

2010

CITY OF ROSWELL, GEORGIA COMPREHENSIVE ANNUAL FINANCIAL REPORT 2010

FISCAL YEAR ENDED JUNE 30, 2010



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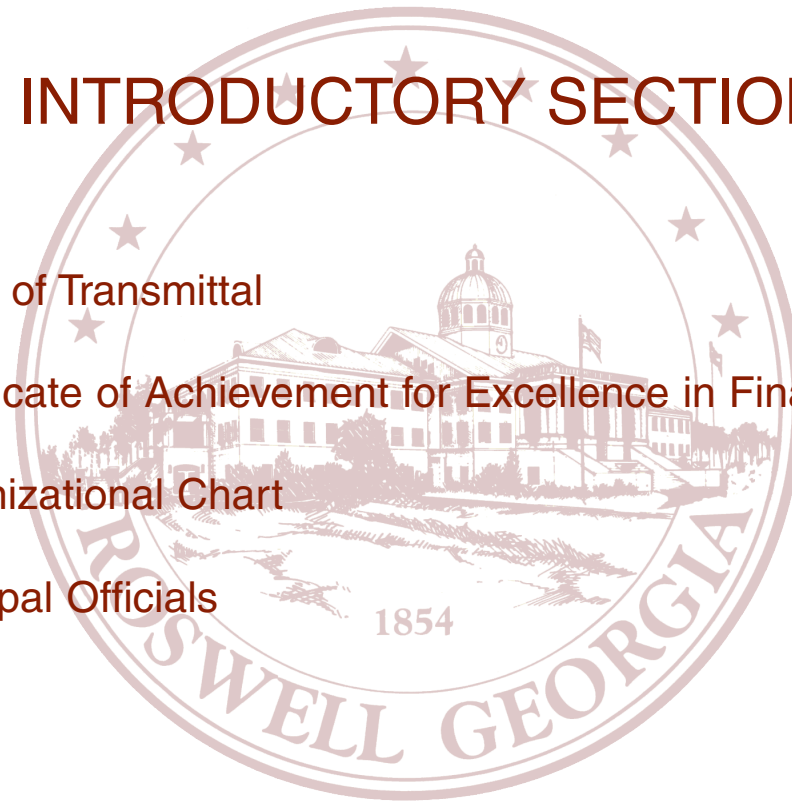
INTRODUCTORY SECTION

Letter of Transmittal

Certificate of Achievement for Excellence in Financial Reporting

Organizational Chart

Principal Officials



CITY OF ROSWELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010

**Prepared by Authority
of City Council, City of Roswell
Julia H. Luke CGFM, Director of Finance**

Mayor and City Council



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



February 22, 2011

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Roswell, Georgia (the "City") for the fiscal year ended June 30, 2010. This report consists of management's representations concerning the finances of the City of Roswell. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. We believe, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operation of the City. All disclosures necessary to enable the reader to gain a full understanding of the City's financial activities have been included.

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

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm of Mauldin & Jenkins, LLC to complete the audit of the 2010 fiscal year and the auditor's unqualified opinion has been included in this report.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Roswell for the fiscal year ended June 30, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors have concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Roswell and its component units' financial statements for the fiscal year ended June 30, 2010 are fairly presented and conform with 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.

CITY OF ROSWELL 38 HILL STREET ROSWELL, GEORGIA 30075 TELEPHONE 770-641-3727 www.roswellgov.com



DID YOU KNOW: That over the past three (3) years the City of Roswell has received approximately \$30 million dollars in grant monies to fund a variety of projects?

profile of the government



DID YOU KNOW: Roswell is located 20 miles north of the City of Atlanta?

The City of Roswell receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and "Government Auditing Standards" issued by the Comptroller General of the United States has been performed for the fiscal year ended June 30, 2010. The required reports are included in the Single Audit section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Roswell's MD&A can be found immediately following the auditor's report in the financial section of this report.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., City of Roswell Georgia, as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units (although legally separate entities) are, in substance, part of the primary government's operations and are included as part of the primary government. There are no potential blended component units that met these criteria. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Development Authority of the City of Roswell, Archibald Smith Plantation Home Preservationists, Inc., Historic Roswell Convention & Visitors Bureau, Inc. and Friends of Bulloch, Inc. is reported as discretely presented component units at June 30, 2010.

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

The City of Roswell, Georgia was incorporated over 150 years ago in 1854, and is located in northern Fulton County, 20 miles north of the City of Atlanta. Fulton County is the central and most populous county in Georgia. The City of Roswell has a land area of 39.26 square miles and has an unparalleled quality of life for its 87,719 residents.

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

DID YOU KNOW: Roswell has earned a “AAA” bond rating, the highest possible rating, consistently each year since 2000?



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

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

Roswell is part of the award-winning Fulton County School system, and has plenty of educational opportunities for adults too. Roswell has one of the most educated populations of any city of significant size in the state, with 92 percent having a high school education, 52.1 percent with a bachelor’s degree or higher in 2008. Additionally, the city has superb access to higher education. In a 2005 study of institutions of higher learning in 50 U.S. metropolitan areas, the Atlanta-Sandy Springs-Marietta MSA, of which Roswell is a part, ranked seventh in total enrollment and in number of college graduates.

Consistently pointed as a well-run city, in January 2004 Roswell received the Georgia Municipal Association’s prestigious City of Excellence city in Georgia, per *City Crime Rankings*, an annual reference book of crime statistics and rankings. The city government has earned a “AAA” bond rating, the highest possible rating, consistently each year since 2000.

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

City recreational programs include an exhaustive list of activities including tennis, gymnastics, disc golf, skateboarding, swimming, 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 Georgia’s only Bicycle Friendly Community, awarded by the League of American Bicyclists. Bike races, disc golf tournaments, tennis tournaments, and road races are held here each year.

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



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

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

City Organization

An election for one-half 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, set millage rates, to approve budgets, to 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.

Component Units of the Reporting Entity

Component units are legally separate organizations for which the City is financial accountable. The City is considered accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organizations; or 2) the City is legally entitled to or can otherwise access the organization's resources; 3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.



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

DID YOU KNOW: Roswell has four (4) component units?



LOCAL ECONOMIC CONDITIONS AND OUTLOOK



The City of Roswell has four (4) component units; The Friends of Bulloch, Inc., Historic Roswell Convention & Visitors Bureau, Inc., Archibald Smith Plantation Home Preservationists, Inc. and Development Authority of the City of Roswell. The Friends of Bulloch, Inc. generated revenues are ultimately spent on the historic Bulloch Hall site which is owned by the City. The Historic Roswell Convention & Visitor's Bureau, Inc., is incorporated under the laws of the State of Georgia for the purpose of promoting the preservation of the Roswell historic district and encouraging tourism. The City provides a significant portion of the Convention and Visitor's Bureau, Inc. revenue which the City receives in hotel/motel tax. The Archibald Smith Plantation Home Preservationists, Inc. generated revenues are ultimately spent on the historic site of the Smith Plantation which is owned by the City. The Development Authority of the City of Roswell, Georgia, was created for the main purposes which are centered on the revitalization and redevelopment of the City through land acquisition.

Budgetary Controls

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

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

Local Economy

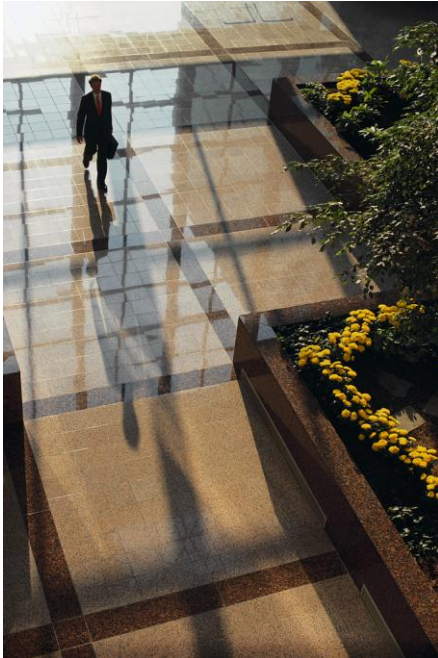
During these challenging financial times, Roswell continues to be a prosperous municipality. The City of Roswell has earned an "AAA" bond rating, the highest possible rating, consistently each year since 2000. Roswell is one of only two cities in Georgia with this "AAA" designation.

During fiscal year 2010, more than 3,912 building permits were issued for residential and commercial uses valued at over \$56 million. This is an increase in the number of permits of 14.3% from the prior fiscal year.

Roswell is the nation's 76th best place to live according to "MONEY Magazine's Best Places to Live 2010" list. In ranking cities for the top 100, MONEY Magazine used data on income, housing, education, quality of life, crime statistics, leisure and culture, the tax rate, and weather. The list focused on cities with populations between 50,000 and 300,000. No other Georgia city was on the list.

DID YOU KNOW:

Companies such as GS Battery (USA) Inc. and ExpoNation, LLC are among a list of firms that chose to call Roswell home for their corporate offices in fiscal year 2010?



Roswell is fortunate to have a stable list of large employers such as Kimberly Clark, North Fulton Regional Hospital, Tenet Healthcare, and Verizon Wireless.

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

North Fulton County's business climate is characterized by available, affordable buildings and developable sites, a well-educated workforce, and a comprehensive array of business services and benefits. Fully-prepared and beautifully landscaped business parks are located here, providing a range of spaces at competitive leasing rates. Office development continues to expand throughout Roswell, but at a slower rate. According to CoStar Realty Information, citywide office square footage decreased slightly from 6,334,083 sq. ft. in June 2009 to 6,307,724 sq. ft. in July 2010. Also, the availability of affordable land offers opportunities for new construction, with a wide variety of sites available for office, warehouse/distribution and manufacturing facilities.

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

Companies such as GS Battery (USA) Inc. and ExpoNation, LLC are among the list of firms that have chosen to call Roswell home for their corporate offices in fiscal year 2010. The new GS Battery facility includes additional space for product testing, design engineering, light manufacturing and warehousing.

An exciting new location incentive is being offered in Roswell for the first time in 2010. Roswell's Opportunity Zone program offers the highest and most user-friendly job tax credit in the state! Designation carries dramatic tax advantages. First, the designated area, or zone, becomes 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 company 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.

Long-term Financial Planning



DID YOU KNOW: The City of Roswell maintains three (3) months of operating reserves?

Another important tool for economic development and redevelopment is up for Roswell voter approval this November. The City has the opportunity to take advantage of Tax Allocation Districts (TADs), the same financing mechanism that helped make possible the redevelopment of Atlantic Station, Perimeter Center, downtown Smyrna and Camp Creek Village. The first step to starting a TAD is activating the City's redevelopment powers, which requires a local referendum to approve. Once this step is completed, the City can provide needed infrastructure in places where redevelopment is desired thereby reducing the cost of redevelopment to be more in line with what it costs to develop a vacant site.

Financial Planning

Prudent decision-making and good business actions have resulted in the City of Roswell's maintaining customer expectation for government services while continuing to sustain a level of three (3) months of operating expenditures in the general fund, rolling back of property tax millage rates in 2005 and maintaining this roll-back through 2010. 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 best management, planning and financial practices throughout the City's departments.

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 forth coming on the City's current financial condition to Mayor and Council, Roswell citizens, City Administrator and city employees.

The Budget Office's development of the FY 2010 budget took into consideration that constraints were greater than in prior years and necessitated difficult decisions. More input was critical at the beginning of the process to help establish priorities. The process focused on responding to the current economy while maintaining the City's assets. The City added monthly work sessions to keep the Mayor and Council informed and to solicit guidance regarding budget priorities. The City's Management Team participated in all phases of the budget and the preparation of the staff's working budget document. The departments were also asked to identify any services that could be streamlined or stopped.

The economic slowdown had affected the City's sales taxes, business taxes, licenses and permits. The expenditures had decreased as well since the economy has been slow; the increased competition for bids and services to the city has allowed departments to realize some savings.

Major Initiatives



DID YOU KNOW: Roswell received \$2.2 million in grant funds which will be used to invest in improvements along the Alpharetta Highway corridor, from Norcross Street to Mansell Road, to create a more attractive, pedestrian friendly environment to revive the area?

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

Major Initiatives

During Fiscal year 2010, 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.

Groundbreaking for the Midtown Streetscape project occurred March 3, 2010. This is the priority project in the City's plan to invest in improvements along the corridor to create a more attractive, pedestrian friendly environment to revive the area. The Midtown Roswell Redevelopment Plan (Alpharetta Street Streetscape Project) was approved in 2003. The City of Roswell was awarded a \$2.2 million Livable Centers Initiative (LCI) implementation grant by the Atlanta Regional Commission. Coupled with approximately \$750,000 in matching funds from the city, close to \$3 million is earmarked for the Alpharetta Highway corridor, from Norcross Street to Mansell Road.

The City is gearing up to begin the Oak Street streetscape project. Funded with City and Community Development Block Grant funds, the project will enhance the look of the corridor with decorative sidewalks, burial of overhead utilities and the addition of pedestrian lighting, and landscaping. The path will also accommodate cycling, strollers, and wheelchairs more efficiently. Work begins soon with relocation of various utilities in the first phase of construction from Atlanta Street to Bush Street.

