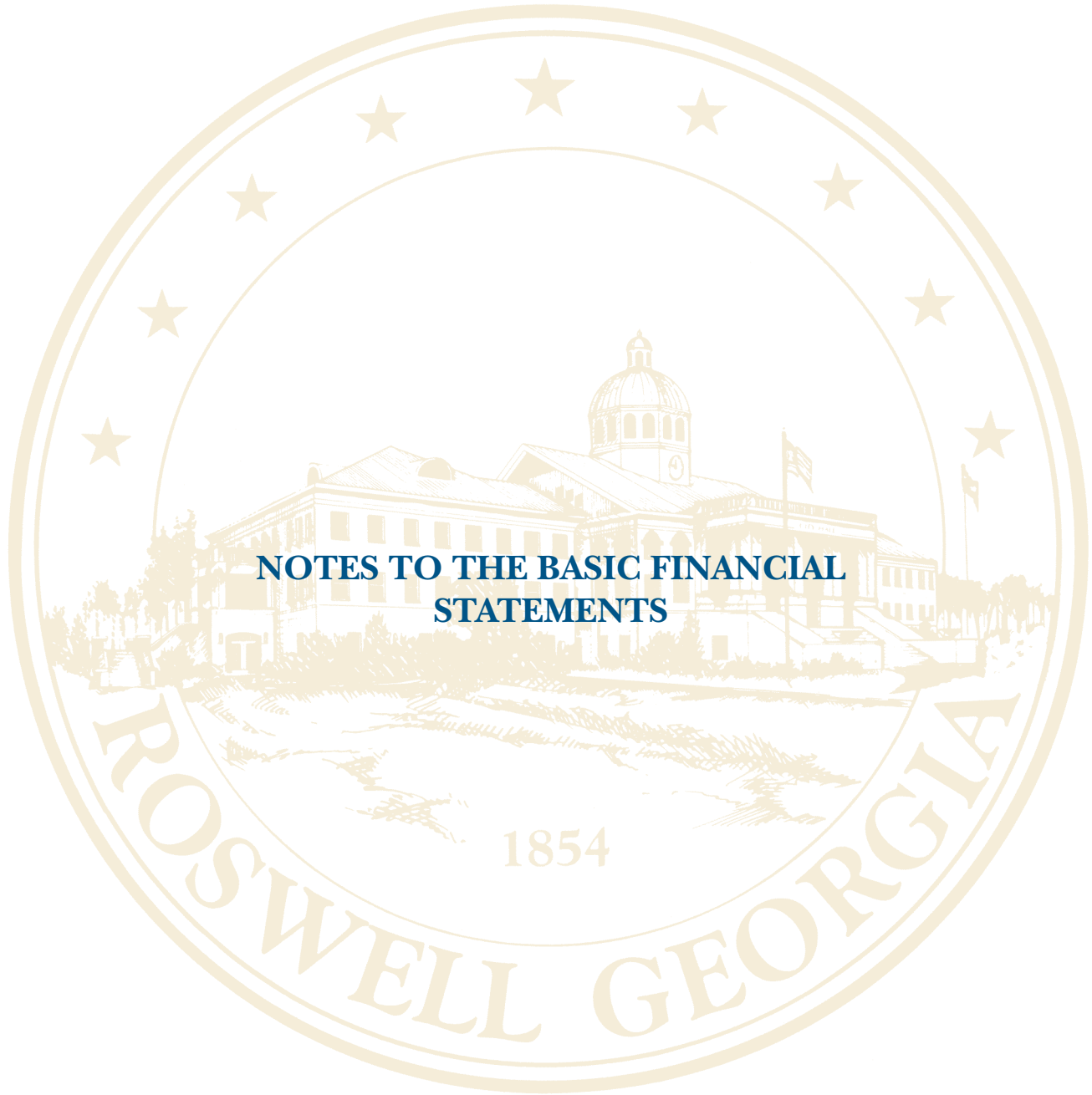
	Water and Sewer	Solid Waste	Participant Recreation	Stormwater
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,914,650	\$ 8,903,742	\$ 5,305,100	\$ 3,227,823
Payments to suppliers and service providers	(2,885,451)	(5,161,324)	(2,496,145)	(900,955)
Payments to employees	(1,346,227)	(3,324,303)	(3,116,775)	(893,256)
Net cash provided by (used in) operating activities	(317,028)	418,115	(307,820)	1,433,612
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investments	(224,554)	(5,488,000)	-	-
Proceeds from sale of investments	-	8,766,878	1,449,799	985,775
Purchase of real estate held for resale	-	(4,902,198)	-	-
Interest received	5,299	103,291	16,161	31,401
Net cash provided by (used in) investing activities	(219,255)	(1,520,029)	1,465,960	1,017,176
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(6,198,157)	(617,964)	(500,999)	(863,260)
Proceeds from issuance of note payable	6,638,772	-	-	-
Proceeds from sale of capital assets	2,700	108,300	-	-
Interest and fiscal charges paid	(136,797)	-	-	-
Net cash used in capital and related financing activities	306,518	(509,664)	(500,999)	(863,260)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	163,551	321,391	-
Transfers out	-	-	-	(54,202)
Net cash provided by (used in) noncapital financing activities	-	163,551	321,391	(54,202)
Increase (decrease) in cash	(229,765)	(1,448,027)	978,532	1,533,326
<b>Cash:</b>				
Beginning of year	1,123,399	1,589,924	2,078,340	447,846
End of year	<u>\$ 893,634</u>	<u>\$ 141,897</u>	<u>\$ 3,056,872</u>	<u>\$ 1,981,172</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 5,016	\$ (1,689,824)	\$ (105,233)	\$ 1,148,053
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	530,746	345,404	51,135	135,861
(Increase) decrease in accounts receivable	197,385	754,264	(1,172)	145,996
Decrease in due from other funds	-	1,144,579	-	-
(Increase) decrease in prepaid expenses	7,545	913	(8,657)	(435)
Increase in pension related deferred outflows of resources	(103,923)	(239,234)	(146,524)	(71,916)
Increase (decrease) in accounts payable	(1,105,289)	(291,693)	39,874	(62,372)
Increase in accrued expenses	7,662	11,705	27,462	7,338
Increase (decrease) in customer deposits payable	14,747	44,205	(5,275)	-
Increase in unearned revenue	-	-	80,786	25,000
Increase (decrease) in due to other funds	-	-	(423,303)	-
Decrease in pension related deferred inflows of resources	(51,011)	(115,698)	(77,932)	(33,965)
Increase (decrease) in compensated absences	(9,107)	11,495	16,681	4,143
Increase in net pension liability	189,201	441,999	244,338	135,909
Net cash provided by (used in) operating activities	<u>\$ (317,028)</u>	<u>\$ 418,115</u>	<u>\$ (307,820)</u>	<u>\$ 1,433,612</u>
<b>NONCASH INVESTING ACTIVITIES</b>				
Increase (decrease) in fair value of investments	<u>\$ (1,069)</u>	<u>\$ 39,638</u>	<u>\$ 11,691</u>	<u>\$ 12,643</u>

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

<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 21,351,315	\$ 10,474,037
(11,443,875)	(9,861,218)
<u>(8,680,561)</u>	<u>-</u>
1,226,879	612,819
(5,712,554)	(256,591)
11,202,452	2,980,991
(4,902,198)	-
<u>156,152</u>	<u>51,910</u>
743,852	2,776,310
(8,180,380)	-
6,638,772	-
111,000	-
<u>(136,797)</u>	<u>-</u>
(1,567,405)	-
484,942	-
<u>(54,202)</u>	<u>(158,954)</u>
430,740	(158,954)
834,066	3,230,175
5,239,509	1,955,231
<u>\$ 6,073,575</u>	<u>\$ 5,185,406</u>
\$ (641,988)	\$ 164,454
1,063,146	-
1,096,473	25,663
1,144,579	-
(634)	170,733
(561,597)	(63,094)
(1,419,480)	150,654
54,167	73,031
53,677	-
105,786	-
(423,303)	291
(278,606)	(31,492)
23,212	9,659
<u>1,011,447</u>	<u>112,920</u>
<u>\$ 1,226,879</u>	<u>\$ 612,819</u>
<u>\$ 62,903</u>	<u>\$ -</u>

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**NOTES TO THE BASIC FINANCIAL  
STATEMENTS**

**CITY OF ROSWELL, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

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**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 unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The 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 Unit**

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 not prepared for the Historic Roswell Convention & Visitors Bureau, Inc.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

##### Related Organization

The Housing Authority of the City of Roswell is not considered a component unit of the City of Roswell and accordingly no financial information is presented for the Authority. The Housing Authority was created under O.C.G.A. 8-3-1 and is an instrumentality of the State of Georgia, whose purpose is to provide safe and sanitary housing to low and moderate income families. The Authority operates a housing development in the City of Roswell which is federally financed and under the control of the United States Department of Housing and Urban Development (HUD). The Board of Commissioners consists of five commissioners appointed by the Mayor for five year staggered terms and cannot be removed except for cause. The chairman, vice chairman and other officers are elected by the commissioners themselves. No commissioner may be an officer or employee of the City. This prohibition includes the Mayor and all Councilpersons.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 position 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.

#### 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*.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

## NOTES TO FINANCIAL STATEMENTS

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### 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 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 expenditures and restricted resources of federally funded grants of the City.

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

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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The **Capital Project Funds** account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of facilities and other capital assets.

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

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 workers' compensation.

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 non-operating revenues and expenses.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 budgetary basis, which includes encumbrances at year end as budgetary expenditures. Enterprise fund budgets are adopted on a budgetary basis, which includes encumbrances at year end as budgetary expenses and the inflows from the issuance of debt as financing sources and related outflows as capital 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.

The following encumbrances were outstanding as of June 30, 2016:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 944,634
Federal Grants Fund	595,183
Capital Projects Fund	8,367,880
Water & Sewer Fund	717,220
Solid Waste Fund	636,249
Participation Recreation Fund	300,802
Stormwater Fund	377,061
Nonmajor Governmental Funds	2,792,586
	<u>\$ 14,731,615</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.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAs rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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). The 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 pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Deposits and Investments (Continued)

Investments are recorded at fair value. 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.

#### 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 acquisition 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### H. Capital Assets (Continued)

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

#### I. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes and intergovernmental revenues as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available.

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability. Certain changes in the net pension liability are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability are reported as deferred outflows of resources.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. 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.

#### K. 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 position. Bond premiums and discounts are accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

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

#### L. 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 position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities and deferred inflows of resources 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.

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.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Fund Equity (Continued)

*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. The City Council passed an ordinance under which the City's General Fund is to maintain stabilization funds equal to 25% of budgeted expenditures. Expenditure of these funds can only be used to strengthen the City's position in response to self insurance should cash position in the respective internal service fund be inadequate to pay claims due, or provide funds in the event of natural disaster or terrorist attack and require prior approval by 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. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**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 Position** – Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets 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 position is reported as restricted using the same definition as used or restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Roswell Retirement Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### N. 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 Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$19,898,199 difference are as follows:

Bonds payable	\$	(11,020,000)
Unamortized premiums		(389,238)
Capital leases payable		(1,604,666)
Installment sales agreement		(3,449,195)
Claims payable		(817,760)
Accrued interest		(116,338)
Compensated absences		(2,501,002)
		(2,501,002)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$	(19,898,199)

## NOTES TO FINANCIAL STATEMENTS

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

#### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation states that “Notes receivable is not an available resource and, therefore is not reported in the funds.” The details of this \$1,297,396 difference are as follows:

Notes receivable	\$ 1,250,000
Accrued interest receivable	47,396
	47,396
Net adjustment to increase <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ 1,297,396

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources and the net pension liability are not expected to be liquidated with expendable available resources and therefore are not reported in the funds.” The details of this \$13,352,436 difference are as follows:

Net pension liability	\$ (18,084,749)
Deferred outflows of resources:	
Pension plan contributions subsequent to measurement date	2,047,024
Net difference between projected and actual investment earnings	1,759,068
Pension plan experience differences	1,035,395
Deferred inflows of resources	
Pension plan assumption changes	(109,174)
	(109,174)
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ (13,352,436)

## NOTES TO FINANCIAL STATEMENTS

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

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 position 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 \$11,147,921 difference are as follows:

Capital outlay	\$ 19,999,313
Depreciation expense	<u>(8,851,392)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 11,147,921</u>

Another element of the reconciliation states that “The issuance of notes receivable do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The effect of this transaction is to increase net position.” The details of this \$1,297,396 difference are as follows:

Notes receivable	\$ 1,250,000
Accrued interest receivable	<u>47,396</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 1,297,396</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL (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 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 position.” The details of this \$2,644,973 difference are as follows:

Principal payment on bonds	\$	1,375,000
Additional claims payable		(248,379)
Proceeds from installment sales agreement		(3,449,195)
Proceeds from capital lease payable		(543,773)
Principal payment on capital lease		221,374
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	\$	(2,644,973)

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 \$29,632 difference are as follows:

Compensated absences	\$	(109,579)
Amortization		88,224
Accrued interest		8,128
Pension expense		42,859
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	\$	29,632

## NOTES TO FINANCIAL STATEMENTS

### 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.

#### Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2016. The fund deficits will be reduced through anticipated revenues, recognition of unavailable revenues, and General Fund appropriations, as needed.

Fund	Deficit
Federal Grants	\$ 1,348,735
CDBG Grants	52,734
Fleet services	165,254

#### Excess Expenditures Over Appropriations

For the year ended June 30, 2016 expenditures exceeded the budget in the funds and General Fund departments as follows:

Fund/Department	Excess
General Fund:	
Recreation and parks	\$ 6,435
Interest	27,675
American Stimulus Recovery Grants Fund	9,287
Soil Erosion Fund	100,000

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. DEPOSITS AND INVESTMENTS

#### A. Primary Government

**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.

**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, 2016, the City's bank balances were collateralized as defined by State statutes.