Several waterline projects are also being constructed or replaced with Community Development Block Grant funds to better serve the residents of targeted neighborhoods. Waterline projects are underway or completed on Warsaw Road, Opal Drive, Thomas Drive, Charles Place, and Sway Branch Road. These projects replace old, narrow asbestos/concrete pipes with larger iron ductile pipes to provide better flow and capacity to residents. As a result, residents of these neighborhoods will have more reliable water service and better fire protection.

Graduate students, from the Historic Preservation program at Georgia State University, updated the historic district design guidelines for Historic Roswell. These guidelines respond to changes in urban design and zoning that have occurred since the last update was completed in 1997. The students presented their findings to the Historic Preservation Commission in April 2010.

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

DID YOU KNOW: Roswell plans to obtain voter approval this November for Tax Allocation Districts (TADs)?



FINANCIAL INFORMATION

The City of Roswell is in the process of creating the new 2030 Comprehensive Plan to guide the City's growth and development is underway. The comprehensive planning process will take place over the next 18 months and culminate in the adoption of the 2030 Comprehensive Plan by the Mayor and City Council in October 2011.

Active, ongoing and meaningful citizen involvement is essential to the successful development and implementation of the 2030 Comprehensive Plan. A fifteen member Comprehensive Plan Advisory Committee (CPAC) has been put into place to guide the planning process. This group will provide input, act as a sounding board on the Plan's progress and solicit ideas from the community. Public information meetings are a key element that will be used to develop the Plan. These meetings will be held across the City to provide residents and stakeholders with the opportunity to review and provide input on the Plan.

The Mayor & Council approved funds for a Strategic Economic Development Plan (SEDP) to be completed in FY 2011. That plan will include an economic and demographic profile, competitive assessment, organizational and structural analysis, community input, target cluster analysis, marketing assessment, economic development strategy, workforce development strategy, and implementation plan guidelines. It will coordinate with the 2030 Comprehensive Plan. The SEDP should be completed in the spring of 2011.

In addition to the implementation of several major initiatives the City also began and completed a number of endeavors designed to meet the needs for services, improve the overall quality of life and adhere to the Mayor and Council's vision and mission for the City. They are as follows:

- Fabrication and installation of wayfinding signage in the historic district.
- Continuation of ADA transition plan to foster compliance of ADA standards for all public buildings.

Financial Policies

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

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



AWARDS AND ACKNOWLEDGEMENTS



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. Unreserved 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 unreserved 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 account level.

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roswell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

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

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

The City of Roswell Department of Finance, Purchasing Division was recognized in 2010 by the National Purchasing Institute and received their 6th Annual Achievement of Excellence in Procurement Award.

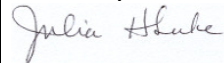
In 1995, the National Purchasing Institute established a program designed to recognize the achievement of organizational excellence in public procurement. The award is achieved by those organizations that demonstrate excellence in procurement by obtaining a high score on a rating of standardized criteria. 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 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. This award has been received by the City for past six (6) fiscal years.

Acknowledgments:

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the entire staff of the Finance Department. I want to especially thank Wendy Johnson, Accounting Manager, and her 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,



Julia H. Luke, CGFM
Director of Finance



**GFOA
“Certificate of
Achievement in
Financial
Reporting”
award for fiscal
year ended
June 30, 2009**

**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, 2009

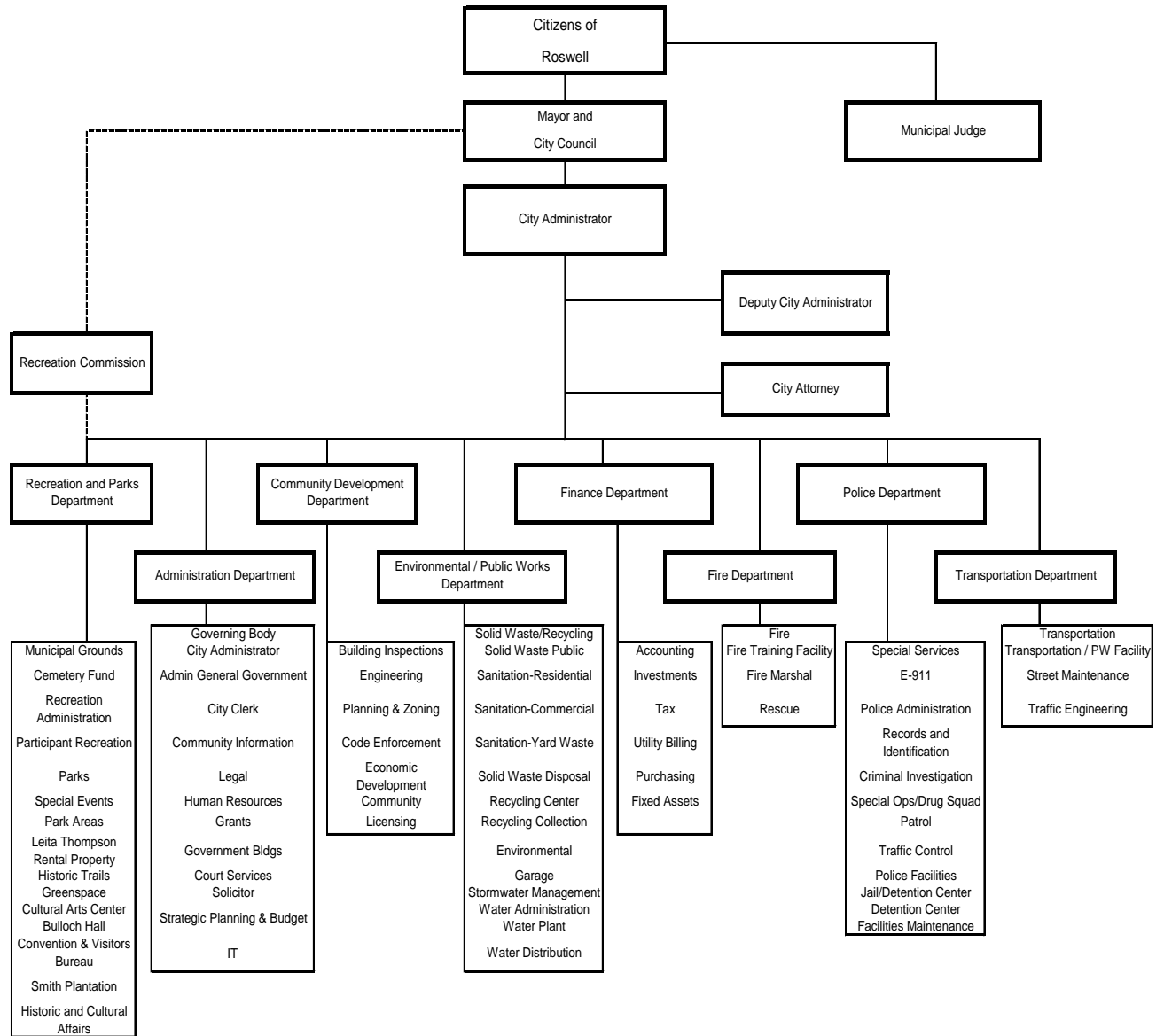
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

Organizational chart



**list of principal officials
June 30, 2010**

City Administrator

Kay **Love**

Deputy City Administrator

Michael **Fisher**

Community Development Director

Kathleen **Field**

Finance Director

Julia H. **Luke**

Fire Chief

Ricky **Spencer**

Human Resources Director

Diane **Whitfield**

Police Chief

Edwin **Williams**

Public Works/Environmental Director

Stuart **Moring**

Recreation and Parks Director

Joe **Glover**

Transportation Director

Steve **Acenbrak**



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Roswell, Georgia** (the "City"), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roswell, Georgia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and Federal Grants Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Funding Progress (on pages 4 through 21, and page 63, respectively) are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mauldin & Jenkins, LLC

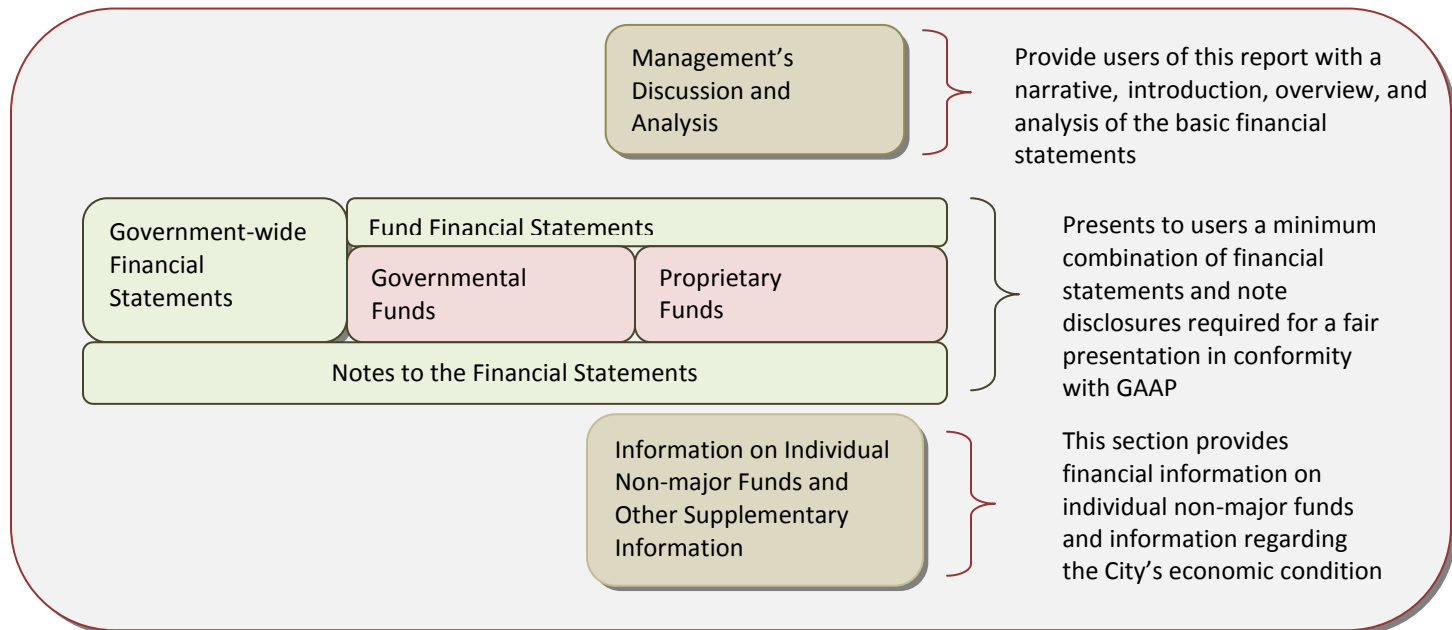
Atlanta, Georgia
February 21, 2011

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, 2010. This discussion is intended to: 1) assist the reader in understanding significant financial issues; 2) provide an overview of the City's financial activities; 3) identify changes in the City's financial position; 4) identify material deviations from the original budget; and 5) identify individual fund issues or concerns. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

overview of the financial statements

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



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

Government-wide Financial Statements

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

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

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

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

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

*Fund Financial
Statements*

The government-wide financial statements are presented on pages 22 & 23 of this report.

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

The City has two kinds of funds:

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

The City maintains five major and thirteen non-major governmental funds. The City's major governmental funds are: General, Impact Fees, Debt Service, Federal Grant and Capital Projects. The City's non-major governmental funds are: 1995 Bond, 2000 Bond, Emergency 911, Hotel/Motel Tax, Confiscated Assets, Soil Erosion, State Grants, Leita Thompson, Cemetery Care, County/Local Grants, American Stimulus Recovery, Scholarship and Tree Bank.

The basic governmental fund financial statements are presented on pages 24-29 of this report.

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

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

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

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

The proprietary fund financial statements are presented on pages 30-32 of this report.

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 36 of this report.

Notes to the Basic Financial Statements

Budgetary Presentations

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

Supplementary Financial Information

As discussed, the City reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented as supplementary financial information beginning on page 63.

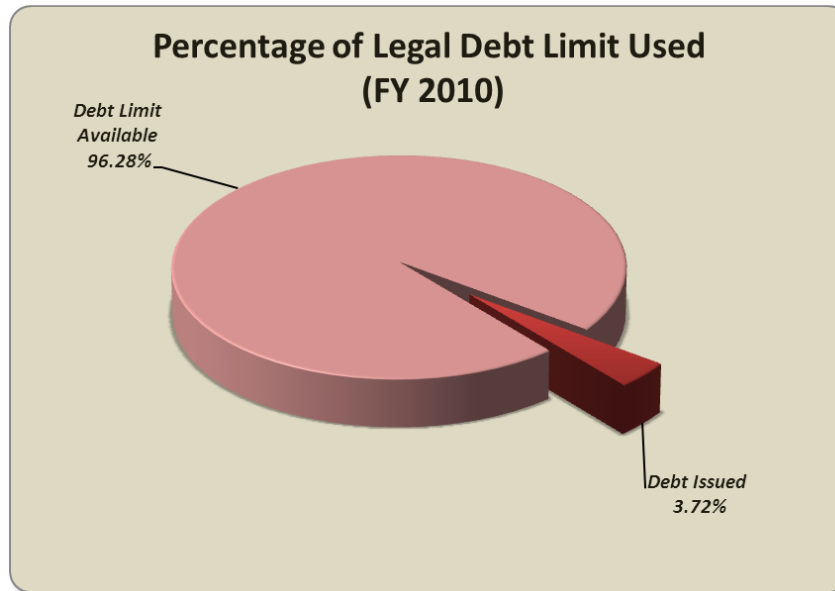
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

financial highlights

- The City's assets exceeded its liabilities at June 30, 2010 by \$228,083,000 (net assets) for the fiscal year reported. Of this amount, \$79,888,000 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$139,881,000 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$8,314,000 are restricted by constraints imposed from outside the City such as debt covenants, grantors, laws, or regulations.
 - (3) At the end of the current fiscal year, unrestricted net assets decreased from \$83,684,000 in fiscal year 2009 to \$79,888,000.
- As of June 30, 2010, the City's governmental funds reported, unreserved undesignated fund balance, of \$33,385,000 or 45.10% of total governmental funds expenditures.

The City's total long-term bonds decreased by \$4,755,000 during the current fiscal year. The decrease was caused by current year debt service payments.

**Financial Analysis of the
City as a Whole**



The financial highlights are explained in more detail in the “financial analysis” section of this document.

The City’s net assets at fiscal year-end 2010 increased 3.65% from \$220,054,000 at June 30, 2009 to \$228,083,000 at June 30, 2010 (See Table 1).

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

	Governmental Activities		Business-type Activities		Total		Percentage of Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Assets:								
Current and other assets	\$ 82,906	\$ 88,737	\$ 16,982	\$ 16,672	\$ 99,888	\$ 105,409	37.40%	39.61%
Capital assets	154,171	149,724	13,044	10,963	167,215	160,687	62.60%	60.39%
Total assets	237,077	238,461	30,026	27,635	267,103	266,096	100.00%	100.00%
Liabilities:								
Current liabilities	13,110	14,687	2,546	2,738	15,656	17,425	40.12%	37.85%
Long-term liabilities	23,277	28,550	87	67	23,364	28,617	59.88%	62.15%
Total liabilities	36,387	43,237	2,633	2,805	39,020	46,042	100.00%	100.00%
Net assets:								
Invested in capital assets, net of debt	126,837	117,562	13,044	10,963	139,881	128,525	61.33%	58.41%
Restricted	8,314	7,845	-	-	8,314	7,845	3.65%	3.57%
Unrestricted	65,539	69,817	14,349	13,867	79,888	83,684	35.02%	38.02%
Total net assets	\$ 200,690	\$ 195,224	\$ 27,393	\$ 24,830	\$ 228,083	\$ 220,054	100.00%	100.00%

The largest portion of the City's net assets (61.33%) at June 30, 2010, reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities.

An additional portion of the City's net assets (3.65%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$79,888,000 or 35.02%) may be used to meet the government's ongoing obligations to citizens and creditors.

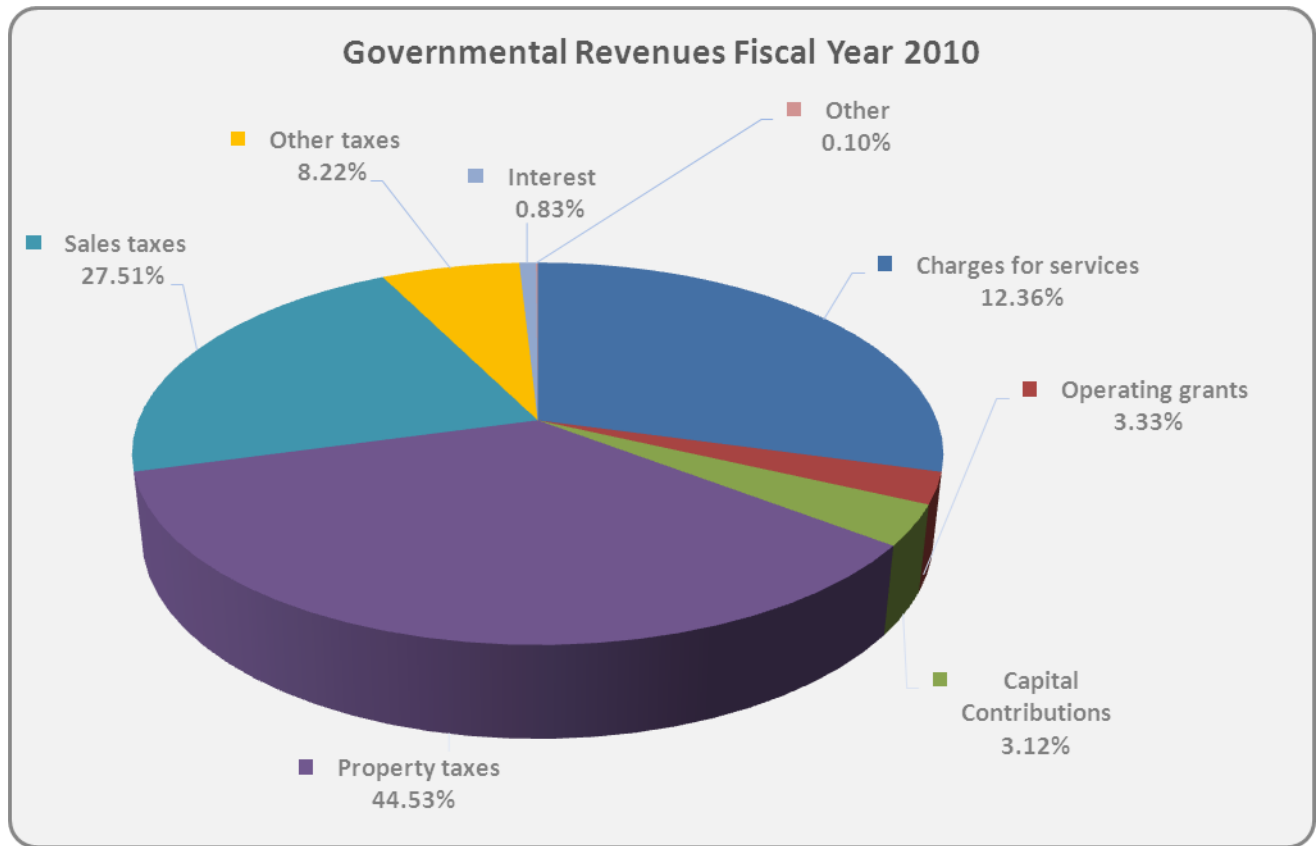
At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Growth in net assets is an indication the City's financial position has improved over fiscal year 2010.

CITY OF ROSWELL'S CHANGES IN NET ASSETS

Summary of Changes in Net Assets (Table 2)

(in thousands of dollars)

	Governmental Activities		Business Activities		Total		Percentage of Total	
	2010	2009	2010	2009	2010	2009	2010	2009
<i>Revenues:</i>								
Program:								
Charges for services	\$ 8,798	\$ 8,585	\$ 17,404	\$ 16,848	\$ 26,202	\$ 25,433	29.27%	29.13%
Operating grants	2,368	737	-	-	2,368	737	2.65%	0.84%
Capital Contributions	2,222	1,323	844	-	3,066	1,323	3.43%	1.52%
General:								
Property taxes	31,674	31,890	-	-	31,674	31,890	35.39%	36.52%
Sales taxes	19,562	19,720	-	-	19,562	19,720	21.85%	22.58%
Other taxes	5,850	6,064	-	-	5,850	6,064	6.54%	6.94%
Interest	593	1,751	123	280	716	2,031	0.80%	2.33%
Other	73	117	-	-	73	117	0.07%	0.14%
Total revenues	71,140	70,187	18,371	17,128	89,511	87,315	100.00%	100.00%
<i>Program Expenses:</i>								
General government	7,309	7,130	-	-	7,309	7,130	8.96%	9.30%
Judicial	1,502	1,484	-	-	1,502	1,484	1.84%	1.94%
Financial services	2,335	2,387	-	-	2,335	2,387	2.86%	3.11%
Planning and zoning	3,650	3,675	-	-	3,650	3,675	4.47%	4.79%
Public safety	24,880	23,764	-	-	24,880	23,764	30.50%	30.99%
Public works	12,380	9,402	-	-	12,380	9,402	15.18%	12.26%
Culture and recreation	12,340	12,198	-	-	12,340	12,198	15.13%	15.91%
Interest	1,278	1,506	-	-	1,278	1,506	1.57%	1.96%
Water and sewer	-	-	3,057	2,680	3,057	2,680	3.75%	3.49%
Solid waste	-	-	8,985	8,607	8,985	8,607	11.01%	11.22%
Participant Rec	-	-	3,855	3,859	3,855	3,859	4.73%	5.03%
Total expenses	65,674	61,546	15,897	15,146	81,571	76,692	100%	100%
Excess (deficiency)	5,466	8,641	2,474	1,982	7,940	10,623		
Sale of assets	-	85	89	24	89	109		
Transfers	-	(425)	-	425	-	-		
Change in net assets	5,466	8,301	2,563	2,431	8,029	10,732		
Beginning net assets	195,224	186,923	24,830	22,399	220,054	209,322		
Ending net assets	\$ 200,690	\$ 195,224	\$ 27,393	\$ 24,830	\$ 228,083	\$ 220,054		



GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 44.53% and sales taxes provided 27.51% of the City's total governmental revenues. Also, note that program revenues cover 18.81% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 81.19% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the City's revenue streams.

GOVERNMENTAL ACTIVITIES EXPENSES

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

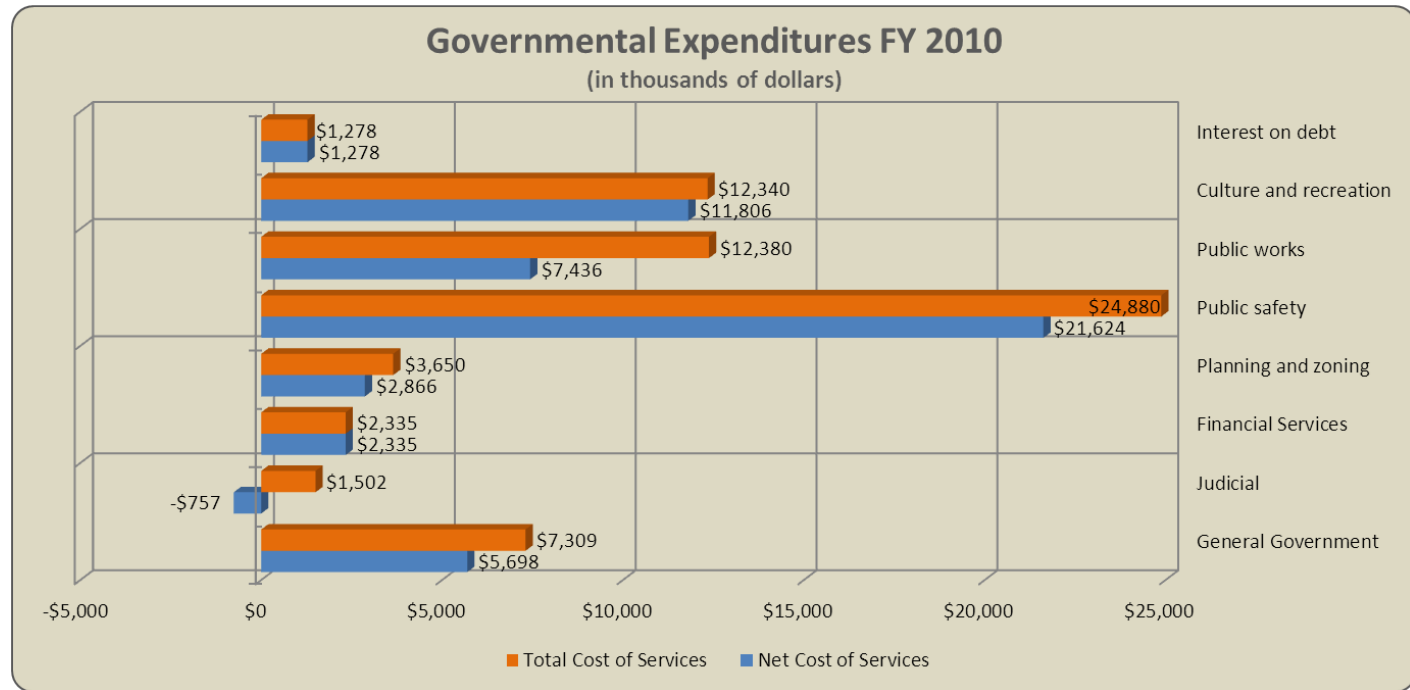
The most significant governmental expense for the City is providing Public Safety services such as Fire and Police protection. This comprises 37.88% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being fines and forfeitures, which was \$3,392,000 for fiscal year ended June 30, 2010. The second largest City cost for government is public works, totaling over \$12,380 million or 18.85% of governmental expenses.

- The cost of all governmental activities this fiscal year was \$65,674,000 compared to \$61,546,000 in FY 2009.
- The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes, sales tax and business taxes (\$57,086,000).
- Some of the costs were paid by those who benefited directly from the programs (\$8,798,000) and subsidies from other governments and organizations through grants and/or contributions (\$4,590,000).