At June 30, 2016, 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>Weighted Average Maturity (years)</u>
Money market mutual fund	\$ 25,169	N/A	0.25
Certificates of deposit	9,850,042	N/A	1.5
Municipal Bonds	2,395,590	AAA	1.5
Federal Home Loan Bank	4,005,270	AAA	1.65
Federal Home Loan Mortgage Corp.	2,458,721	AAA	1.43
Federal National Mortgage Assn.	13,175,883	AAA	1.55
Federal Farm Credit Bank	13,006,182	AAA	1.63
Georgia Fund 1	14,908,861	AAAF	0.12
	<u>\$ 59,825,718</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 4. DEPOSITS AND INVESTMENTS (CONTINUED)

**Fair Value Measurements.** The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investment	Level 1	Level 2	Fair Value
Money Markey Mutual Funds	\$ 25,169	\$ -	\$ 25,169
Municipal Bonds	2,395,590	-	2,395,590
Federal Home Loan Bank	-	4,005,270	4,005,270
Federal Home Loan Mortgage Corp	-	2,458,721	2,458,721
Federal National Mortgage Association	-	13,175,883	13,175,883
Federal Farm Credit Bank	-	13,006,182	13,006,182
Real estate held for resale	-	4,902,198	4,902,198
Total investments measured at fair value	<u>\$ 2,420,759</u>	<u>\$ 37,548,254</u>	<u>\$ 39,969,013</u>
Investments not subject to level disclosure:			
Certificates of Deposit			9,850,042
Georgia Fund 1			<u>14,908,861</u>
Total investments			<u>\$ 64,727,916</u>

The Money Market Mutual Fund and the Municipal Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investment in Federal Home Loan Bank, Federal Home Loan Mortgage Corp, Federal Farm Credit Bank and the Federal National Mortgage Association classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The fair value of the real estate held for resale classified as Level 2 of the fair value hierarchy is valued using the contract price, purchased during the fiscal year, for the investment.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

#### **B. Historic Roswell Convention & Visitors Bureau, Inc.**

As of June 30, 2016, the Historic Roswell Convention & Visitors Bureau, Inc. had \$96,733 that were uninsured or not collateralized as defined by GASB.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. RECEIVABLES

#### A. Primary Government

Receivables at June 30, 2016, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<b>General Fund</b>	<b>Federal Grants Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	
Receivables:					
Taxes	\$ 2,561,002	\$ -	\$ -	\$ 119,216	
Other governments	-	1,354,542	-	52,770	
Accounts	1,114,915	-	43,070	379,265	
Gross receivables	3,675,917	1,354,542	43,070	551,251	
Less allowance for uncollectibles	(480,798)	-	-	(50,458)	
Net receivables	\$ 3,195,119	\$ 1,354,542	\$ 43,070	\$ 500,793	
	<b>Water &amp; Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Participant Recreation Fund</b>	<b>Stormwater Fund</b>	<b>Governmental Activities Internal Service Funds</b>
Receivables:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other governments	1,433,133	-	-	-	-
Accounts	772,036	1,627,980	2,343	353,693	6,272
Gross receivables	2,205,169	1,627,980	2,343	353,693	6,272
Less allowance for uncollectibles	(309,462)	(682,442)	-	(150,471)	-
Net receivables	\$ 1,895,707	\$ 945,538	\$ 2,343	\$ 203,222	\$ 6,272

Property taxes for the 2016 fiscal year were levied in September 2015, with property values assessed as of January 1, 2015. Bills are payable on or before December 4, 2015, 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, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land and improvements	\$ 42,102,663	\$ 3,449,195	\$ -	\$ (72,477)	\$ 45,479,381
Construction in progress	23,459,018	11,672,876	(560,274)	(12,180,564)	22,391,056
Total capital assets, not being depreciated	<u>65,561,681</u>	<u>15,122,071</u>	<u>(560,274)</u>	<u>(12,253,041)</u>	<u>67,870,437</u>
Capital assets, being depreciated:					
Land improvements	29,440,913	-	-	-	29,440,913
Buildings and improvements	74,090,729	139,077	-	574,128	74,803,934
Machinery and equipment	14,409,642	1,898,856	-	5,101,546	21,410,044
Vehicles	19,696,798	2,839,309	(1,017,573)	-	21,518,534
Infrastructure	124,853,565	-	-	6,577,367	131,430,932
Total capital assets, being depreciated	<u>262,491,647</u>	<u>4,877,242</u>	<u>(1,017,573)</u>	<u>12,253,041</u>	<u>278,604,357</u>
Less accumulated depreciation for:					
Land improvements	12,439,779	1,206,363	-	-	13,646,142
Buildings and improvements	38,220,925	2,036,755	-	-	40,257,680
Machinery and equipment	8,712,202	1,197,714	-	-	9,909,916
Vehicles	11,363,862	1,659,471	(1,017,573)	-	12,005,760
Infrastructure	78,188,164	2,751,089	-	-	80,939,253
Total accumulated depreciation	<u>148,924,932</u>	<u>8,851,392</u>	<u>(1,017,573)</u>	<u>-</u>	<u>156,758,751</u>
Total capital assets, being depreciated, net	<u>113,566,715</u>	<u>(3,974,150)</u>	<u>-</u>	<u>12,253,041</u>	<u>121,845,606</u>
Governmental activities capital assets, net	<u>\$ 179,128,396</u>	<u>\$ 11,147,921</u>	<u>\$ (560,274)</u>	<u>\$ -</u>	<u>\$ 189,716,043</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>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Construction in progress	\$ 12,921,071	\$ 6,882,983	\$ (149,122)	\$ (1,883,493)	\$ 17,771,439
Total capital assets, not being depreciated	<u>12,921,071</u>	<u>6,882,983</u>	<u>(149,122)</u>	<u>(1,883,493)</u>	<u>17,771,439</u>
Capital assets, being depreciated:					
Buildings and improvements	2,954,751	-	-	-	2,954,751
Machinery and equipment	2,308,815	-	(19,175)	-	2,289,640
Vehicles	4,899,051	615,750	(787,732)	-	4,727,069
Infrastructure	16,169,969	826,007	-	1,883,493	18,879,469
Total capital assets, being depreciated	<u>26,332,586</u>	<u>1,441,757</u>	<u>(806,907)</u>	<u>1,883,493</u>	<u>28,850,929</u>
Less accumulated depreciation for:					
Buildings and improvements	496,414	91,986	-	-	588,400
Machinery and equipment	1,020,363	108,016	(19,175)	-	1,109,204
Vehicles	2,805,635	353,371	(766,583)	-	2,392,423
Infrastructure	4,818,695	509,773	-	-	5,328,468
Total accumulated depreciation	<u>9,141,107</u>	<u>1,063,146</u>	<u>(785,758)</u>	<u>-</u>	<u>9,418,495</u>
Total capital assets, being depreciated, net	<u>17,191,479</u>	<u>378,611</u>	<u>(21,149)</u>	<u>1,883,493</u>	<u>19,432,434</u>
Business-type activities capital assets, net	<u>\$ 30,112,550</u>	<u>\$ 7,261,594</u>	<u>\$ (170,271)</u>	<u>\$ -</u>	<u>\$ 37,203,873</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	\$ 1,229,359
Financial Services	6,424
Public safety	1,916,878
Public works	3,851,805
Culture and recreation	1,846,926
Total depreciation expense - governmental activities	<u>\$ 8,851,392</u>
Business-type activities:	
Water and Sewer Fund	\$ 530,746
Solid Waste Fund	345,404
Participant Recreation Fund	51,135
Stormwater Fund	135,861
Total depreciation expense - business-type activities	<u>\$ 1,063,146</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 111,445	\$ 6,904	\$ -	\$ 118,349
Total	<u>111,445</u>	<u>6,904</u>	<u>-</u>	<u>118,349</u>
Less accumulated depreciation for:				
Machinery and equipment	(87,883)	(10,848)	-	(98,731)
Total	<u>(87,883)</u>	<u>(10,848)</u>	<u>-</u>	<u>(98,731)</u>
Total capital assets, being depreciated, net	<u>\$ 23,562</u>	<u>\$ (3,944)</u>	<u>\$ -</u>	<u>\$ 19,618</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from other funds:

Receivable fund	Payable fund	Amount
General Fund	Federal Grant Fund	\$ 1,156,202
General Fund	Internal Service Funds	472,151
General Fund	Participation Recreation Fund	410,323
General Fund	Nonmajor Governmental Funds	697,391
Nonmajor Governmental	General Fund	27,303
Nonmajor Governmental	Water and Sewer Fund	27
		\$ 2,763,397

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.

Advances to/from other funds:

Receivable fund	Payable fund	Amount
Solid Waste Fund	General Fund	\$ 73,985

In 2014 and 2015 the Solid Waste fund loaned the General Fund \$1,218,564 for operational purposes; the General Fund will repay the balances over a period greater than one year and are appropriately reported as long-term advances. The outstanding balance at June 30, 2016 is \$73,985.

Interfund transfers for the year ended June 30, 2016 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Internal Service Funds	\$ 96,577
General Fund	Stormwater Fund	54,202
Capital Projects Fund	General Fund	12,113,351
Capital Projects Fund	Nonmajor Governmental Funds	70,285
Capital Projects Fund	Internal Service Funds	62,377
Federal Grants Fund	General Fund	8,495
Solid Waste Fund	General Fund	13,551
Solid Waste Fund	Capital Projects Fund	150,000
Participant Recreation Fund	General Fund	321,391
Nonmajor Governmental Fund	General Fund	53,778
		\$ 12,944,007

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers between funds are for the use of unrestricted revenue to finance various capital improvement projects accounted for in other funds. Transfers between funds are also 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.

### NOTE 8. LONG-TERM DEBT

#### A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable	\$ 12,395,000	\$ -	\$ (1,375,000)	\$ 11,020,000	\$ 1,395,000
Plus: Premiums	477,462	-	(88,224)	389,238	-
Total bonds payable	<u>12,872,462</u>	<u>-</u>	<u>(1,463,224)</u>	<u>11,409,238</u>	<u>1,395,000</u>
Capital lease payable	1,282,267	543,773	(221,374)	1,604,666	214,488
Installment sale agreement	-	3,449,195	-	3,449,195	317,236
Compensated absences	2,432,551	2,459,129	(2,339,891)	2,551,789	1,888,346
Claims payable	569,381	298,278	(49,899)	817,760	150,000
Net pension liability	<u>14,428,373</u>	<u>7,627,257</u>	<u>(3,548,836)</u>	<u>18,506,794</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 31,585,034</u>	<u>\$ 14,377,632</u>	<u>\$ (7,623,224)</u>	<u>\$ 38,339,442</u>	<u>\$ 3,965,070</u>
<b>Business-type Activities:</b>					
Note payable	\$ 7,817,818	\$ 6,638,772	\$ -	\$ 14,456,590	\$ -
Compensated absences	377,628	398,666	(375,454)	400,840	291,653
Net pension liability	<u>2,735,431</u>	<u>1,758,243</u>	<u>(746,796)</u>	<u>3,746,878</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 10,930,877</u>	<u>\$ 8,795,681</u>	<u>\$ (1,122,250)</u>	<u>\$ 18,604,308</u>	<u>\$ 291,653</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, Stormwater Fund, and Internal Service Funds, as applicable. For governmental activities, claims and judgments will be liquidated in the Impact Fees Fund but are not expected to be liquidated within the next year. The net pension liability is liquidated by the General Fund, Group Health, Risk Management and Fleet Services funds for governmental activities. For business-type activities, the net pension liability will be liquidated by all enterprise funds.

The amount of interest expense incurred and capitalized for business-type activities was \$144,360 for the year ended June 30, 2016.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

**General Obligation Bonds, Series 2013.** During fiscal year 2013, the City issued \$9,760,000 of general obligation bonds for the purpose of (i) funding infrastructure improvement projects, (ii) financing the acquisition, design and development of real and personal property for recreational fields and park facilities, (iii) financing the acquisition, design and development of a fire station, and (iv) paying the costs of issuance incident thereto. The bonds carry a rate of interest ranging from 1.0%-2.0% per annum and mature February 1, 2023.

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

Year ending June 30,	Principal	Interest	Total
2017	\$ 950,000	\$ 117,263	\$ 1,067,263
2018	960,000	105,388	1,065,388
2019	975,000	93,388	1,068,388
2020	985,000	81,200	1,066,200
2021	1,005,000	61,500	1,066,500
2022 - 2023	2,070,000	62,300	2,132,300
Total	<u>\$ 6,945,000</u>	<u>\$ 521,039</u>	<u>\$ 7,466,039</u>

**General Obligation Bonds, Series 2014.** During fiscal year 2014, the City issued \$4,940,000 of general obligation bonds for the purpose of (i) funding infrastructure improvement projects, (ii) financing the acquisition, design and development of real and personal property for recreational fields and park facilities, (iii) financing the acquisition, design and development of a fire station, and (iv) paying the costs of issuance incident thereto. The bonds carry a rate of interest ranging from 2.0%-3.0% per annum and mature February 1, 2024.

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

Year ending June 30,	Principal	Interest	Total
2017	\$ 445,000	\$ 113,150	\$ 558,150
2018	465,000	104,250	569,250
2019	475,000	94,950	569,950
2020	500,000	80,700	580,700
2021	515,000	65,700	580,700
2022 - 2024	1,675,000	101,100	1,776,100
Total	<u>\$ 4,075,000</u>	<u>\$ 559,850</u>	<u>\$ 4,634,850</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. LONG-TERM DEBT (CONTINUED)

#### A. Primary Government (Continued)

**Notes Payable.** The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. As of June 30, 2016, the loan has a balance of \$14,456,590 and is still in the drawdown phase, therefore a future payment schedule has not been established.

**Capital Leases Payable.** The City has entered into a lease-purchase agreement to finance the acquisition of three public safety vehicles. The leases are for periods of seven to ten years, at interest rates ranging from 1.8% to 2.4% annually. As of June 30, 2016, the City had \$2,251,878 of vehicles, with associated accumulated depreciation of \$333,083 financed under the capital leases. The annual amortization of the leased assets is included in depreciation expense for capital assets.

As of June 30, 2016 the future lease payments for the capital leases are as follows:

Year Ending June 30,		
2017	\$	249,049
2018		249,049
2019		249,049
2020		249,049
2021		198,816
2022-2026		562,051
Total minimum lease payments		<u>1,757,063</u>
Less amount representing interest		152,397
Present value of future minimum lease payments	\$	<u><u>1,604,666</u></u>

**Installment Sale Agreement Payable.** The City has entered into an installment sale agreement to finance the acquisition of real property. The agreement is for a period of ten years, at an interest rate of 1.83% annually.

As of June 30, 2016 the future payments for the installment sale agreement are as follows:

Year Ending June 30,		
2017	\$	377,704
2018		377,704
2019		377,704
2020		377,704
2021		377,704
2022-2026		1,888,519
Total minimum payments		<u>3,777,039</u>
Less amount representing interest		327,844
Present value of future minimum payments	\$	<u><u>3,449,195</u></u>



## NOTES TO FINANCIAL STATEMENTS

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### 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.

*Plan Membership.* At January 1, 2016, the date of the most recent actuarial valuation, there were 917 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	231
Terminated vested participants not yet receiving benefits	285
Active employees - vested	399
Active employees - nonvested	<u>2</u>
Total	<u><u>917</u></u>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. PENSION PLAN (CONTINUED)

#### Plan Description (Continued)

*Contributions.* 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 2016, the actuarially determined contribution rate was 15.11% of covered payroll. The City makes all contributions to the plan. For 2016, the City's contribution to the Plan was \$3,358,543.

#### Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2015.

*Actuarial assumptions.* The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	3.25%
Investment rate of return	7.75%

Mortality rates for the January 1, 2015 valuation were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010–June 30, 2014.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 are summarized in the table below.

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	50%	5.95%
International equity	15%	6.45
Fixed income	25%	1.55
Real estate	10%	3.75
Cash	—%	
Total	100%	

\* Rates shown are net of the 3.25% assumed rate of inflation

*Discount rate.* The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City.* The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2016 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/15</b>	\$ 82,232,829	\$ 65,069,025	\$ 17,163,804
<b>Changes for the year:</b>			
Service cost	1,197,926	-	1,197,926
Interest	6,234,683	-	6,234,683
Differences between expected and actual experience	1,847,491	-	1,847,491
Contributions—employer	-	3,546,156	(3,546,156)
Net investment income	-	749,476	(749,476)
Benefit payments, including refunds of employee contributions	(3,570,600)	(3,570,600)	-
Administrative expense	-	(94,972)	94,972
Other changes	10,428	-	10,428
<b>Net changes</b>	<b>5,719,928</b>	<b>630,060</b>	<b>5,089,868</b>
<b>Balances at 6/30/16</b>	<b>\$ 87,952,757</b>	<b>\$ 65,699,085</b>	<b>\$ 22,253,672</b>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's net pension liability	\$ 33,119,286	\$ 22,253,672	\$ 13,142,723

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. PENSION PLAN (CONTINUED)

#### Net Pension Liability of the City (Continued)

*Changes in the Net Pension Liability of the City.* 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 September 30, 2015 and the current sharing pattern of costs between employer and employee.

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2016, the City recognized pension expense of \$3,505,262. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,274,074	\$ -
Changes in assumptions	-	134,342
Net difference between projected and actual earnings on pension plan investments	2,164,570	-
City contributions subsequent to the measurement date	2,518,907	-
Total	\$ 5,957,551	\$ 134,342

City contributions subsequent to the measurement date of \$2,518,907 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2017	\$ 1,005,473
2018	1,005,473
2019	435,607
2020	857,749
Total	\$ 3,304,302

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10. DEFINED CONTRIBUTION PLAN

#### A. Primary Government

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, 2016, there were 296 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 335 employees. For the fiscal year ended June 30, 2016, The City's contributions, which was also the City's pension expense, was \$168,355 and employee's contributed \$850,279.