CITY OF ROSWELL GOVERNMENTAL ACTIVITIES (TABLE 3)

(IN THOUSANDS OF DOLLARS)

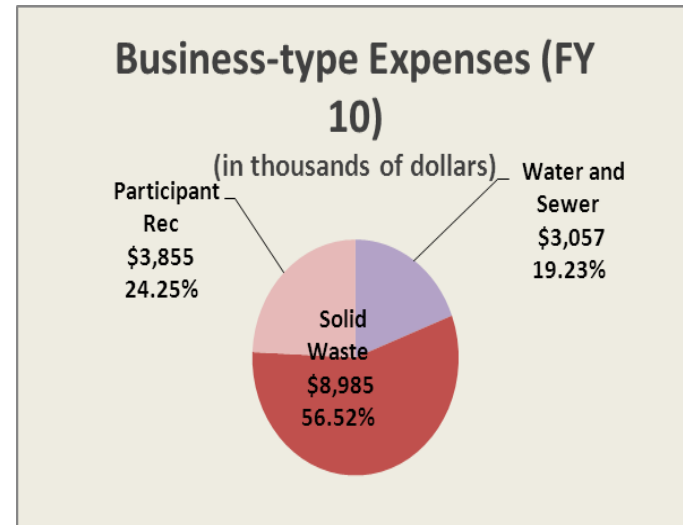
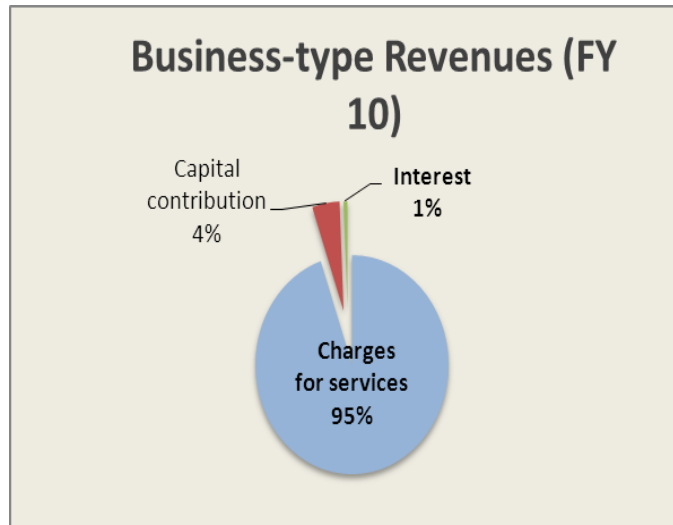
	Total Cost of		Percentage of Total		Net Cost of Services		Percentage of Total	
	Services							
	2010	2009	2010	2009	2010	2009	2010	2009
<i>General government</i>	\$ 7,309	\$ 7,130	11.13%	11.58%	\$ 5,698	\$ 4,554	10.90%	8.95%
<i>Judicial</i>	1,502	1,484	2.29%	2.41%	(757)	900	-1.45%	1.77%
<i>Financial services</i>	2,335	2,387	3.56%	3.88%	2,335	2,387	4.47%	4.69%
<i>Planning and zoning</i>	3,650	3,675	5.56%	5.97%	2,866	2,819	5.48%	5.54%
<i>Public safety</i>	24,880	23,764	37.88%	38.61%	21,624	19,114	41.36%	37.55%
<i>Public works</i>	12,380	9,402	18.85%	15.28%	7,436	7,836	14.22%	15.39%
<i>Culture and recreation</i>	12,340	12,198	18.79%	19.82%	11,806	11,785	22.58%	23.15%
<i>Interest</i>	1,278	1,506	2.87%	2.45%	1,278	1,506	2.44%	2.96%
Total	\$ 65,674	\$ 61,546	100.00%	100.00%	\$ 52,286	\$ 50,901	100.00%	100.00%



BUSINESS-TYPE ACTIVITIES Revenues vs. Costs

The cost of all Proprietary (Business Type) activities this fiscal year was \$15,897,000 as shown in Table 2 (Summary of Changes in Net Assets), the amounts paid by the users of the systems were \$17,404,000 and additionally the business-type activities earned \$123,000 from idle cash. Within the total business-type activities of the City, these activities reported an increase in net assets of \$2,563,000.

**Financial Analysis of
the City's Funds**
Governmental 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 reported ending fund balances of \$68,404,000. Of this year-end total, \$33,385,000 is unreserved and undesignated indicating availability for continuing City service requirements. The City has adopted a 25 percent fund balance reserve policy to retain in reserve an equivalent of 25% of the current year budgeting general fund expenditures less the budgeted general fund capital expenditures. Therefore, of the \$31,858,000 in unreserved and designated fund balance, \$13,979,000 is designated in accordance with the fund balance reserve policy.

*Major Governmental
Funds*

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. At the end of the current fiscal year, unreserved fund balance of the general fund was \$31,858,000. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 59.51% of total general fund expenditures.

Total General Fund revenues were \$57,626,000, or a 0.592% decrease from fiscal year 2009. The major revenue differences in fiscal year 2010 were the elimination of the State of Georgia's home owner tax relief grant, which was \$643,000 in fiscal year 2009. Another revenue that decreased was interest earned which was \$1,047,000 in fiscal year 2009 but only \$336,000 in fiscal year 2010. The reason for this \$711,000 decrease in interest earned is directly related to the decrease in investment interest rates. Other areas where revenue decreased include franchise taxes and fines and forfeitures with a cumulative decrease of \$646,000. The major reason for the \$646,000 decrease is the reduction in red light camera fines.

There were revenues in the General Fund that increased in fiscal year 2010 compared to fiscal year 2009. One such revenue was sales tax. Sales tax revenues in fiscal year 2009 was \$18,020,000 while in fiscal year 2010 the revenue collection was \$18,905,000, which is an increase of \$885,000. Another increase in revenues was in property taxes. Property tax revenues in fiscal year 2009 were \$17,557,000, while in fiscal year 2010 the revenue collection was \$18,112,000. Revenue budget projections did not require adjustments during the fiscal year.

The Federal Grant Fund's ending fund balance reflects a decrease of \$811,000 at the end of fiscal year 2010. This decrease is due to a decrease in federal grants.

The Impact Fees Fund's ending fund balance reflects a decrease of \$1,987,000 from prior year while the Debt Service Fund's ending fund balance reflects an increase of \$445,000. The major reason for a decrease in the Impact Fee Fund's ending fund balance is a payment made to the Capital Projects Fund for impact fee eligible transportation projects.

The Capital Projects Fund reflects an ending fund balance increase of \$945,000 or 12.22% of expenditures. The increase in fund balance is due to project monies that were appropriated for specific projects not being spent within the fiscal year due to a variety of reasons such as inclement weather, right-of-way purchases taking longer than expected, etc.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues were 3.30% over those in fiscal year 2009 and operating expenses were 4.89% more than the prior year.

The Water and Sewer Fund's operating revenues are 1.23% over those in fiscal year 2009 and operating expenses were 13.69% more than prior year. This increase in revenues is \$40,000 and is related to efforts in programs to account for water loss. The increase in expenses is \$367,000 and is related to water supply planning.

The Solid Waste Fund's operating revenues are 3.10% more than those in fiscal year 2009 and operating expenses were 4.39% more than the prior year. This increase in revenues is \$300,000 and is related to the installation of scales at the transfer station to receive an accurate reading of tonnage. The increase in operating expenses is related to an increase in indirect cost allocation.

The Participant Recreation Fund's operating revenues were 5.52% higher when compared to the same time in fiscal year 2009. Operating expenses were 0.10% less than prior year. The increase in the revenues was due to development of many new programs at East Roswell Park including additional instructional programs and athletic programs for 4, 5 & 6 year olds. The decrease in operating expenses is a result of decrease in special events.

Budgetary Highlights

The General Fund – The General Fund's final approved revenue budget for FY 2010 was \$56,391,000. The original approved revenue budget was \$56,391,000. The City collected \$1,235,000 above the approved revenue budget. The increase in collection consists of \$659,000 in property taxes due to the State of Georgia elimination of the Home Owner Tax Relief Grant and \$886,000 in sales tax due to increase in local purchases. There was a decrease in fines and forfeitures due to decrease in red light camera fees.

capital asset
and debt
administration

The General Funds' final approved expenditure budget for FY 2010 was \$57,987,000. The original approved expenditure budget was \$56,411,000. The City expended 92.93% of the Amended Budget amount. The General Fund actual expenditures were \$4,107,000 less than budgeted. During the fiscal year, there was \$1,576,000 increase through budget amendments that increased the FY 2010 Amended Expenditure Budget to \$57,987,000. The budget amendments included increase in expenditure appropriations for such items as matching grant funds, operating contingencies, professional services, firefighter's fees, repair and maintenance, and operating equipment.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation and related debt, for governmental and business-type activities as of June 30, 2010, was \$126,837,000 and \$13,044,000 respectively. The major changes to capital for FY09 were:

- Capital additions associated with governmental activities infrastructure (road improvements, sidewalks, etc.) were \$8,889,000. Primary capital related expenditures in this category went for road improvements.
- Capital additions associated with the purchase of vehicles were \$1,382,000 in governmental activities.
- Construction in progress added \$6,751,000 in additions. Some of the major projects in CIP were:
 - Atlanta Street Beautification
 - Oak Street Streetscape
 - Stormwater Utility
 - Sidewalks and trails
 - Parks and recreation additions
- Machinery & Equipment added \$843,000 in additions.

For more information on the changes in capital assets, see Note 3-D.

City of Roswell's Capital Assets (Table4)

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<i>Non-depreciable assets:</i>						
Land	\$ 39,665	\$ 39,416	\$ -	\$ -	\$ 39,665	\$ 39,416
Construction in Progress	9,950	17,173	1,184	681	11,134	17,854
Total non-depreciable assets	49,615	56,589	1,184	681	50,799	57,270
<i>Depreciable assets:</i>						
Land improvements	20,790	15,662	-	-	20,790	15,662
Buildings and plant	69,503	68,532	1,899	955	71,402	69,487
Machinery and equipment	10,041	8,642	3,731	1,528	13,772	10,170
Vehicles	13,396	12,085	1,737	3,695	15,133	15,780
Infrastructure	103,980	95,091	10,211	9,725	114,191	104,816
Total depreciable assets	217,710	200,012	17,578	15,903	235,288	215,915
Less accumulated depreciation:	113,154	106,877	5,718	5,621	118,872	112,498
<i>Net book value-depreciated assets</i>	104,556	93,135	11,860	10,282	116,416	103,417
Percentage depreciated	51.97%	53.00%	32.53%	35.00%	49.56%	47.90%
<i>Total Capital Assets</i>	\$ 154,171	\$ 149,724	\$ 13,044	\$ 10,963	\$ 167,215	\$ 160,687

At June 30, 2010, the depreciable capital assets for governmental activities were 51.97% depreciated. Note that the business-type activities are 32.53% depreciated.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$27,345,000, all of which is backed by the full faith and credit of the City (general obligation bonds).

City of Roswell Outstanding Borrowings as of June 30, 2010 and 2009

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 27,345	\$ 32,100	\$ -	\$ -	\$ 27,345	\$ 32,100
Plus Premium	619	827	-	-	619	827
Less: Deferred Charges	(630)	(765)	-	-	(630)	(765)
Claims payable	968	444	-	-	968	444
Compensated absences	1,913	1,810	182	168	2,095	1,978
Total	\$ 30,215	\$ 34,416	\$ 182	\$ 168	\$ 30,397	\$ 34,584

For more information on long-term obligations, see Note 3-G to the financial statements.

**Economic Conditions
Affecting the City**

The City's elected and appointed officials considered many factors when adopting the fiscal year 2010 budget, tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The economic trends for the City of Roswell have shown a decline in the economy. However, the City continues to have a steady flow of newcomers and industry. The average household size is 2.94 persons with a majority of households having a mean average income of \$109,004. 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 92.0% having a high school education, 52.1% 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.

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The seal of Roswell, Georgia, is a circular emblem. It features a central illustration of a large, classical-style building with a prominent dome, likely the city's government center. The building is surrounded by trees and a path. Above the building, there are several stars. The words "ROSWELL GEORGIA" are written in a curved path around the bottom of the seal, and the year "1854" is centered below the building.

BASIC FINANCIAL STATEMENTS

statement of net assets
June 30, 2010
(in thousands of dollars)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 25,458	\$ 5,827	\$ 31,285	\$ 202
Investments	49,673	9,514	59,187	126
Receivables:				
Interest	112	15	127	-
Accounts	2,357	1,929	4,286	10
Other	124	11	135	-
Taxes	3,069	-	3,069	-
Internal balances	1,558	(1,558)	-	-
Unbilled services receivable	-	1,234	1,234	-
Inventory	36	-	36	17
Prepaid items	390	10	400	2
Issuance costs	129	-	129	-
Total Current Assets	82,906	16,982	99,888	357
Capital Assets				
Nondepreciable capital assets	49,615	1,184	50,799	-
Depreciable capital assets, net	104,556	11,860	116,416	41
Total Capital Assets	154,171	13,044	167,215	41
Total Assets	237,077	30,026	267,103	398
Liabilities				
Current Liabilities				
Accounts payable	2,541	1,267	3,808	8
Salaries and wages payable	1,517	251	1,768	-
Payroll deductions payable	186	10	196	-
Retainage payable	47	-	47	-
Accrued interest	515	-	515	-
Other current liabilities	6	-	6	6
Customer deposits payable	961	445	1,406	-
Unearned revenue	399	478	877	-
Compensated absences due within one year	1,249	95	1,344	-
Claims payable due within one year	524	-	524	-
Bonds payable due within one year	5,165	-	5,165	-
Total Current Liabilities	13,110	2,546	15,656	14
Long-Term Liabilities				
Bonds payable due in more than one year	22,169	-	22,169	-
Compensated absences due in more than one year	664	87	751	-
Claims payable due in more than one year	444	-	444	-
Total Long-Term Liabilities	23,277	87	23,364	-
Total Liabilities	36,387	2,633	39,020	14
Net Assets				
Invested in capital assets, net of related debt	126,837	13,044	139,881	41
Restricted for:				
Debt service	8,289	-	8,289	-
Culture and recreation	-	-	-	4
Scholarship:				
Nonexpendable	25	-	25	-
Unrestricted	65,539	14,349	79,888	339
Total Net Assets	\$ 200,690	\$ 27,393	\$ 228,083	\$ 384

See accompanying notes to the basic financial statements

statement of activities year ended June 30, 2010 (in thousands of dollars)	Functions	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units	
						Governmental Activities	Business-Type Activities		Total
	Primary Government								
	General government	\$ 7,309	\$ 1,256	\$ 355	\$ -	\$ (5,698)	\$ -	\$ (5,698)	\$ -
	Judicial	1,502	2,259	-	-	757	-	757	-
	Financial services	2,335	-	-	-	(2,335)	-	(2,335)	-
	Planning and zoning	3,650	373	-	411	(2,866)	-	(2,866)	-
	Public safety	24,880	2,918	338	-	(21,624)	-	(21,624)	-
	Public works	12,380	1,480	1,653	1,811	(7,436)	-	(7,436)	-
	Culture and recreation	12,340	512	22	-	(11,806)	-	(11,806)	-
	Interest on long-term debt	1,278	-	-	-	(1,278)	-	(1,278)	-
	Total Governmental Activities	65,674	8,798	2,368	2,222	(52,286)	-	(52,286)	-
	Business-Type Activities:								
	Water & Sewer	3,057	3,297	-	-	-	240	240	-
	Solid Waste	8,985	9,981	-	844	-	1,840	1,840	-
	Participant Recreation	3,855	4,126	-	-	-	271	271	-
	Total Business-Type Activities	15,897	17,404	-	844	-	2,351	2,351	-
	Total Primary Government	\$ 81,571	\$ 26,202	\$ 2,368	\$ 3,066	(52,286)	2,351	(49,935)	-
	Component Units								
	Friends of Bulloch, Inc.	\$ 174	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5)
	Historic Roswell Convention & Visitors Bureau, Inc.	519	115	-	-	-	-	-	(404)
	Archibald Smith Plantation Home Preservationists, Inc.	-	-	-	-	-	-	-	-
	Development Authority of the City of Roswell, Georgia	-	-	-	-	-	-	-	-
	Total - Component Units	\$ 693	\$ 284	\$ -	\$ -	-	-	-	(409)
	General Revenues								
	Property taxes levied for:								
	General purposes					24,964	-	24,964	-
	Debt service					6,710	-	6,710	-
	Sales Taxes					19,562	-	19,562	-
	Hotel/motel taxes					602	-	602	431
	Business taxes					5,248	-	5,248	-
	Gain on sale of capital assets					-	89	89	-
	Investment earnings					593	123	716	5
	Miscellaneous					73	-	73	-
	Total General Revenues					57,752	212	57,964	436
	Change in Net Assets					5,466	2,563	8,029	27
	Net Assets Beginning of Year					195,224	24,830	220,054	357
	Net Assets End of Year					\$ 200,690	\$ 27,393	\$ 228,083	\$ 384

See accompanying notes to the basic financial statements

governmental funds balance sheet June 30, 2010 (in thousands of dollars)	Other Governmental Funds							Total Governmental Funds
	General	Federal Grants	Impact Fees	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds	
Assets								
Cash and cash equivalents	\$ 4,768	\$ -	\$ 193	\$ 3,485	\$ 5,081	\$ 4,983	\$ 18,510	
Investments	27,137	-	4,003	13,507	3,001	2,025	49,673	
Receivables:								
Interest	50	-	16	25	11	6	108	
Accounts	997	693	-	-	30	637	2,357	
Taxes	2,693	-	-	-	376	-	3,069	
Other	46	-	-	-	8	-	54	
Due from other funds	2,227	-	702	-	93	121	3,143	
Inventories	36	-	-	-	-	-	36	
Prepaid items	241	-	-	8	1	6	256	
Total Assets	\$ 38,195	\$ 693	\$ 4,914	\$ 17,025	\$ 8,601	\$ 7,778	\$ 77,206	
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ 1,182	\$ 347	\$ 80	\$ 407	\$ -	\$ 247	\$ 2,263	
Salaries and wages payable	1,475	-	-	-	-	42	1,517	
Payroll deductions payable	114	-	-	-	-	-	114	
Retainage payable	-	9	38	-	-	-	47	
Due to other funds	916	378	-	-	-	277	1,571	
Deferred revenue	1,163	668	-	-	311	181	2,323	
Customer deposits payable	861	-	-	-	-	100	961	
Other current liabilities	6	-	-	-	-	-	6	
Total Liabilities	5,717	1,402	118	407	311	847	8,802	
Fund Balances								
Reserved for:								
Encumbrances	343	1,489	222	3,374	-	1,567	6,995	
Inventories	36	-	-	-	-	-	36	
Prepays	241	-	-	8	1	6	256	
Debt service	-	-	-	-	8,289	-	8,289	
Impact fee deposits	-	-	444	-	-	-	444	
Unreserved, designated for:								
General fund:								
Fund balance policy	13,979	-	-	-	-	-	13,979	
Sidewalks	61	-	-	-	-	-	61	
Public Safety	656	-	-	-	-	-	656	
Convention and Visitors Bureau	173	-	-	-	-	-	173	
Capital projects funds:								
Transportation	-	-	2,076	-	-	-	2,076	
Recreation and Parks	-	-	550	-	-	1,629	2,179	
Public Safety	-	-	1,504	-	-	-	1,504	
Public Works	-	-	-	-	-	224	224	
Unreserved, undesignated:								
General fund	16,989	-	-	-	-	-	16,989	
Capital projects	-	-	-	13,236	-	-	13,236	
Special revenue funds	-	(2,198)	-	-	-	3,505	1,307	
Total Fund Balances	32,478	(709)	4,796	16,618	8,290	6,931	68,404	
Total Liabilities and Fund Balances	\$ 38,195	\$ 693	\$ 4,914	\$ 17,025	\$ 8,601	\$ 7,778	\$ 77,206	

See accompanying notes to the basic financial statements

reconciliation of the
governmental funds balance
sheet to the statement of net
assets
June 30, 2010
(in thousands of dollars)

Total Governmental Fund Balances		\$	68,404
Amounts Reported for Governmental Activities in the Statement of Net Assets Are Different Because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:			
Cost	\$	267,325	
Less accumulated depreciation		<u>(113,154)</u>	154,171
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:			
Property taxes		1,006	
Intergovernmental		849	
Charges for services		<u>69</u>	1,924
Accrued interest on long-term debt is not reported at the fund financial reporting level, but is reported at the government-wide statement of net assets			(515)
Long term liabilities, including bonds, capital lease payables and compensated absences are not due and payable in the current period and therefore are not reported in the funds but are reported on the statement of net assets:			
Bonds payable		(27,334)	
Claims payable		(968)	
Compensated absences		(1,913)	
Bond issuance costs		<u>129</u>	(30,086)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal funds are included in governmental activities.			<u>6,792</u>
Net Assets Of Governmental Activities		<u>\$</u>	<u>200,690</u>

See accompanying notes to the basic financial statements

governmental funds
statement of revenues,
expenditures, and
changes in fund balances
year ended June 30, 2010
(in thousands of dollars)

	General	Federal Grants	Impact Fees	Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 50,768	\$ -	\$ -	\$ -	\$ 6,597	\$ 602	\$ 57,967
Licenses and permits	1,187	-	-	-	-	-	1,187
Intergovernmental	74	1,167	-	65	-	495	1,801
Charges for services	2,414	-	-	-	-	1,701	4,115
Impact fees	-	-	95	-	-	-	95
Fines and forfeitures	2,796	-	-	-	-	596	3,392
Investment earnings	336	-	55	117	27	34	569
Miscellaneous	51	-	-	14	8	-	73
Total Revenues	57,626	1,167	150	196	6,632	3,428	69,199
Expenditures							
Current:							
General government	6,332	-	-	180	-	53	6,565
Judicial	1,501	-	-	-	-	-	1,501
Financial services	2,323	-	-	-	-	-	2,323
Planning and zoning	3,589	44	-	27	-	-	3,660
Public safety	21,911	406	-	-	-	1,791	24,108
Public works	7,890	9	1	1,959	-	3	9,862
Culture and recreation	9,920	-	-	91	-	511	10,522
Capital Outlay	71	1,575	1,326	5,477	-	854	9,303
Debt Service:							
Principal retirement	-	-	-	-	4,755	-	4,755
Interest	-	-	-	-	1,432	-	1,432
Total Expenditures	53,537	2,034	1,327	7,734	6,187	3,212	74,031
Excess (deficiency) of revenues over (under) expenditures	4,089	(867)	(1,177)	(7,538)	445	216	(4,832)
Other Financing Sources (Uses)							
Transfers in	-	56	-	8,483	-	-	8,539
Sale of asset	30	-	-	-	-	-	30
Transfers out	(7,579)	-	(810)	-	-	(150)	(8,539)
Total Other Financing Sources (Uses)	(7,549)	56	(810)	8,483	-	(150)	30
Net Change in Fund Balances	(3,460)	(811)	(1,987)	945	445	66	(4,802)
Fund Balances Beginning of Year	35,938	102	6,783	15,673	7,845	6,865	73,206
Fund Balances (Deficit) End of Year	\$ 32,478	\$ (709)	\$ 4,796	\$ 16,618	\$ 8,290	\$ 6,931	\$ 68,404

See accompanying notes to the basic financial statements

reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the statement of activities year ended June 30, 2010 (in thousands of dollars)	Net Changes In Fund Balances - Total Governmental Funds	\$ (4,802)
	<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
	<p>Depreciation expense \$ (6,669)</p> <p>Capital outlay <u>9,303</u></p>	<p>2,634</p>
	<p>The net effect of the donation and disposal of capital assets is to decrease net assets.</p>	
	<p>Donation 2,001</p> <p>Disposal <u>(188)</u></p>	<p>1,813</p>
	<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	<p>Deferred @ 6/30/10 1,924</p> <p>Deferred @ 6/30/09 <u>(1,484)</u></p>	<p>440</p>
	<p>Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.</p>	
	<p>Liability @ 6/30/10 (515)</p> <p>Liability @ 6/30/09 <u>596</u></p>	<p>81</p>
	<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>	
	<p>Claims payable (524)</p> <p>Repayment on long-term debt <u>4,755</u></p>	<p>4,231</p>
	<p>Governmental funds report the effect of bond issuance costs, and deferred refunding charges when debt is first issued, whereas these amounts are deferred and amortized for governmental activities.</p>	
	<p>Amortization of issuance costs (43)</p> <p>Amortization of premiums 208</p> <p>Amortization of deferred charges <u>(135)</u></p>	<p>30</p>
	<p>Compensated absences 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.</p>	
	<p>Liability @ 6/30/10 (1,913)</p> <p>Liability @ 6/30/09 <u>1,810</u></p>	<p>(103)</p>
	<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal funds are included in governmental activities.</p>	
	<p><u>1,142</u></p>	<p><u>1,142</u></p>
	<p>Change In Net Assets of Governmental Activities</p>	<p><u>\$ 5,466</u></p>
	<p>See accompanying notes to the basic financial statements</p>	

general fund statement of revenues, expenditures, and changes in fund balance - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)				
	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Taxes:				
Property	\$ 24,775	\$ 24,775	\$ 25,434	\$ 659
Sales and use	19,200	19,200	20,086	886
Business	5,075	5,075	5,248	173
Licenses and permits	1,176	1,176	1,187	11
Intergovernmental	85	85	74	(11)
Charges for services	2,283	2,283	2,414	131
Fines and forfeitures	3,267	3,267	2,796	(471)
Investment earnings	500	500	336	(164)
Miscellaneous	30	30	51	21
Total revenues	56,391	56,391	57,626	1,235
Expenditures				
Current:				
Administration	8,674	9,354	6,393	2,961
Courts	1,537	1,537	1,501	36
Finance	2,475	2,476	2,350	126
Planning and zoning	3,542	3,832	3,691	141
Fire	5,959	6,051	5,711	340
Police	16,068	16,414	16,285	129
Public works	8,110	8,230	7,940	290
Recreation and parks	10,046	10,046	9,938	108
Capital Outlay:				
Administration	-	26	26	-
Public works	-	6	24	(18)
Fire	-	15	15	-
Police	-	-	6	(6)
Total expenditures	56,411	57,987	53,880	4,107
Excess (deficiency) of revenues over expenditures	(20)	(1,596)	3,746	5,342
Other Financing sources and (uses)				
Transfers in	1,700	1,700	-	(1,700)
Sale of assets	5	5	30	25
Transfers out	-	(7,575)	(7,579)	(4)
Total other financing sources (uses)	1,705	(5,870)	(7,549)	(1,679)
Net change in fund balances (budgetary basis)	\$ 1,685	\$ (7,466)	(3,803)	\$ 3,663
Add-back outstanding encumbrances, June 30			343	
Net change in fund balances (GAAP basis)			\$ (3,460)	

See accompanying notes to the basic financial statements

	Original	Final	Actual	Variance
	Budget	Budget	on a Budgetary Basis	with Final Budget
federal grants fund				
statement of revenues,				
expenditures and changes				
in fund balance - budget and				
actual (budgetary basis)				
year ended June 30, 2010				
(in thousands of dollars)				
Revenues				
Intergovernmental	\$ 433	\$ 4,045	\$ 1,167	\$ (2,878)
Expenditures				
Current:				
Police	-	21	11	10
Fire	-	395	395	-
Planning and zoning	3	49	45	4
Public works	8	9	9	-
Recreation & Parks	-	8	-	8
Capital Outlay:				
Planning and zoning	14	1,278	780	498
Public works	393	2,285	2,283	2
Total expenditures	418	4,045	3,523	522
Excess (Deficiency) of revenues over expenditures	15	-	(2,356)	(2,356)
Other Financing Sources				
Transfers in	-	56	56	-
Net change in fund balances (budgetary basis)	\$ 15	\$ 56	(2,300)	\$ (2,356)
Less outstanding encumbrances, June 30			1,489	
Net change in fund balances (GAAP basis)			\$ (811)	

See accompanying notes to the basic financial statements.