During the year ended June 30, 2014, the City adopted a second deferred compensation plan for employees hired after March 1, 2011. 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, 2016, there were 267 plan members.

Employees are not required to contribute to the Plan. The City contributes 10% of each employee's compensation each pay period and will match up to an additional 5% of contributions made by the employee. For the fiscal year ended June 30, 2016, The City's contributions, which was also the City's pension expense, was \$1,053,741 and employee's contributed \$266,559.

## 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.

**Health Insurance.** Beginning in fiscal year 2015, the City established a self-funded trust for the administration and funding of the City's health insurance and medical expenses. This trust is the source of funding for claims or expense reimbursement of employees for losses due to death, disability, dental or medical expenses and other expenses relating to maintenance of the fund by the appointed trustee.

The following describes the activity in the health care plan, including changes to the estimate for claims incurred but not reported, for the current fiscal year.

<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>
2016	\$ 516,616	\$ 5,287,907	\$ 5,266,305	\$ 538,218
2015	-	5,574,661	5,275,541	516,616

#### 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>
2016	\$ 263,035	\$ 578,144	\$ 516,623	\$ 324,556
2015	268,368	694,788	700,121	263,035

#### General Liability

The City participates in the 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. RISK MANAGEMENT (CONTINUED)

#### General Liability (Continued)

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.

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

#### 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

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### **NOTE 13. JOINT VENTURES**

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.

In July 2013 the cities of Alpharetta, Milton, Roswell, and Sandy Springs created the North Fulton Regional Radio System Authority (the "Authority"), which was established by Georgia House Bill 526. The Authority will provide an interoperable, high quality, and reliable and uninterrupted communication signal for public safety and public services within the area in which the Authority has operational capability. The Authority's Board membership includes the City Manager or City Administrator, or his or her designee, from each participating city. The Authority was created by the cities contributing a pre-determined capital amount necessary to fund the construction and equipping of the radio system. In accordance with GASB 14: The Financial Reporting Entity, the Authority was determined to be a joint venture; however, the City does not have an equity interest in the joint venture. Of the estimated \$16 million required to initially capitalize the Authority, the City of Roswell is responsible for approximately \$5.1 million pursuant to the intergovernmental agreement between the cities. For the fiscal year ended June 30, 2016, the City of Roswell contributed \$428,800 to the Authority. Separate financial statements may be obtained from the City of Sandy Springs, who has been contracted by the Authority to serve as the accountants, at 7840 Roswell Road, Building 500, Sandy Springs, Georgia 30350.

### **NOTE 14. HOTEL/MOTEL TAX**

The City has levied a 6% lodging tax. During the year ended June 30, 2016, the City collected \$1,068,593 in revenues. The current year expenditures of \$1,137,037 or 106% of current year revenues, including the utilization of fund balance, were expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

**REQUIRED SUPPLEMENTARY INFORMATION**

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# CITY OF ROSWELL, GEORGIA

## REQUIRED SUPPLEMENTARY INFORMATION RETIREMENT PLAN SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

	2016	2015
<b>Total pension liability</b>		
Service cost	\$ 1,197,926	\$ 1,386,893
Interest on total pension liability	6,234,683	5,934,816
Differences between expected and actual experience	1,847,491	84,829
Changes of assumptions	-	(268,682)
Benefit payments, including refunds of employee contributions	(3,570,600)	(2,966,601)
Other changes	10,428	
<b>Net change in total pension liability</b>	5,719,928	4,171,255
<b>Total pension liability - beginning</b>	82,232,829	78,061,574
<b>Total pension liability - ending (a)</b>	\$ 87,952,757	\$ 82,232,829
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 3,546,156	\$ 3,852,643
Net investment income	749,476	6,609,886
Benefit payments, including refunds of member contributions	(3,570,600)	(2,966,601)
Administrative expenses	(94,972)	(75,519)
<b>Net change in plan fiduciary net position</b>	630,060	7,420,409
<b>Plan fiduciary net position - beginning</b>	65,069,025	57,648,616
<b>Plan fiduciary net position - ending (b)</b>	\$ 65,699,085	\$ 65,069,025
<b>City's net pension liability - ending (a) - (b)</b>	\$ 22,253,672	\$ 17,163,804
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	74.70%	79.13%
<b>Covered-employee payroll</b>	\$ 20,107,088	\$ 21,870,148
<b>City's net pension liability as a percentage of covered-employee payroll</b>	110.68%	78.48%

**Notes to the Schedule:**

The schedule will present 10 years of information once it is accumulated.

**CITY OF ROSWELL, GEORGIA**

**REQUIRED SUPPLEMENTARY INFORMATION  
RETIREMENT PLAN  
SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,358,543	\$ 3,608,694
Contributions in relation to the actuarially determined contribution	<u>3,358,543</u>	<u>3,608,694</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 21,870,148	\$ 23,744,082
Contributions as a percentage of covered-employee payroll	14.14%	15.20%

**Notes to the Schedule:**

(1) Actuarial Assumptions:

Valuation Date	January 1, 2016
Cost Method	Projected Unit Credit
Actuarial Asset Valuation Method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amounts that the value exceeds or is less than the market value at the end of the year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Assumed Rate of Return on Investments	7.75%
Projected Salary Increases	3.25% plus service based merit increases
Cost-of-living Adjustment	N/A
Amortization Method	Closed level dollar for unfunded liability
Remaining Amortization Period	Varies for the bases, with a net effective period of 10 years

(2) The schedule will present 10 years of information once it is accumulated.

**CITY OF ROSWELL, GEORGIA  
GENERAL FUND**

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

**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 58,000,800	\$ 59,900,800	\$ 61,846,844	\$ 1,946,044
Licenses and permits	2,212,500	2,762,500	2,783,646	21,146
Intergovernmental	139,126	159,126	94,003	(65,123)
Fines and forfeitures	2,022,000	2,022,000	1,518,880	(503,120)
Charges for services	2,662,211	2,662,211	2,894,895	232,684
Investment earnings	100,000	100,000	500,360	400,360
Contributions	22,000	72,500	38,362	(34,138)
Miscellaneous	45,000	313,146	220,695	(92,451)
Total revenues	<u>65,203,637</u>	<u>67,992,283</u>	<u>69,897,685</u>	<u>1,905,402</u>
<b>Expenditures:</b>				
Current:				
Administration	10,693,672	11,118,029	9,615,042	1,502,987
Courts	1,093,041	1,128,907	1,069,282	59,625
Finance	2,376,907	2,433,599	2,328,539	105,060
Police	16,970,885	17,886,419	17,256,037	630,382
Fire	6,677,497	6,695,624	6,702,059	(6,435)
Transportation	7,548,224	7,838,027	7,523,822	314,205
Planning and zoning	2,689,245	3,391,854	3,129,192	262,662
Recreation and parks	9,925,423	10,401,348	10,161,896	239,452
Debt service:				
Principal	244,243	244,243	221,374	22,869
Interest	-	-	27,675	(27,675)
Total expenditures	<u>58,219,137</u>	<u>61,138,050</u>	<u>58,034,918</u>	<u>3,103,132</u>
Excess of revenues over expenditures	6,984,500	6,854,233	11,862,767	5,008,534
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	60,000	60,000	119,643	59,643
Issuance of capital lease	-	543,773	543,773	-
Transfers in	106,284	149,719	150,779	1,060
Transfers out	(9,940,473)	(12,468,237)	(12,510,566)	(42,329)
Total other financing sources (uses)	<u>(9,774,189)</u>	<u>(11,714,745)</u>	<u>(11,696,371)</u>	<u>18,374</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ (2,789,689)</u>	<u>\$ (4,860,512)</u>	166,396	<u>\$ 5,026,908</u>
<b>Less outstanding encumbrances, June 30</b>			<u>944,634</u>	
<b>Net change in fund balances (GAAP basis)</b>			1,111,030	
<b>Fund balance, beginning</b>			24,549,816	
<b>Fund balance, ending</b>			<u>\$ 25,660,846</u>	

**CITY OF ROSWELL, GEORGIA  
FEDERAL GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 4,658,442	\$ 4,658,442	\$ 428,814	\$ (4,229,628)
Total revenues	<u>4,658,442</u>	<u>4,658,442</u>	<u>428,814</u>	<u>(4,229,628)</u>
<b>Expenditures:</b>				
Current:				
General government	1,040	1,040	1,052	(12)
Public safety	21,747	21,747	16,170	5,577
Culture and recreation	8,524	8,524	5,171	3,353
Capital outlay	3,500,039	3,500,039	1,915,191	1,584,848
Total expenditures	<u>3,531,350</u>	<u>3,531,350</u>	<u>1,937,584</u>	<u>1,593,766</u>
Excess (deficiency) of revenues over expenditures	1,127,092	1,127,092	(1,508,770)	(2,635,862)
<b>Other financing sources:</b>				
Transfers in	8,495	8,495	8,495	-
Total other financing sources	<u>8,495</u>	<u>8,495</u>	<u>8,495</u>	<u>-</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ 1,135,587</u>	<u>\$ 1,135,587</u>	(1,500,275)	<u>\$ (2,635,862)</u>
<b>Less outstanding encumbrances, June 30</b>			<u>595,183</u>	
<b>Net change in fund balances (GAAP basis)</b>			(905,092)	
<b>Fund balance (deficit), beginning</b>			<u>(443,643)</u>	
<b>Fund balance (deficit), ending</b>			<u>\$ (1,348,735)</u>	

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# NONMAJOR GOVERNMENTAL FUNDS

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## 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 Funds

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.

**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.

**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.

**2013 Bond Fund** - to account for the proceeds of the 2013 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.

**2014 Bond Fund** - to account for the proceeds of the 2014 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.



## **NONMAJOR GOVERNMENTAL FUNDS**

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### **Debt Service Fund**

The debt service fund is used to account for accumulation of resources and payments made of principal and interest on the City's general obligation debt.

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

### **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.

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**CITY OF ROSWELL, GEORGIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2016**

ASSETS	Special Revenue Funds						
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants	Soil Erosion
Cash and cash equivalents	\$ 681,767	\$ 1,818,473	\$ 156,643	\$ 155	\$ 738,340	\$ -	\$ 88,557
Investments	-	-	-	-	-	-	506,852
Receivables, net of allowance for uncollectibles	-	242,850	-	-	-	-	719
Taxes receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	52,770	-
Due from other funds	-	-	-	-	-	-	-
Prepaid items	1,269	13,967	-	-	-	7,912	-
<b>Total assets</b>	<b>\$ 683,036</b>	<b>\$ 2,075,290</b>	<b>\$ 156,643</b>	<b>\$ 155</b>	<b>\$ 738,340</b>	<b>\$ 60,682</b>	<b>\$ 596,128</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 175,791	\$ 41,505	\$ -	\$ -	\$ 191	\$ 28,601	\$ 259,601
Accrued liabilities	-	28,372	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Retainage payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	640,096	32,045	-
<b>Total liabilities</b>	<b>175,791</b>	<b>69,877</b>	<b>-</b>	<b>-</b>	<b>640,287</b>	<b>60,646</b>	<b>259,601</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - taxes	-	-	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	52,770	-
Unavailable revenue - other	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,770</b>	<b>-</b>
<b>FUND BALANCES</b>							
Nonspendable:							
Prepays	1,269	13,967	-	-	-	7,912	-
Permanent fund corpus	-	-	-	-	-	-	-
Restricted:							
Public safety	505,976	1,991,446	-	155	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Environmental	-	-	-	-	-	-	38,604
Transportation	-	-	156,643	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	98,053	-	-
Scholarship	-	-	-	-	-	-	-
Committed:							
Culture and recreation	-	-	-	-	-	-	-
Environmental	-	-	-	-	-	-	297,923
Unassigned	-	-	-	-	-	(60,646)	-
<b>Total fund balances</b>	<b>507,245</b>	<b>2,005,413</b>	<b>156,643</b>	<b>155</b>	<b>98,053</b>	<b>(52,734)</b>	<b>336,527</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 683,036</b>	<b>\$ 2,075,290</b>	<b>\$ 156,643</b>	<b>\$ 155</b>	<b>\$ 738,340</b>	<b>\$ 60,682</b>	<b>\$ 596,128</b>

Special Revenue Funds		Capital Projects Funds				Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
Hotel/Motel Tax	Leita Thompson	Impact Fees	2000 Bond	2013 Bond	2014 Bond	Debt Service	Scholarship Fund	
\$ 357,885	\$ 197,659	\$ 1,484,883	\$ 1,269,305	\$ 909,744	\$ 1,244,961	\$ 1,187,870	\$ 10,098	\$ 10,146,340
-	-	2,501,987	-	1,252,611	1,636,742	1,500,275	25,170	7,423,637
-	1,265	6,976	-	7,119	8,200	10,517	-	277,646
101,619	-	-	-	-	-	68,758	-	170,377
-	-	-	-	-	-	-	-	52,770
27,330	-	-	-	-	-	-	-	27,330
-	-	-	-	799	-	-	-	23,947
<u>\$ 486,834</u>	<u>\$ 198,924</u>	<u>\$ 3,993,846</u>	<u>\$ 1,269,305</u>	<u>\$ 2,170,273</u>	<u>\$ 2,889,903</u>	<u>\$ 2,767,420</u>	<u>\$ 35,268</u>	<u>\$ 18,122,047</u>
\$ -	\$ 181	\$ 81,537	\$ 410,525	\$ 1,359	\$ 726,676	\$ 1,927	\$ -	\$ 1,727,894
-	5,850	-	-	-	-	-	-	34,222
-	8,773	-	-	-	-	-	-	8,773
-	-	96,632	-	214,873	238,879	-	-	550,384
-	-	25,250	-	-	-	-	-	697,391
-	14,804	203,419	410,525	216,232	965,555	1,927	-	3,018,664
-	-	-	-	-	-	54,337	-	54,337
-	-	-	-	-	-	-	-	52,770
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	54,337	-	107,107
-	-	-	-	799	-	-	-	23,947
-	-	-	-	-	-	-	25,000	25,000
-	-	1,989,526	-	-	-	-	-	4,487,103
486,834	-	480,895	-	-	-	-	-	967,729
-	-	-	-	-	-	-	-	38,604
-	-	1,320,006	-	-	-	-	-	1,476,649
-	-	-	-	-	-	2,711,156	-	2,711,156
-	-	-	858,780	1,953,242	1,924,348	-	-	4,834,423
-	-	-	-	-	-	-	10,268	10,268
-	184,120	-	-	-	-	-	-	184,120
-	-	-	-	-	-	-	-	297,923
-	-	-	-	-	-	-	-	(60,646)
<u>486,834</u>	<u>184,120</u>	<u>3,790,427</u>	<u>858,780</u>	<u>1,954,041</u>	<u>1,924,348</u>	<u>2,711,156</u>	<u>35,268</u>	<u>14,996,276</u>
<u>\$ 486,834</u>	<u>\$ 198,924</u>	<u>\$ 3,993,846</u>	<u>\$ 1,269,305</u>	<u>\$ 2,170,273</u>	<u>\$ 2,889,903</u>	<u>\$ 2,767,420</u>	<u>\$ 35,268</u>	<u>\$ 18,122,047</u>

**CITY OF ROSWELL, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds						
	Confiscated Assets	Emergency 911 Telephone System	State Grants	County/Local Grants	American Stimulus Recovery Grants	CDBG Grants	Soil Erosion
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,000	100,663	608,664	-
Fines and forfeitures	295,699	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-	-
Charges for services	-	1,952,234	-	-	-	-	17,408
Investment earnings	-	10,855	-	-	-	-	16,466
Miscellaneous	-	-	-	-	-	-	-
Total revenues	<u>295,699</u>	<u>1,963,089</u>	<u>-</u>	<u>1,000</u>	<u>100,663</u>	<u>608,664</u>	<u>33,874</u>
<b>Expenditures:</b>							
Current:							
General government	-	-	-	-	9,287	-	-
Public safety	168,629	1,977,186	-	2,044	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Planning and zoning	-	-	-	-	-	373,143	-
Capital outlay	-	3,912	-	-	-	231,273	-
Debt service:							
Principal payments	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	<u>168,629</u>	<u>1,981,098</u>	<u>-</u>	<u>2,044</u>	<u>9,287</u>	<u>604,416</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	127,070	(18,009)	-	(1,044)	91,376	4,248	33,874
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	44,348	9,430	-
Transfers out	(70,285)	-	-	-	-	-	-
Total other financing sources (uses):	<u>(70,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,348</u>	<u>9,430</u>	<u>-</u>
Net change in fund balances	56,785	(18,009)	-	(1,044)	135,724	13,678	33,874
<b>Fund balances (deficits), beginning of year</b>	<u>450,460</u>	<u>2,023,422</u>	<u>156,643</u>	<u>1,199</u>	<u>(37,671)</u>	<u>(66,412)</u>	<u>302,653</u>
<b>Fund balances (deficits), end of year</b>	<u>\$ 507,245</u>	<u>\$ 2,005,413</u>	<u>\$ 156,643</u>	<u>\$ 155</u>	<u>\$ 98,053</u>	<u>\$ (52,734)</u>	<u>\$ 336,527</u>

Special Revenue Funds		Capital Projects Funds				Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
Hotel/Motel Tax	Leita Thompson	Impact Fees	2000 Bond	2013 Bond	2014 Bond	Debt Service	Scholarship Fund	
\$ 1,068,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,784,868	\$ -	\$ 2,853,461
-	-	-	-	-	-	-	-	710,327
-	-	-	-	-	-	-	-	295,699
-	-	911,626	-	-	-	-	-	911,626
-	-	-	-	-	-	-	-	1,969,642
(5,018)	-	37,331	303	20,509	90,537	32,371	36	203,390
-	85,148	-	-	-	-	-	-	85,148
<u>1,063,575</u>	<u>85,148</u>	<u>948,957</u>	<u>303</u>	<u>20,509</u>	<u>90,537</u>	<u>1,817,239</u>	<u>36</u>	<u>7,029,293</u>
-	-	-	-	-	-	-	-	9,287
-	-	-	-	-	-	-	-	2,147,859
-	-	7,053	-	-	-	-	-	7,053
1,137,037	60,220	-	-	-	-	-	-	1,197,257
-	-	-	-	-	-	-	-	373,143
-	-	1,813,677	665,951	959,281	3,170,247	-	-	6,844,341
-	-	-	-	-	-	1,375,000	-	1,375,000
-	-	-	-	3,561	2,500	251,079	-	257,140
<u>1,137,037</u>	<u>60,220</u>	<u>1,820,730</u>	<u>665,951</u>	<u>962,842</u>	<u>3,172,747</u>	<u>1,626,079</u>	<u>-</u>	<u>12,211,080</u>
(73,462)	24,928	(871,773)	(665,648)	(942,333)	(3,082,210)	191,160	36	(5,181,787)
-	-	-	-	-	-	-	-	53,778
-	-	-	-	-	-	-	-	(70,285)
-	-	-	-	-	-	-	-	(16,507)
(73,462)	24,928	(871,773)	(665,648)	(942,333)	(3,082,210)	191,160	36	(5,198,294)
<u>560,296</u>	<u>159,192</u>	<u>4,662,200</u>	<u>1,524,428</u>	<u>2,896,374</u>	<u>5,006,558</u>	<u>2,519,996</u>	<u>35,232</u>	<u>20,194,570</u>
<u>\$ 486,834</u>	<u>\$ 184,120</u>	<u>\$ 3,790,427</u>	<u>\$ 858,780</u>	<u>\$ 1,954,041</u>	<u>\$ 1,924,348</u>	<u>\$ 2,711,156</u>	<u>\$ 35,268</u>	<u>\$ 14,996,276</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines and forfeitures	\$ 90,000	\$ 90,000	\$ 295,699	\$ 205,699
Total revenues	90,000	90,000	295,699	205,699
<b>Expenditures:</b>				
Current:				
Public safety	202,019	202,019	168,829	33,190
Total expenditures	202,019	202,019	168,829	33,190
Excess (deficiency) of revenues over expenditures	(112,019)	(112,019)	126,870	238,889
<b>Other financing uses:</b>				
Transfers out	(23,285)	(70,285)	(70,285)	-
Total other financing uses	(23,285)	(70,285)	(70,285)	-
<b>Net change in fund balances (budgetary basis)</b>	<b>\$ (135,304)</b>	<b>\$ (182,304)</b>	56,585	<b>\$ 238,889</b>
<b>Less outstanding encumbrances, June 30</b>			200	
<b>Net change in fund balances (GAAP basis)</b>			<b>\$ 56,785</b>	

**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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 1,905,000	\$ 1,905,000	\$ 1,952,234	\$ 47,234
Investment earnings	4,000	4,000	10,855	6,855
Total revenues	<u>1,909,000</u>	<u>1,909,000</u>	<u>1,963,089</u>	<u>54,089</u>
<b>Expenditures:</b>				
Current:				
Public safety	2,094,161	2,174,434	1,997,756	176,678
Capital outlay	-	230,036	3,912	226,124
Total expenditures	<u>2,094,161</u>	<u>2,404,470</u>	<u>2,001,668</u>	<u>402,802</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ (185,161)</u>	<u>\$ (495,470)</u>	(38,579)	<u>\$ 456,891</u>
<b>Less outstanding encumbrances, June 30</b>			<u>20,570</u>	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ (18,009)</u>	



**CITY OF ROSWELL, GEORGIA  
COUNTY/LOCAL GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public safety	2,055	2,055	2,044	11
Total expenditures	<u>2,055</u>	<u>2,055</u>	<u>2,044</u>	<u>11</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ (1,055)</u>	<u>\$ (1,055)</u>	(1,044)	<u>\$ 11</u>
<b>Less outstanding encumbrances, June 30</b>			-	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ (1,044)</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 100,663	\$ 100,663
Total revenues	-	-	100,663	100,663
<b>Expenditures:</b>				
Current:				
General government	-	-	9,287	(9,287)
Total expenditures	-	-	9,287	(9,287)
Excess of revenues over expenditures	-	-	91,376	91,376
<b>Other financing sources:</b>				
Transfers in	-	-	44,348	44,348
Total other financing sources	-	-	44,348	44,348
<b>Net change in fund balances (budgetary basis)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>135,724</b>	<b>\$ 135,724</b>
<b>Less outstanding encumbrances, June 30</b>			-	
<b>Net change in fund balances (GAAP basis)</b>			<b>\$ 135,724</b>	

**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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 415,187	\$ 854,995	\$ 608,664	\$ (246,331)
Total revenues	<u>415,187</u>	<u>854,995</u>	<u>608,664</u>	<u>(246,331)</u>
<b>Expenditures:</b>				
Current:				
Planning and zoning	415,187	478,323	403,143	75,180
Capital outlay	-	376,672	231,273	145,399
Total expenditures	<u>415,187</u>	<u>854,995</u>	<u>634,416</u>	<u>220,579</u>
Deficiency of revenues over expenditures	-	-	(25,752)	(25,752)
<b>Other financing sources:</b>				
Transfers in	-	-	9,430	9,430
Total other financing sources	<u>-</u>	<u>-</u>	<u>9,430</u>	<u>9,430</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ -</u>	<u>\$ -</u>	(16,322)	<u>\$ (16,322)</u>
<b>Less outstanding encumbrances, June 30</b>			<u>30,000</u>	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ 13,678</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 8,000	\$ 8,000	\$ 17,408	\$ 9,408
Investment earnings	-	-	16,466	16,466
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>33,874</u>	<u>25,874</u>
<b>Expenditures:</b>				
Capital outlay	-	234,842	334,842	(100,000)
Total expenditures	<u>-</u>	<u>234,842</u>	<u>334,842</u>	<u>(100,000)</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ 8,000</u>	<u>\$ (226,842)</u>	(300,968)	<u>\$ (74,126)</u>
<b>Less outstanding encumbrances, June 30</b>			<u>334,842</u>	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ 33,874</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 850,000	\$ 850,000	\$ 1,068,593	\$ 218,593
Investment earnings (loss)	4,000	4,000	(5,018)	(9,018)
Total revenues	<u>854,000</u>	<u>854,000</u>	<u>1,063,575</u>	<u>209,575</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	1,149,942	1,157,942	1,137,037	20,905
Total expenditures	<u>1,149,942</u>	<u>1,157,942</u>	<u>1,137,037</u>	<u>20,905</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ (295,942)</u>	<u>\$ (303,942)</u>	(73,462)	<u>\$ 230,480</u>
<b>Less outstanding encumbrances, June 30</b>			-	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ (73,462)</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Miscellaneous	\$ 104,000	\$ 104,000	\$ 85,148	\$ (18,852)
Total revenues	<u>104,000</u>	<u>104,000</u>	<u>85,148</u>	<u>(18,852)</u>
<b>Expenditures:</b>				
Current:				
Culture and recreation	97,692	97,692	80,300	17,392
Total expenditures	<u>97,692</u>	<u>97,692</u>	<u>80,300</u>	<u>17,392</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ 6,308</u>	<u>\$ 6,308</u>	4,848	<u>\$ (1,460)</u>
<b>Less outstanding encumbrances, June 30</b>			<u>20,080</u>	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ 24,928</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, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,873,000	\$ 1,873,000	\$ 1,784,868	\$ (88,132)
Investment earnings	-	-	32,371	32,371
Total revenues	<u>1,873,000</u>	<u>1,873,000</u>	<u>1,817,239</u>	<u>(55,761)</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,375,000	1,375,000	1,375,000	-
Interest	<u>388,688</u>	<u>388,688</u>	<u>251,079</u>	<u>137,609</u>
Total expenditures	<u>1,763,688</u>	<u>1,763,688</u>	<u>1,626,079</u>	<u>137,609</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ 109,312</u>	<u>\$ 109,312</u>	191,160	<u>\$ 81,848</u>
<b>Less outstanding encumbrances, June 30</b>			-	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ 191,160</u>	

**CITY OF ROSWELL, GEORGIA  
SCHOLARSHIP FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budget		Actual on a Budgetary Basis	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Investment earnings	\$ 50	\$ 50	\$ 36	\$ (14)
Total revenues	<u>50</u>	<u>50</u>	<u>36</u>	<u>(14)</u>
<b>Net change in fund balances (budgetary basis)</b>	<u>\$ 50</u>	<u>\$ 50</u>	36	<u>\$ (14)</u>
<b>Less outstanding encumbrances, June 30</b>			-	
<b>Net change in fund balances (GAAP basis)</b>			<u>\$ 36</u>	



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## INTERNAL SERVICE FUNDS

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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.

**Workers’ Compensation Fund** – to account for charges to other funds and for the payment of the workers’ compensation insurance and claims.

**Fleet Services Fund** – to account for charges to other funds and to account for the costs of operating the fleet maintenance function.

**CITY OF ROSWELL, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

JUNE 30, 2016

	Group Health Fund	Risk Management Fund	Workers' Compensation Fund	Fleet Services Fund	Total
<b>ASSETS</b>					
Current assets:					
Cash	\$ 3,110,226	\$ 369,033	\$ 1,594,707	\$ 111,440	\$ 5,185,406
Investments	-	1,507,964	501,916	-	2,009,880
Receivables (net of allowance for uncollectibles)	-	5,748	524	-	6,272
Prepaid items	-	9,331	60,186	63	69,580
Total assets	<u>3,110,226</u>	<u>1,892,076</u>	<u>2,157,333</u>	<u>111,503</u>	<u>7,271,138</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plan contributions subsequent to measurement date	7,496	7,088	-	33,187	47,771
Net difference between projected and actual investment earnings - pension plan	6,441	6,091	-	28,519	41,051
Pension plan experience differences	3,791	3,585	-	16,786	24,162
Total deferred outflows of resources	<u>17,728</u>	<u>16,764</u>	<u>-</u>	<u>78,492</u>	<u>112,984</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	54,474	187,981	143,683	10,166	396,304
Accrued liabilities	546,134	2,401	326,234	15,808	890,577
Due to other funds	472,151	-	-	-	472,151
Compensated absences	7,359	3,239	1,162	25,401	37,161
Total current liabilities	<u>1,080,118</u>	<u>193,621</u>	<u>471,079</u>	<u>51,375</u>	<u>1,796,193</u>
Long-term liabilities:					
Compensated absences	2,765	1,535	423	8,903	13,626
Net pension liability	66,224	62,620	-	293,201	422,045
Total long-term liabilities	<u>68,989</u>	<u>64,155</u>	<u>423</u>	<u>302,104</u>	<u>435,671</u>
Total liabilities	<u>1,149,107</u>	<u>257,776</u>	<u>471,502</u>	<u>353,479</u>	<u>2,231,864</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plan assumption changes	400	378	-	1,770	2,548
Total deferred inflows of resources	<u>400</u>	<u>378</u>	<u>-</u>	<u>1,770</u>	<u>2,548</u>
<b>NET POSITION</b>					
Unrestricted	1,978,447	1,650,686	1,685,831	(165,254)	5,149,710
Total net position	<u>\$ 1,978,447</u>	<u>\$ 1,650,686</u>	<u>\$ 1,685,831</u>	<u>\$ (165,254)</u>	<u>\$ 5,149,710</u>

**CITY OF ROSWELL, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Group Health Fund	Risk Management Fund	Workers' Compensation Fund	Fleet Services Fund	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 7,489,247	\$ 1,050,000	\$ 466,000	\$ 734,555	\$ 9,739,802
Miscellaneous	708,572	-	-	-	708,572
Total operating revenues	<u>8,197,819</u>	<u>1,050,000</u>	<u>466,000</u>	<u>734,555</u>	<u>10,448,374</u>
<b>OPERATING EXPENSES</b>					
General and administrative	1,634,398	144,398	198,877	725,202	2,702,875
Claims expense	6,069,538	933,363	578,144	-	7,581,045
Total operating expenses	<u>7,703,936</u>	<u>1,077,761</u>	<u>777,021</u>	<u>725,202</u>	<u>10,283,920</u>
Operating income (loss)	493,883	(27,761)	(311,021)	9,353	164,454
<b>NONOPERATING REVENUES</b>					
Investment earnings	5,431	39,441	8,672	-	53,544
Total nonoperating revenues	<u>5,431</u>	<u>39,441</u>	<u>8,672</u>	<u>-</u>	<u>53,544</u>
Income (loss) before transfers	499,314	11,680	(302,349)	9,353	217,998
Transfers out	-	(158,954)	-	-	(158,954)
Total transfers	<u>-</u>	<u>(158,954)</u>	<u>-</u>	<u>-</u>	<u>(158,954)</u>
Change in net position	499,314	(147,274)	(302,349)	9,353	59,044
<b>NET POSITION, beginning of year</b>	<u>1,479,133</u>	<u>1,797,960</u>	<u>1,988,180</u>	<u>(174,607)</u>	<u>5,090,666</u>
<b>NET POSITION, end of year</b>	<u>\$ 1,978,447</u>	<u>\$ 1,650,686</u>	<u>\$ 1,685,831</u>	<u>\$ (165,254)</u>	<u>\$ 5,149,710</u>