		Water and	Solid	Participant	Total	Governmental				
		Sewer	Waste	Recreation		Activities- Internal Service Funds				
proprietary funds										
statement of net assets										
June 30, 2010										
(in thousands of dollars)										
Assets										
Current Assets:										
Cash and cash equivalents	\$	2,551	\$	1,222	\$	2,054	\$	5,827	\$	6,948
Investments		1,002		7,509		1,003		9,514		-
Receivables:										
Interest		2		11		2		15		4
Accounts (net of allowances)		586		1,343		-		1,929		-
Other		10		-		1		11		70
Due from other funds		-		2		-		2		-
Unbilled services receivable		725		509		-		1,234		-
Prepays		4		-		6		10		134
Total Current Assets		4,880		10,596		3,066		18,542		7,156
Noncurrent Assets										
Capital Assets:										
Non-depreciable capital assets		1,023		26		135		1,184		-
Depreciable capital assets, net		8,866		2,858		136		11,860		-
Total Assets		14,769		13,480		3,337		31,586		7,156
Liabilities										
Current Liabilities:										
Accounts payable		828		342		97		1,267		278
Salaries and wages payable		38		97		116		251		-
Payroll deductions payable		3		7		-		10		72
Compensated absences		21		74		-		95		-
Due to other funds		2		2		1,556		1,560		14
Unearned revenue		-		-		478		478		-
Customer deposits		413		-		32		445		-
Total Current Liabilities		1,305		522		2,279		4,106		364
Long-term Liabilities										
Compensated absences (net of current portion)		36		51		-		87		-
Total Liabilities		1,341		573		2,279		4,193		364
Net Assets										
Invested in capital assets		9,889		2,884		271		13,044		-
Unrestricted		3,539		10,023		787		14,349		6,792
Total Net Assets	\$	13,428	\$	12,907	\$	1,058	\$	27,393	\$	6,792

See accompanying notes to the basic financial statements

proprietary funds statement of revenues, expenses, and changes in fund net assets year ended June 30, 2010 (in thousands of dollars)					Governmental
	Water and Sewer	Solid Waste	Participant Recreation	Total	Activities- Internal Service Funds
Operating Revenues					
Charges for services - water	\$ 2,923	\$ -	\$ -	\$ 2,923	\$ -
Charges for services - sewer	285	-	-	285	-
Charges for services - sanitation	-	9,796	-	9,796	-
Charges for services - internal services	-	-	-	-	8,235
Other fees	89	185	4,126	4,400	-
Total Operating Revenues	3,297	9,981	4,126	17,404	8,235
Operating Expenses					
Personnel services and benefits	1,246	3,544	1,995	6,785	-
Purchased contract services	438	3,844	1,441	5,723	7,117
Supplies	839	1,312	407	2,558	-
Utilities	84	9	-	93	-
Depreciation	440	276	12	728	-
Total Operating Expenses	3,047	8,985	3,855	15,887	7,117
Operating Income	250	996	271	1,517	1,118
Non-Operating Revenues (Expenses)					
Investment earnings	29	82	12	123	24
Gain on sale of capital assets	17	72	-	89	-
Interest expense	(10)	-	-	(10)	-
Total Non-Operating Revenues (Expenses)	36	154	12	202	24
Income Before Capital contributions and transfers	286	1,150	283	1,719	1,142
Capital contributions	-	844	-	844	-
Transfers in	-	-	-	-	1,700
Transfers out	-	-	-	-	(1,700)
Change in Net Assets	286	1,994	283	2,563	1,142
Net Assets Beginning of Year	13,142	10,913	775	24,830	5,650
Net Assets End of Year	\$ 13,428	\$ 12,907	\$ 1,058	\$ 27,393	\$ 6,792

See accompanying notes to the basic financial statements

proprietary funds
statement of cash flows
year ended June 30, 2010
(in thousands of dollars)

	Water and Sewer	Solid Waste	Participant Recreation	Total	Governmental Activities- Internal Service Funds
Cash Flows From Operating Activities					
Cash received from customers	\$ 3,215	\$ 9,770	\$ 4,214	\$ 17,199	\$ -
Cash received from internal customers	-	-	-	-	8,414
Cash payments for personnel services	(1,240)	(3,523)	(1,997)	(6,760)	(7,517)
Cash payments for goods and services	(1,367)	(5,457)	(1,064)	(7,888)	-
Net Cash Provided by Operating Activities	<u>608</u>	<u>790</u>	<u>1,153</u>	<u>2,551</u>	<u>897</u>
Cash Flows from Noncapital Financing Activities					
Transfers in	-	-	-	-	1,700
Transfers out	-	-	-	-	(1,700)
Net Cash provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities					
Payments for capital acquisitions	(1,151)	(591)	(238)	(1,980)	-
Payments for interest expense	(10)	-	-	(10)	-
Proceeds from sales of capital assets	32	72	-	104	-
Net Cash (Used In) Capital and Related Financing Activities	<u>(1,129)</u>	<u>(519)</u>	<u>(238)</u>	<u>(1,886)</u>	<u>-</u>
Cash Flows from Investing Activities					
Investment sales (purchases)	372	(2,031)	2	(1,657)	-
Investment earnings	55	124	16	195	22
Net Cash provided by (used in) Investing Activities	<u>427</u>	<u>(1,907)</u>	<u>18</u>	<u>(1,462)</u>	<u>22</u>
Net Increase (decrease) in Cash and Cash Equivalents	(94)	(1,636)	933	(797)	919
Cash and Cash Equivalents Beginning of Year	<u>2,645</u>	<u>2,858</u>	<u>1,121</u>	<u>6,624</u>	<u>6,029</u>
Cash and Cash Equivalents End of Year	<u>\$ 2,551</u>	<u>\$ 1,222</u>	<u>\$ 2,054</u>	<u>\$ 5,827</u>	<u>\$ 6,948</u>

(This page continues on subsequent page)

		Water and Sewer	Solid Waste	Participant Recreation	Total	Governmental Activities- Internal Service Fund
proprietary funds statement of cash flows year ended June 30, 2010 (in thousands of dollars)	Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
	Operating Income	\$ 250	\$ 996	\$ 271	\$ 1,517	\$ 1,118
	Adjustments:					
	Depreciation	440	276	12	728	-
	(Increase) Decrease in Assets:					
	Receivables	(78)	(211)	-	(289)	-
	Prepays	(3)	-	10	7	(131)
	Other receivables	(9)	2	-	(7)	32
	Due from other funds	8	(2)	-	6	147
	Increase (Decrease) in Liabilities:					
	Accounts payable	462	(289)	20	193	(251)
	Salaries and wages payable	2	11	6	19	-
	Payroll deductions payable	-	-	(8)	(8)	(32)
	Due to other funds	-	(3)	(333)	(336)	14
	Intergovernmental	(532)	-	1,097	565	-
	Compensated absences	4	10	-	14	-
	Deferred revenue	-	-	62	62	-
	Customer deposits payable	64	-	16	80	-
	Net Cash Provided by Operating Activities	<u>\$ 608</u>	<u>\$ 790</u>	<u>\$ 1,153</u>	<u>\$ 2,551</u>	<u>\$ 897</u>
	Noncash capital and related financing activities					
	Capital contributions	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ -</u>	<u>\$ 844</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

		Friends of	Historic	Archibald Smith	Development	Total
		Bulloch, Inc.	Roswell Convention & Visitors Bureau, Inc	Plantation Home Preservationists, Inc.	Authority of the City of Roswell, Georgia	
Assets						
Current Assets:						
	Cash and cash equivalents	\$ 82	\$ 94	\$ 7	\$ 19	\$ 202
	Investments	113	-	13	-	126
	Inventory	14	3	-	-	17
	Accounts receivable	-	10	-	-	10
	Prepaid items	-	2	-	-	2
	Total Current Assets	<u>209</u>	<u>109</u>	<u>20</u>	<u>19</u>	<u>357</u>
Non-current Assets:						
	Depreciable capital assets, net	-	41	-	-	41
	Total Assets	<u>209</u>	<u>150</u>	<u>20</u>	<u>19</u>	<u>398</u>
Liabilities						
Current Liabilities:						
	Accounts payable	7	1	-	-	8
	Accrued expenses	2	4	-	-	6
	Total Current Liabilities	<u>9</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>14</u>
Net Assets						
	Invested in capital assets	-	41	-	-	41
	Restricted	-	4	-	-	4
	Unrestricted	200	100	20	19	339
	Total Net Assets	<u>\$ 200</u>	<u>\$ 145</u>	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 384</u>

See accompanying notes to the basic financial statements

		Program Revenues			Net (Expenses) Revenues and Changes in Net Assets						
		Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Component Units				Total
							Friends of Bulloch, Inc.	Historic Roswell Convention & Visitors Bureau, Inc.	Archibald Smith Plantation Home Preservationists, Inc.	Development Authority of the City of Roswell, Georgia	
combining statement of activities component units year ended June 30, 2010 (in thousands of dollars)											
Component Units											
	Friends of Bulloch, Inc.	\$ 174	\$ 169	\$ -	\$ -	\$ (5)	\$ -	\$ -	\$ -	\$ -	\$ (5)
	Historic Roswell Convention & Visitors Bureau, Inc.	519	115	-	-	-	(404)	-	-	-	(404)
	Archibald Smith Plantation Home Preservationists, Inc.	-	-	-	-	-	-	-	-	-	-
	Development Authority of the City of Roswell, Georgia	-	-	-	-	-	-	-	-	-	-
	Total - Component Units	<u>\$ 693</u>	<u>\$ 284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(5)</u>	<u>(404)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409)</u>
General Revenues											
	Hotel/Motel tax					-	431	-	-	-	431
	Investment earnings					3	-	2	-	-	5
	Change in Net Assets					(2)	27	2	-	-	27
	Net Assets Beginning of Year					202	118	18	19	-	357
	Net Assets End of Year					<u>\$ 200</u>	<u>\$ 145</u>	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 384</u>

See accompanying notes to the basic financial statements

The seal of Roswell, Georgia, is a circular emblem. It features a central illustration of a large, classical-style building with a prominent dome, likely the city's government center. The building is surrounded by trees and a path. Above the building, there are several stars. The words "ROSWELL GEORGIA" are written in a curved path around the bottom of the seal, and the year "1854" is centered below the building.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The City of Roswell, Georgia (the “City”), which was founded in 1854, has a population of 87,719 living within an area of 39.26 square miles. The City is a Georgia municipal corporation and operates under a charter adopted April 19, 2000, and a Mayor/Council form of government.

Note 1. Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The most significant of the City’s accounting policies are described below.

Note 1-A. Reporting Entity

A. Reporting Entity

The reporting entity is comprised of the primary government and component units are included to ensure that the financial statements are not misleading.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization.

Discretely presented component units generally are reported only at the government-wide financial reporting level.

The component unit columns included on the government-wide financial statements identifies the financial data of the City’s discretely presented component units. The financial results of the component units are reported separately to emphasize that they are legally separate from the City. Separate financial statements and information for each component unit can be obtained from the City of Roswell Finance Department, with the exception of the Development Authority of the City of Roswell, Georgia and Archibald Smith Plantation Home Preservationists, Inc. for which separate financial statements are not prepared. There are no differences in the fund level and government-wide level reporting for the Development Authority of the City of Roswell, Georgia and Archibald Smith Plantation Home Preservationists, Inc., therefore, fund level financial statements have not been prepared.

The following component units are discretely presented in the reporting entity:

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

Historic Roswell Convention & Visitors Bureau, Inc. (the Bureau) – The Bureau was incorporated under the laws of the State of Georgia on April 23, 1993 for the purpose 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.

Archibald Smith Plantation Home Preservationists, Inc. (the ASPHP) – was established in December 1993 as a not-for-profit organization to promote the preservation of the Archibald Smith Plantation Home. ASPHP works to collect and preserve books, charts, maps and other material, and to stimulate and foster an interest in the Archibald Smith Plantation Home and their role in the history of the City of Roswell, Georgia. The generated revenues are ultimately spent on the historic site and any expenses must be made in support of the City’s long-range strategic plan. The site is owned by the City and the ASPHP is fiscally dependent on the City for the use of the site. As a result of this relationship, the City has determined that the ASPHP is a component unit of the City.

Development Authority of the City of Roswell, Georgia (the Authority) – The Authority is a public body corporate and politic created on August 20, 1979 under the “Development Authorities Laws”, O.C.G.A. 36-62-1. One of the main purposes of the Authority is centered on the revitalization and redevelopment of the City through land acquisition. This purpose includes acquiring land for the City and other third parties such as the private sector. The Authority consists of a board of not less than seven and no more than nine directors who serve six year terms appointed by City Council. Upon dissolution, the assets of the Authority would revert to the City.

The following is a related organization of the City:

Housing Authority of the City of Roswell -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.

**Note 1-B. Basis of
Presentation**

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements - The government-wide financial statements include a statement of net assets and a statement of activities. These statements report financial information for the City as a whole. All funds are included at the government-wide reporting level. Individual funds are not displayed at this reporting level, but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of net assets presents the financial position of the governmental and business-type activities of the City.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities and for each identifiable activity of the business-type activities of the City. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The City does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly related to the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Fund Accounting – The City uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The City uses two categories of funds: governmental and proprietary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between governmental fund assets and liabilities as fund balance. The following are the City's major governmental funds:

General Fund – The general fund accounts for all financial resources except those required to be accounted for in other funds. The general fund's fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Georgia.

Impact Fees Fund – This fund is used to collect impact fees to pay for system improvements for fire, recreation and parks and transportation facilities as projected in the Roswell *Comprehensive Land Use Plan*.

Debt Service Fund – This fund is used to account for the accumulation of resources and payment of principal and interest on the City's general obligation debt.

Capital Projects Fund – This fund is used to account for the acquisition and construction of major capital projects.

Federal Grants Fund – This fund is used to account for the grant monies received from various federal agencies.

Proprietary Funds – Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The City has the following major enterprise funds:

Water and Sewer Fund – This fund is used for the operation of the City's water system and for 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.

Solid Waste Fund – This fund is used to account for the operations of the City's solid waste and sanitation program.

Participant Recreation Fund – This fund is used to account for the operations of activities held at the City's parks for which user fees are charged.

Internal Service Funds – The internal service funds are used to account for the operations of self-sustaining agencies rendering services to other agencies of the City on a cost reimbursement basis. These services are for workman’s compensation insurance, risk management and group health.

**Note 1-C.
Measurement Focus**

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities reports all revenues and expenses, including depreciation, regardless of the related cash flows.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus in these financial statements. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**Note 1-D. Basis of
Accounting**

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the City receives value without directly giving equal value in return, include sales taxes, property taxes, grants, and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place and on the modified accrual basis when the taxable sale takes place and revenue is considered available (i.e., collected within 60 days after year-end). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 3-C) Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, interest, and federal and state grants.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as deferred revenue (i.e., they are measurable but not available) rather than as revenue. Property taxes receivable not collected within 60 days of year-end have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met (e.g., cash advances) also are recorded as deferred revenue. Grants accounts receivable not collected within 60 days of year-end have also been recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due for payment, if measurable.

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market prices.

Georgia law authorizes the City to invest in the following type of obligations:

- Obligations of the State of Georgia or of any other states
- Obligations of the United States Government
- Obligations fully insured or guaranteed by the U.S. government or governmental agency
- Obligations of any corporation of the government
- Prime bankers' acceptances
- The State of Georgia local government investment pool (i.e., Georgia Fund I)
- Repurchase agreements
- Obligations of the other political subdivisions of the State of Georgia

Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of State or U.S. obligations.

**Note 1-E-2.
Receivables**

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible, where applicable.

**Note 1-E-3. Interfund
Balances**

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the government-wide statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**Note 1-E-4. Consumable
Inventories**

Consumable Inventories

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed.

**Note 1-E-5. Prepaid
Items**

Prepaid Items

Prepaid items in government funds recognize the associated expenditure in the period that receives the benefit of that expenditure.

Note 1-E-6. Capital Assets

Capital Assets

General capital assets are those assets with a useful life of more than two years with a value of five thousand dollars or greater and not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The City reports these assets in the governmental activities column of the government-wide statement of net assets but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the enterprise funds' statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of roads, bridges, drainage systems and water lines. Improvements (i.e., betterments) to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. The costs of betterments must exceed one year's depreciation in order to be capitalized. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
<i>Land improvements</i>	20 years	20 years
<i>Buildings and plant</i>	40 years	40 years
<i>Machinery and equipment</i>	5 – 10 years	5- 30 years
<i>Vehicles</i>	8 years	8 years
<i>Infrastructure</i>	10 – 65 years	10 – 65 years

**Note 1-E-7.
Compensated Absences**

Compensated Absences

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "*when due for payment.*"

**Note 1-E-8. Accrued
Liabilities and Long-
term Obligations**

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year. Debt service expenditures are recognized as a liability in the governmental fund financial statements when due.

**Note 1-E-9. Bond
Premiums, Discounts and
Issuance Costs**

Bond Premiums, Discounts and Issuance Costs

On the government-wide statement of net assets and the proprietary fund type statement of net assets, bond premiums and discounts are netted against bonds payable and bond issuance costs are reported as deferred charges. On the government-wide and proprietary fund type statement of activities, bond premiums and discounts and bond issuance costs are deferred and amortized over the life of the bonds using the effective interest method.

At the governmental fund reporting level, bond premiums and discounts are reported as other financing sources and uses, separately from the face amount of the bonds issued. Bond issuance costs are reported as an expenditure.

**Note 1-E-10. Fund
Equity**

Fund Equity

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

Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods. Designations demonstrate management’s intent to set aside these resources for specific services. The City has adopted a 25 percent reserve policy to retain in reserve at minimum an equivalent of 25 percent of current year budgeted expenditures less one-time budgeted capital from the unreserved/undesignated fund balance.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The net asset amount also is adjusted by any unspent bond proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Note 1-E-11. Operating
Revenues and Expenses**

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, solid waste and participant recreation programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each program. All other activity is considered non-operating.

**Note 1-E-12.
Contributions of
Capital**

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**Note 1-E-13. Interfund
Activity**

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are after non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported after general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are also eliminated.

Note 1-E-14. Estimates

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2.
(in thousands of
dollars)**

Stewardship, Compliance and Accountability

**Note 2-A. Budgetary
Information**

Budgetary Information – The City adopts an annual operating budget for the general fund, each special revenue fund, the debt service fund, and each enterprise fund. A project budget is adopted for each capital projects fund. The budget resolution reflects the total of each department’s appropriation in each fund. Budgets for internal service funds are for planning and control purposes only and are not included within the City's financial statements.

The governmental funds budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenditures. Enterprise fund budgets are adopted on a basis consistent with GAAP, except that outstanding encumbrances at year-end are reported as budgetary expenses.

All unexpended, unencumbered annual appropriations lapse at year-end. Encumbered appropriations are carried forward to the subsequent year automatically (i.e., no action is required by the City Council).

The level of legal budgetary control (the level at which expenditures may not exceed appropriations) is the department level with the following provisions:

- The City Administrator may transfer funds from one object or purpose to another within the same department.
- The City Council may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds.

Note 2-B. Deficit Fund Balance

Deficit Fund Balance

At June 30, 2010, the Federal Grant Fund had a fund balance deficit of \$709, and the American Stimulus Recovery fund had a fund balance deficit of \$115, which both are a result of the fact that the majority of the City's grants are reimbursement style grants which were outstanding and for which the availability criteria for revenue recognition had not been met at year end.

Note 3.
(in thousands of dollars)

Detailed Notes on All Funds

Note 3-A. Deposits and Investments

Deposits and Investments

As of June 30, 2010, the City of Roswell had the following investments:

Investment Type	Rating		Fair Value	Weighted Average Maturity (Years)
	Agency	Rating		
Deposits reported as investments	N/A	N/A	25	0.33
Federal Farm Credit Bank	N/A	N/A	2,002	1.41
Federal Home Loan Bank (FHLB)	N/A	AAA	20,523	2.56
Federal Home Loan Mortgage Corp (FHLMC)	N/A	AAA	6,032	2.4
Federal National Mortgage Association (FNMA)	N/A	AAA	9,016	2.2
Georgia Fund 1	S & P	AAAm	21,589	0.13
Total fair value			<u>59,187</u>	
Portfolio weighted average maturity				1.56

The City of Roswell's Mayor and Council approved by Resolution an Investment Policy with the intent to enable the City to receive the highest interest rate available while reducing the credit and interest rate risk to its principal investments. The Resolution is intended to prevent the purchase of speculative or potentially uncreditworthy investments whose value is interest rate driven and have a potential of diminishing the original amount paid.

Interest rate risk. Interest rate risk is the possibility that an investment will be sold at a time when the interest rate is higher than it was when the investment was purchased. There is an inverse relationship between a security's market price and the interest rate. Selling when the rates are higher than they were when the security was purchased would usually result in a decrease in the market value of the investment. An investment held to maturity will be paid at par (face) value. To reduce interest rate risk, the City limits the maturity of any investment to three years. The current weighted average maturity is 1.56 years. The City intends to hold all investments to maturity, when the investment would be valued at par.

Credit risk. Credit risk is the risk that the issuer of the security may become insolvent and be unable to pay the principal or the principal and interest of an investment. The city reduces this risk by investing in only:

1. U. S. Treasury Obligations
2. Obligations of approved U. S. government agencies
3. Repurchase agreements collateralized by U. S. government securities
4. Certificates of deposits not exceeding the FDIC insurance amount or the amount collateralized by U. S. Government securities
5. Money market bank accounts
6. State sponsored local government investment pools (e.g. the Georgia Fund 1)

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Georgia law requires that any amount of a local government's deposits that are not covered by FDIC insurance must be collateralized by 110% the value of the deposits by obligations of the U.S. government or bonds of public authorities, counties, or municipalities. The deposits were fully collateralized at June 30, 2010.

Custodial credit risk – investment. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the securities that are in the possession of the outside party. The City's securities are held in a safekeeping account. The securities are held in the City's name.

Georgia Fund I, created by O.C.G.A. 36-83-8, is a stable net asset value investment pool that follows Standard and Poor's criteria for AAA rated money market funds and is regulated by the Georgia Office of Treasury and Fiscal Services. However, Georgia Fund I operates in a manner consistent with Rule 2a-7 the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversation while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Under Georgia State law, the state director, fiscal division, is responsible for control and safekeeping of instruments of title of the Georgia Fund I.

Note 3-B. Receivables

Receivables

Receivables at June 30, 2010, consisted of taxes, interest, accounts (billings for user charges), and intergovernmental receivables arising from grants.

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. At June 30, 2010, the allowance for uncollectible taxes was \$238 in the General Fund and \$102 in the Debt Service Fund for a total of \$340. Allowance for uncollectible accounts was \$70 for Water and Sewer accounts and \$160 for Sanitation accounts. Allowance for Red Light Camera fees was \$595.

Note 3-C. Property Taxes

C. Property Taxes

Normally, property tax levies are set by the City Council in June of each year for collection in the following fiscal year beginning July 1. Fulton County spreads all levies over assessable property. Taxes are levied annually by the City and for the year ended June 30, 2010, the levy occurred in September, 2009. Real and personal property taxes are due in the month of December. Property taxes receivable become a lien on January 1 and are recorded in the General and Debt Service Funds on June 30 of each fiscal year. At fiscal year-end, the receivables represent delinquent taxes. At the fund reporting level, if delinquent taxes are not paid within 60 days of year-end, they are recorded as deferred revenue since they are not available to finance current expenditures.

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Note 3-D. Capital Assets

Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>7/1/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/2010</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 39,416	\$ 406	\$ -	\$ (157)	\$ 39,665
Construction in Progress	17,173	6,751	-	(13,974)	9,950
	<u>56,589</u>	<u>7,157</u>	<u>-</u>	<u>(14,131)</u>	<u>49,615</u>
Other capital assets:					
Land improvements	15,662	-	-	5,128	20,790
Buildings	68,532	268	235	938	69,503
Machinery and equipment	8,642	843	68	624	10,041
Vehicles	12,085	1,382	277	206	13,396
Infrastructure	95,091	1,654	-	7,235	103,980
	<u>200,012</u>	<u>4,147</u>	<u>580</u>	<u>14,131</u>	<u>217,710</u>
Accumulated depreciation:					
Land improvements	6,658	928	-	-	7,586
Buildings	27,170	1,782	63	-	28,889
Machinery and equipment	2,845	758	59	-	3,544
Vehicles	7,813	766	270	-	8,309
Infrastructure	62,391	2,435	-	-	64,826
	<u>106,877</u>	<u>6,669</u>	<u>392</u>	<u>-</u>	<u>113,154</u>
Total accumulated depreciation	<u>106,877</u>	<u>6,669</u>	<u>392</u>	<u>-</u>	<u>113,154</u>
Governmental activities capital assets, net	<u>\$ 149,724</u>	<u>\$ 4,635</u>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ 154,171</u>

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

Governmental activities

General government	\$ 624
Judicial	6
Financial	71
Planning and zoning	73
Public safety	1,133
Public works	2,813
Culture and recreation	<u>1,949</u>
Total governmental activities depreciation expense	<u>\$ 6,669</u>

(This page continues on subsequent page.)