**CITY OF ROSWELL, GEORGIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Group Health Fund	Risk Management Fund	Workers' Compensation Fund	Fleet Services Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 8,223,482	\$ 1,050,000	\$ 466,000	\$ 734,555	\$ 10,474,037
Payments to suppliers and service providers	(7,671,794)	(738,511)	(743,348)	(707,565)	(9,861,218)
Net cash provided by (used in) operating activities	<u>551,688</u>	<u>311,489</u>	<u>(277,348)</u>	<u>26,990</u>	<u>612,819</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	(256,591)	-	-	(256,591)
Proceeds from sale of investments	1,987,515	-	993,476	-	2,980,991
Interest received	5,431	36,113	10,366	-	51,910
Net cash provided by (used in) investing activities	<u>1,992,946</u>	<u>(220,478)</u>	<u>1,003,842</u>	<u>-</u>	<u>2,776,310</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	-	(158,954)	-	-	(158,954)
Net cash used in noncapital financing activities	<u>-</u>	<u>(158,954)</u>	<u>-</u>	<u>-</u>	<u>(158,954)</u>
Net increase (decrease) in cash	2,544,634	(67,943)	726,494	26,990	3,230,175
<b>Cash:</b>					
Beginning of year	565,592	436,976	868,213	84,450	1,955,231
End of year	<u>\$ 3,110,226</u>	<u>\$ 369,033</u>	<u>\$ 1,594,707</u>	<u>\$ 111,440</u>	<u>\$ 5,185,406</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 493,883	\$ (27,761)	\$ (311,021)	\$ 9,353	\$ 164,454
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Decrease in receivables	25,663	-	-	-	25,663
(Increase) decrease in prepaids	1,441	169,222	72	(2)	170,733
Increase in pension related deferred outflows of resources	(10,188)	(9,555)	-	(43,351)	(63,094)
Increase (decrease) in accounts payable	18,513	163,510	(29,054)	(2,315)	150,654
Increase in accrued liabilities	6,318	534	62,011	4,168	73,031
Decrease in pension related deferred inflows of resources	(4,745)	(4,540)	-	(22,207)	(31,492)
Increase in compensated absences	1,009	2,126	644	5,880	9,659
Increase in net pension liability	19,503	17,953	-	75,464	112,920
Increase in due to other funds	291	-	-	-	291
Net cash provided by (used in) operating activities	<u>\$ 551,688</u>	<u>\$ 311,489</u>	<u>\$ (277,348)</u>	<u>\$ 26,990</u>	<u>\$ 612,819</u>

## COMPONENT UNIT

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**CITY OF ROSWELL, GEORGIA**  
**BALANCE SHEET**  
**COMPONENT UNIT - HISTORIC ROSWELL**  
**CONVENTION & VISITORS BUREAU, INC.**

**JUNE 30, 2016**

	<u>Historic Roswell Convention &amp; Visitors Bureau, Inc.</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 535,772
Receivables, net of allowance for uncollectibles	<u>724</u>
Total assets	<u>\$ 536,496</u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 14,740
Accrued liabilities	<u>7,747</u>
Total liabilities	<u>22,487</u>
<b>FUND BALANCES</b>	
Restricted:	
Tourism	270,127
Economic development	<u>243,882</u>
Total fund balances	<u>514,009</u>
Total liabilities and fund balances	<u>\$ 536,496</u>

**CITY OF ROSWELL, GEORGIA**

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
COMPONENT UNIT - HISTORIC ROSWELL  
CONVENTION & VISITORS BUREAU, INC.**

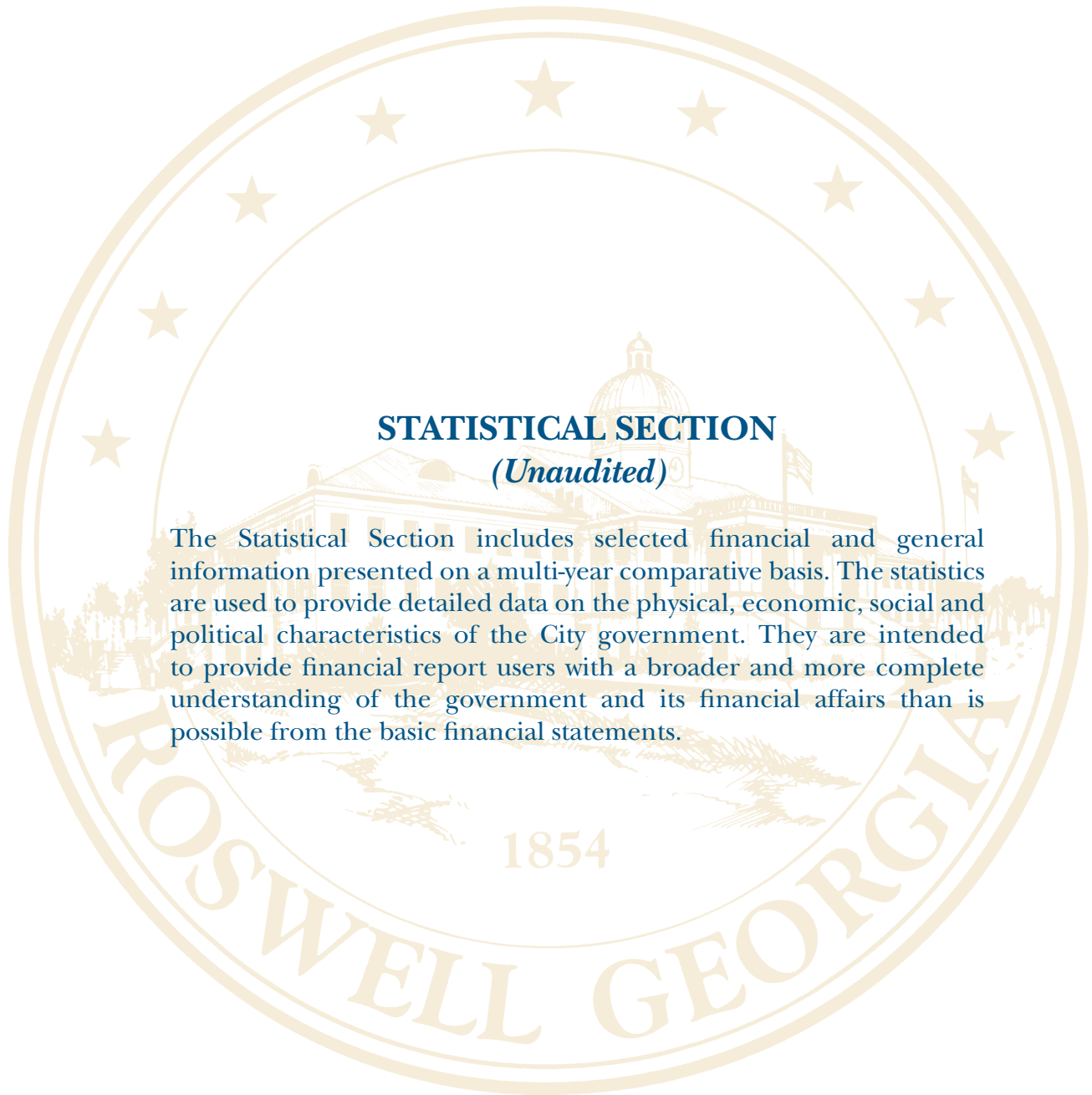
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Historic Roswell Convention &amp; Visitors Bureau, Inc.</u>
<b>Revenues:</b>	
Taxes	\$ 594,393
Intergovernmental	540,000
Charges for services	208,640
Investment earnings	37
Total revenues	<u>1,343,070</u>
<b>Expenditures:</b>	
Current:	
Culture and recreation	562,103
Economic development	<u>703,599</u>
Total expenditures	<u>1,265,702</u>
Net change in fund balances	77,368
<b>Fund balances, beginning of year</b>	<u>436,641</u>
<b>Fund balances, end of year</b>	<u>\$ 514,009</u>



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**STATISTICAL SECTION**  
*(Unaudited)*

The Statistical Section includes selected financial and general information presented on a multi-year comparative basis. The statistics are used to provide detailed data on the physical, economic, social and political characteristics of the City government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements.

# STATISTICAL SECTION

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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>
<b>Financial Trends .....</b>	<b>78-84</b>
<b>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</b>	
<b>Revenue Capacity.....</b>	<b>85-88</b>
<b>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</b>	
<b>Debt Capacity.....</b>	<b>89-92</b>
<b>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.</b>	
<b>Demographic and Economic Information .....</b>	<b>93 and 94</b>
<b>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</b>	
<b>Operating Information.....</b>	<b>95-99</b>
<b>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.</b>	

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

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	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 92,979	\$ 107,136	\$ 117,562	\$ 126,837
Restricted	9,679	7,496	7,845	8,314
Unrestricted	66,635	72,291	69,817	65,539
Total governmental activities net position	<u>\$ 169,293</u>	<u>\$ 186,923</u>	<u>\$ 195,224</u>	<u>\$ 200,690</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 9,235	\$ 9,506	\$ 10,963	\$ 13,044
Restricted	-	-	-	-
Unrestricted	10,846	12,893	13,867	14,349
Total business-type activities net position	<u>\$ 20,081</u>	<u>\$ 22,399</u>	<u>\$ 24,830</u>	<u>\$ 27,393</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 102,214	\$ 116,642	\$ 128,525	\$ 139,881
Restricted	9,679	7,496	7,845	8,314
Unrestricted	77,481	85,184	83,684	79,888
Total primary government net position	<u>\$ 189,374</u>	<u>\$ 209,322</u>	<u>\$ 220,054</u>	<u>\$ 228,083</u>

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 140,779	\$ 156,690	\$ 154,588	\$ 166,282	\$ 173,845	\$ 177,409
21,015	11,443	20,996	27,264	20,074	14,606
50,820	49,347	46,557	35,192	22,277	29,760
<u>\$ 212,614</u>	<u>\$ 217,480</u>	<u>\$ 222,141</u>	<u>\$ 228,738</u>	<u>\$ 216,196</u>	<u>\$ 221,775</u>
\$ 14,581	\$ 15,146	\$ 17,069	\$ 20,108	\$ 22,295	\$ 22,747
-	1,644	-	-	-	-
15,314	15,005	16,828	15,277	11,739	11,188
<u>\$ 29,895</u>	<u>\$ 31,795</u>	<u>\$ 33,897</u>	<u>\$ 35,385</u>	<u>\$ 34,034</u>	<u>\$ 33,935</u>
\$ 155,360	\$ 171,836	\$ 171,657	\$ 186,390	\$ 196,140	\$ 200,156
21,015	13,087	20,996	27,264	20,074	14,606
66,134	64,352	63,385	50,469	34,016	40,948
<u>\$ 242,509</u>	<u>\$ 249,275</u>	<u>\$ 256,038</u>	<u>\$ 264,123</u>	<u>\$ 250,230</u>	<u>\$ 255,710</u>

# CITY OF ROSWELL, GEORGIA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>EXPENSES</b>				
Governmental activities:				
General government	\$ 4,311	\$ 5,398	\$ 7,130	\$ 7,309
Judicial	1,387	1,496	1,484	1,502
Financial services	3,987	3,964	2,387	2,335
Public safety	20,708	22,486	23,764	24,880
Public works	10,009	8,847	9,402	12,380
Planning and zoning	3,653	3,932	3,675	3,650
Culture and recreation	11,369	12,634	12,198	12,340
Interest and paying agent fees	2,208	1,831	1,506	1,278
Total governmental activities expenses	<u>57,632</u>	<u>60,588</u>	<u>61,546</u>	<u>65,674</u>
Business-type activities:				
Water and sewer	2,625	2,662	2,680	3,057
Solid waste	8,166	8,655	8,607	8,985
Participant recreation	3,452	3,845	3,859	3,855
Stormwater	-	-	-	-
Total business-type activities expenses	<u>14,243</u>	<u>15,162</u>	<u>15,146</u>	<u>15,897</u>
Total primary government expenses	<u>\$ 71,875</u>	<u>\$ 75,750</u>	<u>\$ 76,692</u>	<u>\$ 81,571</u>
<b>PROGRAM REVENUES</b>				
Governmental activities:				
Charges for services:				
General government	\$ 1,802	\$ 2,376	\$ 1,899	\$ 1,256
Judicial (2)	3,106	3,154	584	2,259
Public safety	3,312	3,843	4,650	2,918
Public works	734	435	481	1,480
Planning and zoning	1,611	604	698	373
Culture and recreation	435	476	273	512
Total charges for services	<u>11,000</u>	<u>10,888</u>	<u>8,585</u>	<u>8,798</u>
Operating grants and contributions (1)	378	1,300	737	2,368
Capital grants and contributions (1)	901	1,662	1,323	2,222
Total governmental activities program revenues	<u>12,279</u>	<u>13,850</u>	<u>10,645</u>	<u>13,388</u>
Business-type activities:				
Charges for services:				
Water and sewer	3,335	3,183	3,257	3,297
Solid waste	9,090	9,763	9,681	9,981
Participant recreation	3,642	4,077	3,910	4,126
Stormwater	-	-	-	-
Total charges for services	<u>16,067</u>	<u>17,023</u>	<u>16,848</u>	<u>17,404</u>
Capital grants and contributions (1)	621	107	-	844
Total business-type activities program revenues	<u>16,688</u>	<u>17,130</u>	<u>16,848</u>	<u>18,248</u>
Total primary government program revenues	<u>\$ 28,967</u>	<u>\$ 30,980</u>	<u>\$ 27,493</u>	<u>\$ 31,636</u>

(continued)

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$	8,049	\$ 8,237	\$ 8,455	\$ 9,448	\$ 9,033	\$ 10,991
	1,442	1,374	1,371	1,265	1,155	978
	1,528	2,216	2,159	1,994	3,079	2,227.14
	24,346	26,037	24,622	25,881	26,043	27,540
	12,670	13,438	12,355	11,433	16,115	16,307
	3,978	2,541	2,844	3,260	3,625	3,467
	11,445	12,102	12,258	12,767	13,732	13,104
	1,193	823	574	525	363	188
	<u>64,651</u>	<u>66,768</u>	<u>64,638</u>	<u>66,573</u>	<u>73,145</u>	<u>74,802</u>
	2,936	3,330	2,861	3,091	3,122	3,705
	8,951	8,887	8,928	9,064	8,868	9,838
	4,964	4,844	4,964	4,788	5,277	5,331
	-	1,418	1,522	1,628	1,631	2,050.33
	<u>16,851</u>	<u>18,479</u>	<u>18,275</u>	<u>18,571</u>	<u>18,898</u>	<u>20,924</u>
\$	<u>81,502</u>	<u>85,247</u>	<u>82,913</u>	<u>85,144</u>	<u>92,043</u>	<u>95,726</u>
\$	3,420	\$ 3,120	\$ 2,988	\$ 3,066	\$ 2,968	\$ 3,581
	2,969	2,938	2,246	1,702	1,921	1,519
	2,176	2,530	1,844	2,032	2,305	2,145
	67	264	570	697	488	952
	17	609	766	1,454	1,721	2,050
	350	80	99	103	96	85
	<u>8,999</u>	<u>9,541</u>	<u>8,513</u>	<u>9,054</u>	<u>9,499</u>	<u>10,332</u>
	1,406	983	491	811	1,266	1,385
	9,443	2,883	2,101	1,710	1,248	1,340
	<u>19,848</u>	<u>13,407</u>	<u>11,105</u>	<u>11,575</u>	<u>12,013</u>	<u>13,057</u>
	3,304	3,567	3,219	3,250	3,671	3,717
	9,821	8,655	8,857	8,636	8,673	8,149
	4,345	4,626	4,672	4,576	4,812	5,231
	-	2,900	3,052	3,046	3,064	3,057
	<u>17,470</u>	<u>19,748</u>	<u>19,800</u>	<u>19,508</u>	<u>20,220</u>	<u>20,154</u>
	-	-	-	-	-	-
	<u>17,470</u>	<u>19,748</u>	<u>19,800</u>	<u>19,508</u>	<u>20,220</u>	<u>20,154</u>
\$	<u>37,318</u>	<u>33,155</u>	<u>30,905</u>	<u>31,083</u>	<u>32,233</u>	<u>33,211</u>

# CITY OF ROSWELL, GEORGIA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (expense)/revenue				
Governmental activities	\$ (45,353)	\$ (46,738)	\$ (50,901)	\$ (52,286)
Business-type activities	2,445	1,968	1,702	2,351
Total primary government net expense	<u>\$ (42,908)</u>	<u>\$ (44,770)</u>	<u>\$ (49,199)</u>	<u>\$ (49,935)</u>
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	\$ 30,628	\$ 31,635	\$ 31,890	\$ 31,674
Sales taxes	22,443	22,689	19,720	19,562
Hotel/Motel taxes	795	853	686	602
Business taxes	5,151	5,307	5,378	5,248
Total taxes	<u>59,017</u>	<u>60,484</u>	<u>57,674</u>	<u>57,086</u>
Investment earnings	3,784	3,395	1,751	593
Gain on sale of capital assets	-	-	-	-
Miscellaneous	122	479	202	73
Transfers	(8)	10	(425)	-
Total governmental activities	<u>62,915</u>	<u>64,368</u>	<u>59,202</u>	<u>57,752</u>
Business-type activities:				
Investment earnings	314	348	280	123
Gain on sale of capital assets	15	12	24	89
Miscellaneous	-	-	-	-
Transfers	8	(10)	425	-
Total business-type activities	<u>337</u>	<u>350</u>	<u>729</u>	<u>212</u>
Total primary government	<u>\$ 63,252</u>	<u>\$ 64,718</u>	<u>\$ 59,931</u>	<u>\$ 57,964</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 17,562	\$ 17,630	\$ 8,301	\$ 5,466
Business-type activities	2,782	2,318	2,431	2,563
Total primary government	<u>\$ 20,344</u>	<u>\$ 19,948</u>	<u>\$ 10,732</u>	<u>\$ 8,029</u>

(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 2007 to 2016 reflect the changes in grants awarded to the City.

(2) The decrease in Judicial for 2009 is attributable to the decrease in fine revenues and for the allocation of court fines to Public Safety.



2011	2012	2013	2014	2015	2016
\$ (44,803)	\$ (53,361)	\$ (53,533)	\$ (54,998)	\$ (61,132)	\$ (61,745)
619	1,269	1,525	937	1,322	(770)
<u>\$ (44,184)</u>	<u>\$ (52,092)</u>	<u>\$ (52,008)</u>	<u>\$ (54,061)</u>	<u>\$ (59,810)</u>	<u>\$ (62,515)</u>
\$ 31,344	\$ 30,227	\$ 30,398	\$ 31,239	\$ 31,578	\$ 32,774
20,406	21,863	21,816	22,835	23,965	24,304
721	788	797	875	993	1,068
5,345	5,028	5,351	5,578	5,603	6,217
<u>57,816</u>	<u>57,906</u>	<u>58,362</u>	<u>60,527</u>	<u>62,139</u>	<u>64,363</u>
559	411	229	587	651	973
-	148	-	-	60	2,155
100	179	217	119	467	264
<u>(1,748)</u>	<u>(418)</u>	<u>(571)</u>	<u>(362)</u>	<u>(48)</u>	<u>(431)</u>
<u>56,727</u>	<u>58,226</u>	<u>58,237</u>	<u>60,871</u>	<u>63,269</u>	<u>67,324</u>
135	70	5	160	62	150
-	144	-	28	-	90
-	-	-	-	-	-
1,748	418	571	362	48	431
<u>1,883</u>	<u>632</u>	<u>576</u>	<u>550</u>	<u>110</u>	<u>671</u>
<u>\$ 58,610</u>	<u>\$ 58,858</u>	<u>\$ 58,813</u>	<u>\$ 61,421</u>	<u>\$ 63,379</u>	<u>\$ 67,995</u>
\$ 11,924	\$ 4,865	\$ 4,704	\$ 5,873	\$ 2,137	\$ 5,579
2,502	1,901	2,101	1,487	1,432	(99)
<u>\$ 14,426</u>	<u>\$ 6,766</u>	<u>\$ 6,805</u>	<u>\$ 7,360</u>	<u>\$ 3,569</u>	<u>\$ 5,480</u>

# CITY OF ROSWELL, GEORGIA

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund				
Reserved	\$ 668	\$ 865	\$ 714	\$ 620
Unreserved	40,251	40,843	35,224	31,858
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>40,919</u>	<u>41,708</u>	<u>35,938</u>	<u>32,478</u>
All other governmental funds				
Reserved	14,769	13,399	12,377	15,400
Unreserved, reported in:				
Special revenue funds	3,836	3,365	4,289	1,307
Debt service funds	16,297	18,494	20,602	19,219
Capital projects funds	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>34,902</u>	<u>35,258</u>	<u>37,268</u>	<u>35,926</u>
Total all funds	<u>\$ 75,821</u>	<u>\$ 76,966</u>	<u>\$ 73,206</u>	<u>\$ 68,404</u>

NOTE: The City implemented GASB Statement No. 54 for the year ending June 30, 2011.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
291	188	570	812	377	352
104	88	66	52	20	1
16,329	14,007	14,398	16,596	15,436	16,426
6,893	3,299	2,826	2,507	3,271	3,475
7,418	8,882	3,408	3,034	5,445	5,407
<u>31,035</u>	<u>26,464</u>	<u>21,268</u>	<u>23,001</u>	<u>24,549</u>	<u>25,661</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
130	63	297	343	114	51
19,693	11,116	20,452	27,029	19,839	14,526
399	494	531	434	422	482
15,929	17,519	19,187	17,748	16,405	17,446
(1,188)	(1,699)	(420)	(874)	(553)	(1,409)
<u>34,963</u>	<u>27,493</u>	<u>40,047</u>	<u>44,680</u>	<u>36,227</u>	<u>31,096</u>
<u>\$ 65,998</u>	<u>\$ 53,957</u>	<u>\$ 61,315</u>	<u>\$ 67,681</u>	<u>\$ 60,776</u>	<u>\$ 56,757</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)

	2007	2008	2009	2010
<b>REVENUES</b>				
Taxes	\$ 58,320	\$ 59,821	\$ 57,198	\$ 57,967
Licenses and permits	2,117	2,428	1,295	1,187
Intergovernmental	1,943	2,589	3,058	1,801
Fines and forfeitures	4,218	4,811	3,476	3,392
Charges for services	3,850	3,549	3,683	4,115
Impact fees	-	-	-	95
Investment earnings (1)	3,696	3,321	1,707	569
Contributions	-	-	-	-
Miscellaneous	1,094	554	119	73
<b>Total revenues</b>	<b>75,238</b>	<b>77,073</b>	<b>70,536</b>	<b>69,199</b>
<b>EXPENDITURES</b>				
General government	4,663	5,124	6,356	6,565
Judicial	1,326	1,460	1,532	1,501
Financial services	3,565	3,587	2,425	2,323
Public safety	20,054	22,171	23,205	24,108
Public works	6,779	7,203	7,531	9,862
Planning and zoning	3,469	3,786	3,749	3,660
Culture and recreation	9,578	11,070	10,639	10,522
Capital outlay	7,121	11,227	12,774	9,303
Principal on long-term debt	4,205	8,140	4,705	4,755
Interest and paying agent fees	2,247	2,329	1,484	1,432
<b>Total expenditures</b>	<b>63,007</b>	<b>76,097</b>	<b>74,400</b>	<b>74,031</b>
Excess (deficiency) of revenues over expenditures	12,231	976	(3,864)	(4,832)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Assets	221	107	11,090	30
Transfers in	7,853	10,516	(11,080)	8,539
Transfers out	(7,861)	(10,506)	-	(8,539)
Proceeds from bond issuance	-	15,975	-	-
Premium on bonds issued	-	997	-	-
Payments to refunded bond escrow agent	-	(16,920)	-	-
Capital leases	175	-	94	-
Installment sales agreement	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>388</b>	<b>169</b>	<b>104</b>	<b>30</b>
<b>Net change in fund balances</b>	<b>\$ 12,619</b>	<b>\$ 1,145</b>	<b>\$ (3,760)</b>	<b>\$ (4,802)</b>
Debt service as a percentage of noncapital expenditures	11.5%	12.5%	9.8%	9.6%

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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$	57,641	\$ 58,008	\$ 58,077	\$ 60,544	\$ 61,970	\$ 64,700
	1,268	1,430	1,521	2,201	2,465	2,784
	4,679	3,788	3,022	2,293	2,707	1,875
	3,345	3,303	2,478	1,840	2,227	1,814
	4,127	4,159	4,163	4,357	4,141	4,864
	276	245	543	669	455	911
	527	391	229	587	651	926
	-	25	53	59	26	95
	100	260	317	223	513	349
	<u>71,963</u>	<u>71,609</u>	<u>70,403</u>	<u>72,773</u>	<u>75,155</u>	<u>78,319</u>
	7,479	7,672	7,794	8,609	9,030	9,793
	1,439	1,377	1,368	1,167	976	1,021
	1,456	2,087	1,918	2,156	2,187	2,278
	23,218	24,742	23,056	24,224	24,192	25,646
	9,673	10,584	9,484	8,235	8,514	9,178
	3,945	2,459	2,729	3,129	3,088	3,460
	9,414	10,021	10,178	10,514	10,899	11,236
	9,592	11,099	9,570	14,609	17,640	23,031
	5,165	12,250	5,925	1,139	5,528	1,596
	1,240	1,093	648	422	409	285
	<u>72,621</u>	<u>83,384</u>	<u>72,670</u>	<u>74,204</u>	<u>82,463</u>	<u>87,524</u>
	<u>(658)</u>	<u>(11,775)</u>	<u>(2,267)</u>	<u>(1,431)</u>	<u>(7,308)</u>	<u>(9,205)</u>
	-	153	-	94	110	1,465
	7,821	11,908	13,075	9,044	9,242	12,459
	(9,569)	(13,327)	(13,446)	(8,998)	(8,950)	(12,731)
	-	-	9,760	4,940	-	-
	-	-	239	351	-	-
	-	-	-	-	-	-
	-	-	-	1,640	-	544
	-	-	-	-	-	3,449
	<u>(1,748)</u>	<u>(1,266)</u>	<u>9,628</u>	<u>7,071</u>	<u>402</u>	<u>5,186</u>
\$	<u>(2,406)</u>	<u>(13,041)</u>	<u>7,361</u>	<u>5,640</u>	<u>(6,906)</u>	<u>(4,019)</u>
	10.1%	18.3%	10.3%	2.6%	8.7%	2.8%

# CITY OF ROSWELL, GEORGIA

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

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<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Business Tax</u>	<u>Total</u>
2007	\$ 29,931	\$ 23,238	\$ 5,151	\$ 58,320
2008	30,971	23,543	5,307	59,821
2009 (1)	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	30,328	22,652	5,028	58,008
2013	30,113	22,613	5,351	58,077
2014	31,257	23,709	5,578	60,544
2015	31,409	24,958	5,603	61,970
2016	33,111	25,373	6,217	64,700

(1) 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	Assessed Value as a Percentage of Actual Value (1)
2007	\$ 2,771,967	\$ 51,896	\$ 1,435,251	\$ 131,024	\$ 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	11,400,805	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%
2013	2,848,200	41,486	1,820,604	282,840	4,427,450	5.455	11,068,625	40.00%
2014	2,815,902	36,208	1,884,403	301,037	4,435,476	5.455	11,088,690	40.00%
2015	2,896,326	36,838	1,804,506	307,403	4,430,267	5.455	11,075,668	40.00%
2016	3,183,132	42,318	1,794,111	308,863	4,710,698	5.455	11,776,745	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.

# 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		
		(Less) Local					Fulton County		
		General Millage	Option Sales Tax	Total M&O	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage
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
2013	2012	8.788	(4.729)	4.059	1.396	5.455	10.281	0.000	10.281
2014	2013	9.153	(4.689)	4.464	0.991	5.455	10.211	0.000	10.211
2015	2014	9.292	(4.828)	4.464	0.991	5.455	11.781	0.000	11.781
2016	2015	9.864	(4.809)	5.055	0.400	5.455	10.500	0.000	10.500

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.



<b>Overlapping Rates</b>				
<b>School District</b>			<b>State</b>	<b>Total</b>
<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total School Millage</b>	<b>Total State Millage</b>	<b>Direct &amp; Overlapping Rates</b>
17.825	0.282	18.107	0.250	35.914
17.825	0.282	18.107	0.250	34.295
16.904	1.189	18.093	0.250	34.079
16.403	1.099	17.502	0.250	33.488
17.502	0.000	17.502	0.250	33.488
18.502	0.000	18.502	0.250	34.488
18.502	0.000	18.502	0.200	34.438
18.502	0.000	18.502	0.150	34.318
18.502	0.000	18.502	0.100	35.838
18.502	0.000	18.502	0.050	34.507

# CITY OF ROSWELL, GEORGIA

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

Taxpayer	2016			2007		
	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
Fulton County Board of Education	\$ 86,100	1	1.83%			
City of Roswell	57,396	2	1.22%			
Strata Roswell LLC	33,503	3	0.71%			
Calibre Creek Apartment Partners	30,553	4	0.65%			
Kimberly Clark Corp	23,401	5	0.50%	30,423	2	0.74%
GGT LMI City Walk GA LLC	21,885	6	0.46%			
Northmeadow Investors LLC	21,063	7	0.45%			
Sanctuary Park Realty Holding	19,966	8	0.42%			
Amireit	16,386	9	0.35%	14,325	3	0.35%
F7 MOO LLC	16,000	10	0.34%			
Firstcal Industrial Two				43,939	1	1.06%
Prudential Ins Company of America				12,455	4	0.30%
Colonial Properties				10,122	5	0.25%
Phoenix Realty Special Acct				7,613	6	0.18%
Home Depot				7,410	7	0.18%
Mrs. Edith W. Spruill				4,534	8	0.11%
Tahoe North (Park Bridge)				3,258	9	0.08%
Walmart/Sam's Club/K-Mart Place				2,946	10	0.07%
Totals	<u>\$ 326,253</u>		<u>6.93%</u>	<u>\$ 137,025</u>		<u>3.32%</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
2007	\$ 22,557	\$ 22,119	98.06%	\$ 438	\$ 22,557	100.00%
2008	23,372	22,892	97.95%	480	23,372	100.00%
2009	24,278	23,279	95.89%	944	24,223	99.77%
2010	24,449	23,737	97.09%	655	24,392	99.77%
2011	23,814	22,868	96.03%	882	23,750	99.73%
2012	22,335	21,761	97.43%	494	22,255	99.64%
2013	21,635	21,294	98.42%	261	21,555	99.63%
2014	22,245	21,849	98.22%	290	22,139	99.52%
2015	22,323	21,868	97.96%	213	22,081	98.92%
2016	24,202	23,704	97.94%	-	23,704	97.94%

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				Total	Business-Type	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Capital Leases	Installment Sales Agreement	Notes Payable		Activities			
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
2013	14,085	-	-	-	14,085	1,499	15,584	0.42%	166
2014	18,359	1,445	-	-	19,804	213	20,017	0.52%	213
2015	12,872	1,282	-	-	14,154	7,818	21,972	0.54%	234
2016	11,409	1,605	3,449	-	16,463	14,457	30,920	0.72%	327

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)
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
2013	14,085	955	13,130	0.12%	140
2014	18,359	4,121	14,237	0.13%	151
2015	12,872	2,520	10,352	0.09%	110
2016	11,409	2,711	8,698	0.07%	92

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, 2016 (amounts expressed in thousands)

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable to Government</b>	<b>Amount Applicable to Government</b>
Debt repaid with property taxes			
Fulton County Board of Education	\$ 71,840	8.10%	\$ 5,819
City of Roswell direct debt	16,463	100.00%	16,463
Total direct and overlapping debt	\$ 88,303		\$ 22,282

Sources: Assessed value data used to establish estimate applicable percentages are located in the Fulton County Board of Education's 2015 CAFR and City of Roswell Finance Department records. Debt outstanding data provided by each governmental 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.

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# CITY OF ROSWELL, GEORGIA

## LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

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	2007	2008	2009	2010
Debt limit (10% of total assessed value)	\$ 425,911	\$ 475,489	\$ 518,848	\$ 511,716
Total net debt applicable to limit	35,473	29,629	24,255	19,055
Legal debt margin	\$ 390,438	\$ 445,860	\$ 494,593	\$ 492,661
Total net debt applicable to the limit as a percentage of debt limit	8.33%	6.23%	4.67%	3.72%

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.



	2011	2012	2013	2014	2015	2016
	\$ 490,308	\$ 478,893	\$ 471,029	\$ 473,651	\$ 473,767	\$ 501,956
	13,685	8,601	9,786	14,238	10,380	10,222
	\$ 476,623	\$ 470,292	\$ 461,243	\$ 459,413	\$ 463,387	\$ 491,734
	2.79%	1.80%	2.08%	3.01%	2.19%	2.04%
Assessed Value						\$ 4,710,698
Add back: exempt real property						308,863
Total assessed value						5,019,561
Debt limit (10% of total assessed value)						501,956
Debt applicable to limit:						
General obligation bonds						11,409
Less: Amount set aside for repayment of general obligation debt						(1,188)
Total net debt applicable to limit						10,222
Legal debt margin						\$ 491,735

# CITY OF ROSWELL, GEORGIA

## DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

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Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	School Enrollment (1)	Unemployment Rate
2007	88,465	\$ 3,547,977	\$ 40,106	37.20	23,309	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	9.90
2013	93,692	3,731,565	39,828	40.20	15,081	9.00
2014	94,034	3,846,273	40,903	36.80	14,869	8.16
2015	94,089	4,036,418	42,900	37.90	14,791	8.30
2016	94,501	4,308,962	45,597	38.80	24,413	7.10

Sources: U.S. Census Bureau for the population, personal income, median age, per capita income, and unemployment rate. Statistics for 2016 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; this year it is U.S. Census Bureau

# CITY OF ROSWELL, GEORGIA

## PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Kimberly-Clark Corporation	1,312	1	2.43%	1,393	1	3.53%
Verizon Wireless	1,103	2	2.05%	438	6	1.11%
Wellstar North Fulton Hospital Inc	900	3	1.67%	661	2	1.68%
GM IT Innovation Center	700	4	1.30%			
City of Roswell	578	5	1.07%	575	3	1.46%
Roswell Nursing & Rehabilitation	277	6	0.51%			
Wal-mart Supercenter # 1578	266	7	0.49%	500	5	1.27%
Colibrium Direct LLC	223	8	0.41%			
Promethean Inc	207	9	0.38%			
Enable of Georgia, Inc	205	10	0.38%			
Vanstar Corporation				564	4	1.43%
Witness Systems Inc.				411	7	1.04%
Mr. Default Services LLC				343	8	0.87%
The Home Depot				301	9	0.76%
Resources & Residential				234	10	0.59%
Total	5,771		10.69%	5,420		13.74%

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General government</b>										
City Administrator	3	3	2	3	3	3	3	3	3	3
City Hall	6	8	8	8	9	9	9	9	9	9
Community Information	4	4	3	4	4	4	4	5	5	5
Court Services	18	20	20	20	16	17	16	3	3	3
General Administration	8	8	6	6	5	6	5	5	6	7
Governing Body	3	3	2	2	2	2	2	1	2	2
Human Resources	5	5	4	3	3	3	4	4	5	5
Legal	3	3	3	3	3	3	3	3	3	3
Risk Management	1	1	2	-	1	1	1	1	1	1
Worker's Compensation	-	-	-	-	1	1	1	1	1	1
Benefits Manager	-	-	-	-	1	1	1	1	1	1
Strat. Planning and Budgeting	3	3	3	3	3	-	-	-	-	-
IT (formerly MIS)	-	-	8	8	9	9	7	7	9	9
<b>Finance</b>										
Accounting	9	8	8	5	4	4	4	3	4	4
Finance - Administration	2	2	2	2	3	3	3	3	3	3
Treasury	-	-	-	-	1	1	-	-	-	-
Accounts Payable	-	-	-	3	-	-	-	-	-	-
Cash Disbursement	-	-	-	-	3	3	3	3	3	3
Accounts Receivable	-	-	-	-	6	6	6	7	8	7
Cash Receipting	-	-	-	-	3	3	3	2	2	2
Purchasing	5	4	4	4	3	3	3	2	3	3
IT (formerly MIS)	8	8	-	-	-	-	-	-	-	-
Tax Administration	4	4	5	5	-	-	-	-	-	-
Utility Billing	4	6	5	5	-	-	-	-	-	-
Strat. Planning and Budgeting	-	-	-	-	-	3	3	2	3	2

Source: City Budget Office

Continued

# CITY OF ROSWELL, GEORGIA

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Criminal Investigations	18	19	21	21	23	23	20	22	23	18
Jail/Detention	28	31	33	34	34	33	18	16	15	18
Patrol	80	84	90	86	79	77	78	78	78	86
Police - Admin Services	2	2	2	2	3	3	2	3	3	3
Police - Bldg Maintenance	-	-	-	-	-	-	-	-	-	-
Police - Support Services	23	25	23	24	25	27	35	26	26	28
Special Operations	11	8	10	13	11	12	5	15	14	15
Traffic Control	13	12	9	10	13	12	16	13	12	12
E-911	19	19	18	19	19	22	20	18	19	18
<b>Fire</b>										
Administration	2	2	2	2	2	2	2	2	2	2
Fire	3	4	4	6	6	6	6	7	7	7
Fire Training	1	1	1	1	1	1	1	1	1	1
Fire Marshal	9	9	9	9	9	9	9	9	9	9
<b>Cultural &amp; recreation</b>										
Municipal Complex	2	2	2	2	2	2	2	2	2	2
Administration	2	2	2	2	2	2	2	2	2	2
Support Services	43	43	43	22	22	38	38	38	35	41
Parks	49	54	54	51	51	56	56	58	55	56
Barrington Hall	1	1	1	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	-	2
<b>Environmental</b>										
Administration	2	2	2	2.15	2.15	2.15	2.15	2.1	-	-
Environmental	3	3	3	3	3	3	3	3	-	-
Water Resources	3.5	4.5	4.5	1.5	1.5	-	-	-	-	-
Garage	7	7	7	7	7	7	7	7.2	7	7.1
Stormwater Mgmt	4	4	4	6.75	6.75	9	12	11	13	12

Continued

# CITY OF ROSWELL, GEORGIA

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Community Development</b>										
Administration	3	3	3	3	3	3	4	1	3	3
Building Inspections	5	5	4	-	4	5	-	-	-	-
Code Enforcement	5	5	6	-	6	6	-	-	-	-
Support Services	7	7	6	2	2	2	2	3	4	4
Economic Development	2	2	2	4	4	2	-	-	-	-
Engineering	10	9	6	-	1	6	7	7	7	8
GIS	3	3	3	3	3	4	4	4	3	4
Licensing	2	2	2	1	1	1	1	1	1	1
Planning & Zoning	11	11	9	13	13	7	7	7	7	7
<b>Transportation</b>										
Transportation	7	7	11	8	8	8	8	7	7	6
Trans/PW Facility	8	-	-	-	-	-	-	-	-	-
Administration	3	3	3	3	4	4	4	4	4	4
Street Maintenance	31	31	31	31	31	31	28	29	30	30
Land Acq. & Development	-	-	-	-	-	3	3	3	2	2
Traffic Engineering	15	22	16	20	18	18	18	17	16	18
<b>Water</b>										
Administration	1.9	1.9	0.9	1.3	1.3	2.05	2.05	2.05	1.65	1.95
Distribution	9.25	9.25	9	10	9	8.50	8.50	8.50	8.50	8.50
Water Plant	5.75	5.75	6	7	7	7	7	7	7	8
<b>Solid Waste</b>										
Administration	4.85	4.85	4.85	4.5	4.5	4.5	4.35	4.35	6.95	7.25
Public Education	0.75	0.75	0.75	0.55	0.55	0.55	0.55	0.55	-	-
Residential Collection	33	34	35	34	34	34	34	33	34	33
Commercial Collection	8	8	7	8	8	8	8	7	8	8
Yard Trimmings Collection	-	-	-	-	-	-	-	-	-	-
Recycling Center	6	5	6	6.25	6.25	6.25	6.25	6.25	5	7
	598	613	606	574	580	608	578	556	557	578

# CITY OF ROSWELL, GEORGIA

## OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police</b>										
Calls for service	108,947	106,948	93,651	108,864	102,864	85,216	67,386	69,939	67,563	76,723
Traffic stops	36,896	34,139	33,320	43,457	43,090	28,885	17,867	19,964	24,340	24,382
Part 1 Crimes Index Rate	26.6	31.6	31.9	26.2	23.7	23.6	24.9	22.9	24.4	24.6
<b>Fire</b>										
Fire Calls	2,142	2,030	1,965	2,103	2,104	2,301	2,802	3,121	3,126	3,344
Fires extinguished	288	242	191	197	203	198	185	162	174	188
EMS Calls	4,082	4,102	4,100	4,364	5,101	4,795	5,251	5,225	5,060	4,951
<b>Community development</b>										
Building permits issued	4,694	4,155	3,423	3,912	3,798	4,068	3,382	2,351	2,108	4,996
<b>Refuse collection</b>										
Household garbage collected-tons per year	22,045	21,803	21,164	18,872	19,080	18,645	19,128	18,964	13,078	20,150
Curbside recycling collected-tons per year	5,913	6,404	6,398	8,251	7,086	6,766	6,726	6,893	7,597	6,674
Yard waste collected-tons per year	7,225	7,997	8,024	7,386	8,712	8,140	7,872	8,376	7,527	7,274
Recycling from recycle center-tons per year	3,617	3,022	2,639	2,438	2,056	1,586	1,811	1,695	1,698	1,625
<b>Parks and recreation</b>										
Registered participants (1)	191,244	189,104	196,716	191,448	33,694	34,722	33,843	33,567	32,767	26,817
Park acres maintained	907	890	917	917	917	918	918	912	912	987
Participant Visits	697,189	691,501	712,321	719,012	-	-	-	-	-	-
Spectator Visits	430,914	362,627	408,360	409,840	-	-	-	-	-	-
Facility Visits	848,103	916,733	906,812	952,368	-	-	-	-	-	-
Total Point of Sale Participants (1)	-	-	-	-	102,971	122,170	111,624	98,111	100,263	47,087
Total Facility Rentals (1)	-	-	-	-	1,725	1,707	1,642	2,236	2,373	1,148
<b>Water</b>										
Water production in MGD	416.92	417	328	373	371	351	368	388	397	278
<b>Sanitation</b>										
Number of residential customers	23,840	24,309	23,807	25,080	25,146	25,230	25,232	25,360	26,120	26,120
Number of commercial customers	1,285	1,115	1,203	1,201	836	892	1,002	892	972	955

Sources: Various city departments.

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

(1) With implementation of new registration software in FY2011, 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.

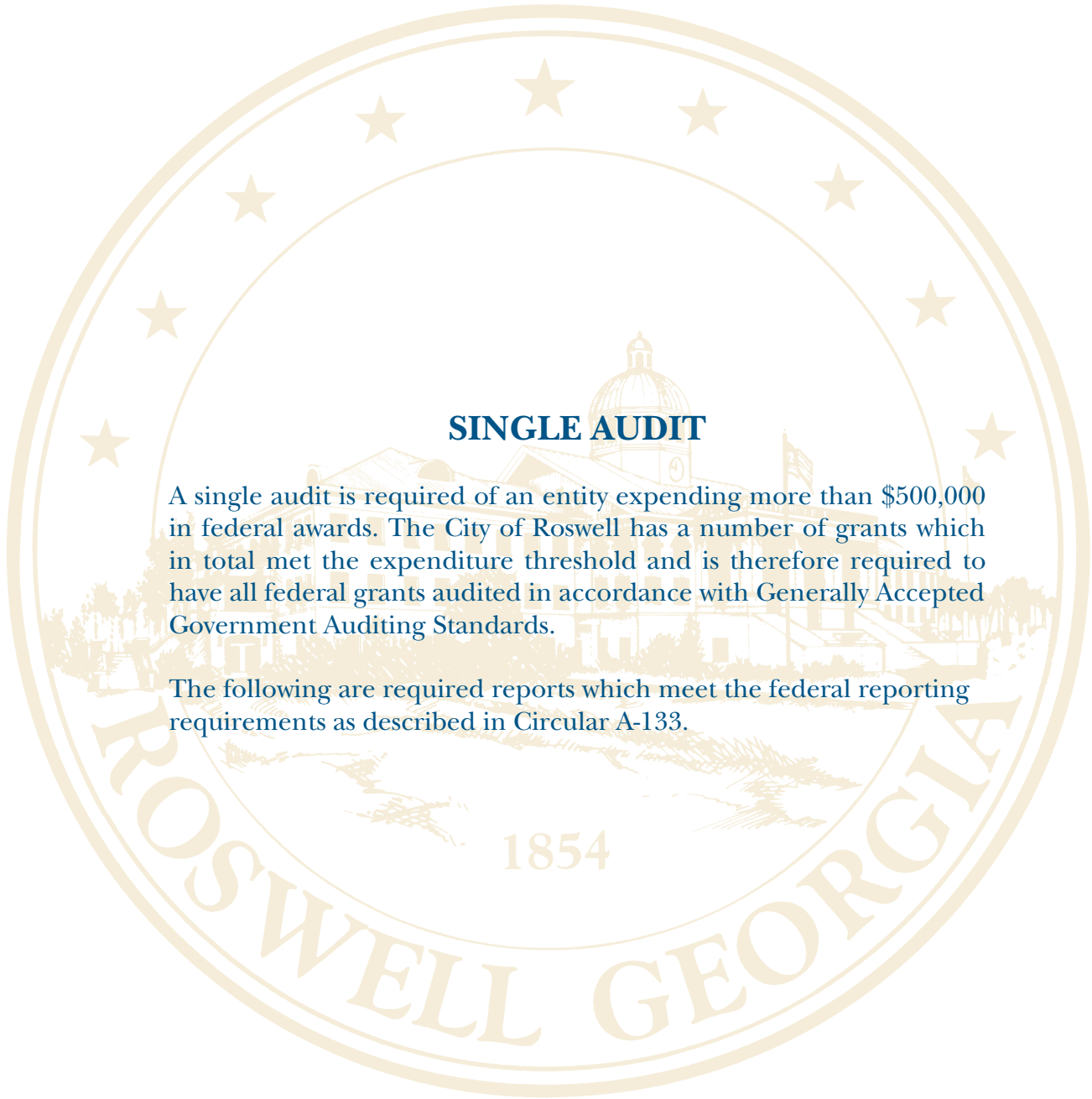
# CITY OF ROSWELL, GEORGIA

## CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General government</b>										
Vehicles	53	53	54	54	54	54	54	54	55	55
Buildings	30	30	30	30	30	30	30	30	30	30
<b>Police</b>										
Vehicles	150	150	157	157	157	157	158	158	208	215
Stations	1	1	1	1	1	1	1	1	1	1
<b>Fire</b>										
Stations	7	7	7	7	7	7	7	7	7	7
Fire hydrants	4452	4452	4452	4452	4452	4452	4530	4530	4530	5175
<b>Parks and recreation</b>										
Acreage	901	901	901	917	917	917	917	917	917	987
Parks and playgrounds	19	19	19	19	19	19	19	19	22	22
Athletic fields	43	43	43	44	44	44	44	44	44	44
Recreational buildings	9	9	9	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	2
Tennis courts	34	34	34	34	34	34	34	34	34	32
<b>Transportation</b>										
Paved roads in miles	373	373	373	373	373	373	385	385	385	326
Traffic signals	145	145	145	145	145	145	152	152	154	102
<b>Water</b>										
Water mains (miles)	201	201	201	201	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.





## **SINGLE AUDIT**

A single audit is required of an entity expending more than \$500,000 in federal awards. The City of Roswell has a number of grants which in total met the expenditure threshold and is therefore required to have all federal grants audited in accordance with Generally Accepted Government Auditing Standards.

The following are required reports which meet the federal reporting requirements as described in Circular A-133.



**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**

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 19, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in items 2016-001, 2016-002, 2016-003, 2016-005 and 2016-006 in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-004.

### **City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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**Purpose of this Report**

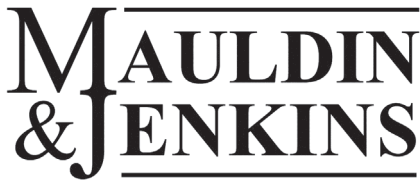
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia  
December 19, 2016

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

We have audited the City of Roswell, Georgia's (the "City") compliance with the types of compliance requirements described in the *OMB 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, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of 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, 2016.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
December 19, 2016



**CITY OF ROSWELL, GEORGIA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract or Project Number	Sub-recipient Expenditures	Total Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Community Development Block Grant	14.218	B-13-MC-13-0018	\$ 119,987	\$ 120,456
Community Development Block Grant	14.218	B-14-MC-13-0018	54,741	279,151
Community Development Block Grant	14.218	B-15-MC-13-0018	164,645	204,857
Total Community Development Block Grant			<u>339,373</u>	<u>604,464</u>
Passed through Cobb County, Georgia: Home Investment Partnerships Program	14.239	H13-RM-WM-R9-RA-RC	-	1,052
<b>Total U.S. Department of Housing and Urban Development</b>			<u>339,373</u>	<u>605,516</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Bullet Proof Vest Partnership Program	16.607	OMB # 1121-0235	-	16,053
Equitable Sharing Program	16.922	GA0600500	-	238,259
<b>Total U.S. Department of Justice</b>			<u>-</u>	<u>254,312</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Passed through the Georgia Department of Transportation:				
Highway Planning and Construction	20.205	PI#0010880	-	858,990
Highway Planning and Construction	20.205	009-00(9640); PI#0009640	-	41,945
Highway Planning and Construction	20.205	PI#0012630	-	14,753
Highway Planning and Construction	20.205	CSCMQ-0006-00(820); PI#0006820	-	87,489
Highway Planning and Construction	20.205	CSCMQ-0006-00(821); PI#0006821	-	29,175
Total Highway Planning and Construction Grant			<u>-</u>	<u>1,032,352</u>
<b>Total U.S. Department of Transportation</b>			<u>-</u>	<u>1,032,352</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
Passed through the Georgia Department of Natural Resources:				
Green Infrastructure Implementation	66.460	751-1500113	-	38,021
<b>Total U.S. Environmental Protection Agency</b>			<u>-</u>	<u>38,021</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 339,373</u>	<u>\$ 1,930,201</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, 2016

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### (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.

The City did not utilize the 10% de minimis indirect cost rate.

**CITY OF ROSWELL, GEORGIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**SECTION I  
SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

yes  no

Significant deficiencies identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

**Federal Awards**

Internal Control over major federal programs:

Material weaknesses identified?

yes  no

Significant deficiencies identified?

yes  none reported

Type of auditor's report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs/clusters:

CFDA Number  
20.205

Name of Federal Program or Cluster  
Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2016-001 Revenues and Related Receivables

**Criteria:** Internal controls should be in place to ensure that amounts reported as revenues and related balance sheet accounts are appropriate and properly valued in accordance with generally accepted accounting principles (GAAP).

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the City's revenues and related balance sheet accounts.

**Context/Cause:** During the course of our testing, certain adjustments were required to properly report the City's revenues and related balance sheet accounts. The nature of these adjustments is as follows:

- The General Fund required an audit adjustment of approximately \$363,000 to remove the unavailable revenue for the City's revenues that met all of the eligibility criteria and, therefore, should be recognized as revenue.
- The American Stimulus Recovery Fund required an audit adjustment of approximately \$44,000 to remove a portion of the interfund payable balance that is not expected to be repaid by the American Stimulus Recovery Fund. The interfund receivable balance in the General Fund was reduced by the same amount.
- The American Stimulus Recovery Fund required an audit adjustment of approximately \$101,000 to recognize revenue received related to program income that was incorrectly accrued as a liability during the fiscal year.

**Effects:** Audit adjustments totaling approximately \$508,000 were needed to correctly report revenues and related balance sheet accounts.

**Recommendation:** We recommend the City carefully review all revenue and related balance sheet accounts to ensure all necessary transactions are reported in the proper period and in accordance with generally accepted accounting principles.

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

# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2016-002 Expenditure/Expense Recognition

**Criteria:** Generally, expenditures/expenses 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:** Misstatements were detected in the reporting of the City's expenditures/expenses and the related liabilities.

**Context/Cause:** During our testing, an audit adjustment was required in the Water and Sewer Fund to accrue approximately \$15,000 of interest expense for the GEFA note payable and to accrue approximately \$33,000 of sewer fees payable to Fulton County based on amounts that were considered unbilled by the City at June 30, 2016. Also, during our testing an audit adjustment was required in the Risk Management Fund to remove approximately \$174,000 of prepaid expenditures which were not paid by the City prior to June 30, 2016.

**Effects:** Misstatements related to expenditures/expenses were approximately \$222,000 for the year ended June 30, 2016.

**Recommendations:** We recommend the City carefully review all expenditures/expenses to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

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

# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2016-003 Internal Service Fund Charges

**Criteria:** Internal controls should be in place to ensure that amounts reported as revenues in the internal service funds are appropriate and properly charged to other funds in accordance with generally accepted accounting principles (GAAP).

**Condition:** Internal controls were not sufficient to detect misstatements in the reporting of the City's revenues in internal service funds and related expenditures in other funds based on expenses incurred by the internal service funds. Income statements should not be grossed up for budget overages or shortfalls in other funds.

**Context/Cause:** During the course of our testing, certain adjustments were required to properly report the City's revenues and related expenditures in other funds. The nature of these adjustments is as follows:

- The Fleet Services Fund required an audit adjustment of approximately \$211,000 to adjust revenue to its appropriate amount.
- The General Fund required an audit adjustment of approximately \$168,000 to adjust expenditures to its appropriate amount.
- The Solid Waste Fund required an audit adjustment of approximately \$34,000 to adjust expenses to its appropriate amount.

**Effects:** Audit adjustments totaling approximately \$413,000 were needed to correctly report revenues and related expenditures/expenses.

**Recommendation:** We recommend the City carefully review all charges for services in internal service funds and related expenditures/expenses in other funds to ensure all necessary transactions are reported properly and in accordance with generally accepted accounting principles.

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

# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

#### 2016-004 Collateralization of Deposits – Historic Rowell Convention and Visitors Bureau, Inc.

**Criteria:** Policies should be in place to ensure all financial institutions holding cash deposits of Bureau funds properly insure and/or collateralize these deposits in accordance with State law, at all times throughout the year. State statutes require deposits of public funds to be insured or collateralized at a rate of at least 110 percent of the deposit amount.

**Condition:** As of June 30, 2016, the Historic Roswell Convention & Visitors Bureau, Inc. had approximately \$96,700 in deposits that were not properly collateralized at 110% in accordance with the Official Code of Georgia Annotated (OCGA) Section 45-8-12(c).

**Context/Cause:** The deposits with a financial institution exceeded the limit for federal depository insurance coverage and were not sufficiently collateralized in accordance with State of Georgia law.

**Effects:** The failure of a financial institution to fully insure or collateralize the deposits could result in a financial loss to the Bureau, should the financial institution fail.

**Recommendation:** We recommend the Bureau monitor its deposits on an on-going basis and correspond with the respective financial institutions to ensure that all deposits over the federal depository insurance program limit are properly collateralized in accordance with State statutes.

**Auditee's Response:** We concur with the finding. The balances in question will be fully collateralized within State requirements in the future. The Bureau will monitor deposits on a monthly basis to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with State statutes.

# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

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### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2016-005 Payroll Expenditures and Related Liabilities– Historic Rowell Convention and Visitors Bureau, Inc.**

**Criteria:** Generally, expenditures 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:** Material misstatements were detected in the reporting of the Bureau's payroll expenditures and related liabilities.

**Context/Cause:** During our testing of payroll expenditures and related liabilities, an audit adjustment was required to correct current year balances. In the Bureau's general ledger, an adjustment was required to properly accrue salaries and wages payable balances. These expenditures were identified during a test of the completeness of the liabilities, whereby it was determined the related services were incurred prior to June 30, 2016 and should be accrued as incurred expenditures of the Bureau.

**Effects:** An audit adjustment totaling approximately \$7,000 was needed to correctly report payroll expenditures and the related liabilities.

**Recommendation:** We recommend the Bureau carefully review all expenditures and related balance sheet accounts to ensure all necessary transactions are properly reported in the proper period.

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



# CITY OF ROSWELL, GEORGIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

---

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

**2016-006 Capital Asset Reporting– Historic Rowell Convention and Visitors Bureau, Inc.**

**Criteria:** Internal controls should be in place to ensure subsidiary ledgers for the Historic Roswell Convention and Visitors Bureau, Inc. (the “Bureau”) should be maintained to track the capital assets by cost and calculate annual depreciation figures for the capital assets.

**Condition:** Subsidiary ledgers were not maintained to track the capital assets by cost and calculate annual depreciation figures for the capital assets.

**Context/Cause:** During our testing of the capital assets, we noted that the Bureau did not maintain the subsidiary ledger to track the capital assets by cost and calculate annual depreciation figures for the capital assets.

**Effects:** This could cause the Bureau’s capital assets to be materially misstated.

**Recommendation:** We recommend the Bureau periodically review the subsidiary ledger reports to ensure there are appropriate changes made to update the subsidiary ledgers.

**Auditee’s Response:** We concur with the finding. We will take necessary steps in the future to ensure capital asset subsidiary ledgers are properly maintained and depreciation expense is properly reported.

**CITY OF ROSWELL, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported

**CITY OF ROSWELL, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**2015-001 Governmental Fund Budgets**

**Condition:** State law requires local governments to adopt annual appropriated balanced budgets for all governmental funds. Management did not adopt a balanced budget for the State Grants Fund and CDBG Grant Fund. The City was not adopting and operating under balanced budgets as follows:

- The City's final State Grants Fund's budget was set to utilize fund balance of approximately \$1,009,000 to fund current period expenditures. At the time the budget was amended, the State Grants Fund's fund balance was approximately \$987,000.
- The City's final adopted CDBG Grants Fund's budget was set to utilize fund balance of approximately \$21,000 to fund current period expenditures. At the time the budget was amended, CDBG Grants Fund's fund balance was an approximate \$158,000 deficit.

**Status:** Corrected in current fiscal year.

**CITY OF ROSWELL, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

---

**2015-002 Revenues and Related Receivables**

**Condition:** Internal controls were not sufficient to detect material misstatements in the reporting of the City's revenues and related receivables. During our testing of revenues and related receivables, certain audit adjustments were required to correct current year amounts. The nature of these adjustments is as follows:

- The CDBG Fund required an audit adjustment of approximately \$95,000 to record the receivable and related deferred inflows of resources related to grant revenues which were due but not available under the modified accrual basis of accounting. The underlying grant expenditures were incurred prior to year end but the receivable was not accrued.
- The Water & Sewer Fund, Stormwater Fund, and Solid Waste Fund required audit adjustments of approximately \$42,000, \$13,000, and \$97,000, respectively. The entries were required to adjust the allowance for doubtful accounts on the accrued service revenues to the amounts calculated on the subsidiary schedules. Balances were calculated on accrued service revenues after the write-off of uncollectible accounts. However the write-off of the allowance occurred after the allowance was recorded on the general ledger.
- The Capital Projects Fund required an audit adjustment of approximately \$624,000 to remove the accrual and unavailable revenue for the City's LMIG funding that was received prior to year end.
- The General Fund required an audit adjustment of approximately \$533,000 to remove a portion of the interfund receivable balance that is not expected to be repaid by the Federal Grants Fund. The interfund payable balance in the Grants Fund was reduced by the same amount.

**Status:** See current year finding 2016-002.

**CITY OF ROSWELL, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**2015 - 003 Capital Assets and Related Items**

**Condition:** The City improperly accounted for interest expense paid on a construction project in the Water & Sewer Fund which is currently being funded by a loan from the Georgia Environmental Facilities Authority (GEFA). In accordance with GAAP, the interest paid by the City during the construction period should be capitalized as part of the overall cost of the project. Also, internal controls were not sufficient to detect certain misstatements in the reporting of the Governmental Activities capital assets and related accumulated depreciation. During our audit for the fiscal year ended June 30, 2015, an adjustment totaling approximately \$31,000 was required to properly report construction in progress and expenses of the Water & Sewer Fund. When the City was making the monthly interest payments to GEFA, the amounts were improperly recorded as expenses when in fact they should have been capitalized. During our audit for the year ended June 30, 2015, we noted the Governmental Activities incorrectly calculated depreciation on capital assets which were purchased during the fiscal year. It was determined that an error in the City's capital asset software incorrectly calculated depreciation expense during the annual update and rollforward procedures, resulting in errors totaling approximately \$1,786,000. Also, during our audit for the year ended June 30, 2015, we noted the Governmental Activities improperly reported capital assets that were determined to be assets of North Fulton Regional Radio System Authority in the amount of approximately \$4,696,000.

**Status:** Corrected in current fiscal year.

**CITY OF ROSWELL, GEORGIA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**2015-004 Expenditure/Expense Recognition**

**Condition:** Misstatements were detected in the reporting of the City's expenditures/expenses and the related liabilities. During our testing, an audit adjustment was required in the Downtown Development Authority to accrue approximately \$24,000 of expenditures for goods or services which were provided prior to June 30, 2015 but were not paid by year end. Also, during our testing an audit adjustment was required in the Capital Projects Fund to remove approximately \$1,036,000 of expenditures for the City's share of the North Fulton Regional Radio System Authority which were not incurred prior to June 30, 2015.

**Status:** See current year finding 2016-003.

**CITY OF ROSWELL, GEORGIA**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**2016-001 Revenues and Related Receivables**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** The City will monitor General Fund Deferred Revenue accounts monthly to ensure that revenue is not being coded to these accounts unless due within one year. Accountant is changing the coding for the American Stimulus program revenue to ensure that all future deposits are charged to revenue rather than a liability account. A journal entry will also be completed to move any current revenue from the liability account.

***Anticipated Completion Date:*** January 31, 2017

**2016-002 Expenditure/Expense Recognition**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** Accounting will be making a list of all accruals that should be completed at year end. GEFA note interest and Sewer Fees will be added to the list. A second review of prepaid expenditures and accruals will be added to the year-end task list to ensure that there are no duplicate entries.

***Anticipated Completion Date:*** January 31, 2017

**2016-003 Internal Service Fund Charges**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** Accounting has reviewed the items with Budget and any of these type of adjustments going forward will be done as budget amendments.

***Anticipated Completion Date:*** January 31, 2017

**CITY OF ROSWELL, GEORGIA**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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**2016-004 Collateralization of Deposits – Historic Rowell Convention and Visitors Bureau, Inc.**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** The Bureau will continue to monitor deposits on a monthly basis to ensure that all deposits over the federal depository insurance coverage limit are properly collateralized in accordance with State statutes.

***Anticipated Completion Date:*** January 31, 2017

**2016-005 Payroll Expenditures and Related Liabilities – Historic Rowell Convention and Visitors Bureau, Inc.**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** The City will work with CVB personnel on properly accruing for year-end payroll. To ensure that the year-end payroll has been accrued properly, the City will review the final FY17 payroll and general ledger.

***Anticipated Completion Date:*** January 31, 2017

**2016-006 Capital Asset Reporting – Historic Rowell Convention and Visitors Bureau, Inc.**

***Name of the Contact Person Responsible for the Corrective Action Plan:*** Keith Lee, Finance Director

***Corrective Action Plan:*** The City will perform an inventory of the Bureau's capital assets and work with the CVB personnel to develop a process to ensure that all additions and deletions are updated timely.

***Anticipated Completion Date:*** March 31, 2017



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