	<u>Balance</u> <u>7/1/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>6/30/2010</u>
Business-type activities:					
Capital assets not being depreciated:					
Construction in Progress	\$ 681	\$ 989	\$ -	\$ (486)	\$ 1,184
Depreciable capital assets:					
Buildings	955	944	-	-	1,899
Vehicles	3,695	664	628	-	3,731
Machinery and equipment	1,528	227	18	-	1,737
Infrastructure	9,725	-	-	486	10,211
Total other capital assets	15,903	1,835	646	486	17,578
Accumulated depreciation:					
Buildings	130	48	-	-	178
Vehicles	2,360	251	625	-	1,986
Machinery and equipment	449	95	6	-	538
Infrastructure	2,682	334	-	-	3,016
Total accumulated depreciation	5,621	728	631	-	5,718
Business-type activities capital assets, net	<u>\$ 10,963</u>	<u>\$ 2,096</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 13,044</u>

	<u>Balance</u> <u>7/1/2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2010</u>
Component Units:				
Historic Roswell Convention and Visitor's Bureau:				
Equipment	\$ 78	\$ 5	\$ -	\$ 83
Less accumulated depreciation	(33)	(9)	-	(42)
Component unit capital assets, net	<u>\$ 45</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 41</u>

Note 3-E. Interfund Balances and Transfers

Interfund Balances and Transfers

Interfund balances at June 30, 2010, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The City expects to repay all interfund balances within one year.

Payable to:	Payable from:							Total
	General fund	Federal grant fund	Non-Major gov't fund	Internal service fund(s)	Water & Sewer fund	Solid Waste fund	Participant recreation fund	
General fund	\$ -	\$ 378	\$ 277	\$ 14	\$ -	\$ 2	\$ 1,556	\$ 2,227
Debt service fund	93	-	-	-	-	-	-	93
Impact fee fund	702	-	-	-	-	-	-	702
Non-Major gov't funds	121	-	-	-	-	-	-	121
Solid Waste Fund	-	-	-	-	2	-	-	2
Total	<u>\$ 916</u>	<u>\$ 378</u>	<u>\$ 277</u>	<u>\$ 14</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 1,556</u>	<u>\$ 3,145</u>

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Transfers From	Federal Grants Fund	Capital Projects Fund	Total
General fund	\$ 56	\$ 7,523	\$ 7,579
Impact fee fund	-	810	810
Non-major gov't funds	-	150	150
Total	<u>\$ 56</u>	<u>\$ 8,483</u>	<u>\$ 8,539</u>

Transfers are used to collect revenues from a fund that statute or budget requires. It also records expenses that statute or budget requires in the appropriate fund. Transfers can also record unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and to return money to the fund from which it was originally provided, once a project is completed.

All City transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

Note 3-F. Compensated Absences

Compensated Absences

Employees earn annual leave (PTO) paid time off at the rate of 12 days per year for the first year of service up to a maximum of 22 days per year after ten years of service. A maximum of 10 days may be carried over into an employee’s next service year. Any unused, accrued leave in excess of 10 days from service year to service year will be forfeited. Upon termination, employees are paid for any accrued annual leave. The amount of accrued leave carried forward is recorded as a liability in the government-wide statements and proprietary fund statements.

Employees accrue sick leave at the rate of 96 hours per year. There is a maximum accumulation of 240 days. Upon retirement, employees with ten or more years of service may be paid for accumulated unused sick leave up to 30 days. An amount is accrued in the government-wide statements and proprietary fund statements for an estimate of the amount currently earned that will be paid.

Note 3-G. Long-Term Debt

Long-Term Debt

Primary Government - Summary of General Obligation Bonds - The following is a summary of the outstanding general obligation long-term bond issues at June 30, 2010:

<u>Year Issued</u>	<u>Purpose</u>	<u>Interest Rate (%)</u>	<u>Interest Dates</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Retired</u>	<u>Outstanding</u>
2002	Refunding	3.86 avg.	2/1, 8/1	2/1/2014	28,905	17,170	11,735
2008	Refunding	3.0595% avg.	2/1, 8/1	2/1/2015	15,975	365	15,610
Total					<u>\$ 44,880</u>	<u>\$ 17,535</u>	<u>\$ 27,345</u>

Annual debt service requirements to amortize all general obligation long-term bonds outstanding, as of June 30, 2010 follow:

Total - Governmental Activities			
Year	Principal	Interest	Total
2011	5,165	1,236	6,401
2012	5,675	1,021	6,696
2013	6,155	737	6,892
2014	6,345	432	6,777
2015	4,005	140	4,145
Total	<u>\$ 27,345</u>	<u>\$ 3,566</u>	<u>\$ 30,911</u>

(This page continues on subsequent page.)

Changes in Long-term Debt - Changes in the City's long-term obligations consisted of the following for the year ended June 30, 2010:

Governmental Activities	Outstanding 7/1/2009	Additions	Reductions	Outstanding 6/30/2010	Amounts Due in one year
General Obligation Bonds	\$ 32,100	\$ -	\$ 4,755	\$ 27,345	\$ 5,165
Plus: Premium	827	-	208	619	-
Less: Deferred Charges	(765)	-	(135)	(630)	-
Claims payable-Impact Fees	444	-	-	444	-
Claims payable-Sales Tax Audit	-	524	-	524	524
Compensated Absences	1,810	2,258	2,155	1,913	1,249
Total Governmental Activities	\$ 34,416	\$ 2,782	\$ 6,983	\$ 30,215	\$ 6,938
Business-Type Activities					
Compensated Absences	\$ 168	\$ 202	\$ 188	182	\$ 95
Total Business-Type Activities	\$ 168	\$ 202	\$ 188	\$ 182	\$ 95

All long-term general obligation bonds of the City will be financed from property taxes in the debt service fund.

Claims payable-Impact Fees consists of Impact Fee Credit Certificates in the Impact Fee Fund. Impact Fee Certificates are nonrefundable and do not have an expiration date. They will be used as developers' begin construction projects and submit them to the City instead of paying for new impact fees.

Claims payable-Sales Tax Audit consists of sales tax paid that has been considered refundable by a State of Georgia audit, and will be withheld from future sales tax distributions.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid, which include the General Fund, E-911 Fund, Hotel/Motel Fund, Water and Sewer Fund, and the Solid Waste Fund.

In addition to, the total amount of general obligation bonds payable reported on the statement of net assets, the City also has the following defeased bonds:

Refunded Bonds Outstanding - In prior years, the City defeased certain general obligation bonds by placing the refunding bond proceeds in an irrevocable trust to provide resources for all future debt service payments on the refunded bonds. Accordingly, the trust accounts and related debt for the defeased bonds are not presented in the City's financial statements. At June 30, 2010, the following represents the outstanding amount of bonds considered defeased:

1995 and 2000 Series General Obligation Bonds	\$26,495
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Arbitrage Calculations - Each year the City of Roswell engages an independent third party to calculate the arbitrage rebate liability. For the period ended March 2010, the City did not have an arbitrage liability for the 2002 bond series

Note 3-H. Pensions

Pensions

GMEBS PLAN

Plan Description - The City contributes to the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for cities in the State of Georgia. GMEBS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. GMEBS issues a publicly available financial report that includes financial statements and required supplementary information for the City. That report may be obtained by writing to:

Georgia Municipal Association
Risk Management and Employee Benefit Services
PO Box 105377
Atlanta, Georgia 30348

Pension benefits are established by and may be amended by the City Council.

Funding Policy - City employees are not required to contribute to GMEBS. The City is required to contribute 100% of the amounts necessary to fund the Plan using the actuarial basis specified by statute. The current contribution rate is 10.96% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the GMEBS Board of Trustees. The City's contributions to GMEBS for the years ended June 30, 2010, 2009, and 2008 were \$2,953, \$2,814, and \$2,555, respectively. The required contributions for each year, 2010, 2009, and 2008, were \$2,953, \$2,814, and \$2,555 respectively.

Annual Pension Cost - For June 30, 2010, the City's annual pension cost of \$2,953 for GMEBS was equal to the City's required and actual contributions. The required contribution was determined as part of the November 1, 2008, actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 8.00% investment rate of return (net of administrative expenses); (b) projected salary increases of 5.50%. There is no post retirement benefit increase assumption. The actuarial value of GMEBS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten-year period. GMEBS' unfunded actuarial accrued liability is being amortized as a closed level dollar amortization of the unfunded actuarial accrued liability (initial unfunded accrued liability over 30 years from 1981 and changes in the unfunded actuarial accrued liabilities over 15 years for actuarial gains and losses, 20 years for plan provisions and 30 years for actuarial assumptions and cost methods from the end of the year which such changes arise). The remaining amortization period at June 30, 2010 was 10 years.

<u>Year Ended</u> <u>6/30</u>	<u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Pension</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>
2008	\$ 2,555	100%	\$ 2,555	100%
2009	2,814	100%	2,814	100%
2010	2,953	100%	2,953	100%

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

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>(1)</u> <u>Actuarial</u> <u>Value of</u> <u>Assets</u>	<u>(2)</u> <u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u>	<u>(4)</u> <u>Unfunded</u> <u>AAL/(UAA</u> <u>L) (2)-(1)</u>	<u>(3)</u> <u>Funded</u> <u>Ratio</u> <u>(1)/(2)</u>	<u>(5)</u> <u>Annual</u> <u>Covered</u> <u>Payroll</u>	<u>UAAL as a</u> <u>Percentag</u> <u>e of</u> <u>Covered</u> <u>Payroll</u> <u>(4)/(5)</u>
1/1/2010	43,541	52,263	8,722	83.31%	26,935	32.38%

The above schedule of funding progress serves as a surrogate for the funded status and the progress of the Plan. See required supplementary information for a history of funding progress.

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 revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2010.

Deferred Compensation Plan

The City of Roswell's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a deferred compensation plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. On June 30, 2010, there were 335 active plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed IRS guidelines, into the Plan. 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 292 employees. Total employer and employee contributions for the year ended June 30, 2010, was \$153 and \$871 respectively.

Other Notes

Risk Management

The Risk Management function is overseen by the Risk Manager who reports to the Director of Human Resources. Risk Management's primary objective is to concentrate on risk avoidance and implement various risk transfer programs and methods that will minimize the City's exposure to litigation. Risk Management's mission is to manage, control, minimize or eliminate risk, to the extent that its citizens and personnel can be reasonably protected from hazards, while insuring that the financial solvency of the City will not be jeopardized and that appropriate City resources can be conserved for other uses. The Risk Management division oversees all areas of loss including property, liability, automobile and workers' compensation. In addition; the Risk Management division has further responsibility for risk identification, risk transfer, risk analysis and insurance coverage procurement.

Note 4.

(in thousands of dollars)

Note 4-A. Risk Management

Property Casualty & Liability - The City of Roswell purchases property and liability insurance through an insurance broker. The City carries deductibles that range between \$10,000 and \$25,000. Each year city staff evaluates the amount of risk with past history and projected premiums to determine the most prudent and cost effective policy.

Workers' Compensation - The City of Roswell is self-insured for workers' compensation with a policy in place for stop-loss (excess) coverage to protect the City in the event of a large claim.

The Georgia State Board of Workers' Compensation verified on April 25, 1992, that the City of Roswell met all of their requirements for the privilege of maintaining a self-insured workers' compensation plan.

On May 5, 1992, after receiving notification from the Georgia State Board of Workers' Compensation, the City established a workers' compensation fund to finance and defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the preview of the Workers' Compensation Law of Georgia, or on the basis or employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

The City of Roswell utilizes a third party administrator to handle all claim activity in accordance with state regulation. The City of Roswell has single claim exposure up to \$500 per employee for non-emergency personnel and \$500 per emergency classified personnel. Stop-Loss coverage up to a maximum of \$1,000 over those amounts is provided by Midwest Employers Casualty Company.

All funds with salary expenditures or expenses of the City participate in the program and make payments to the risk management account based on estimates of amounts needed to pay prior and current-year claims and to establish a reserve for catastrophic losses. The claims liability decreased in the Workers' Compensation Fund from \$226 in FY 2009 to \$210 in FY 2010. Claims are reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The City of Roswell's Stop-Loss insurance is provided on a reimbursement basis. The City is responsible for payment of all losses under a self-funded plan. With the purchase of Stop-Loss coverage, the City is still responsible for all losses including those that exceed the deductible. After the losses have been paid, the employer will be reimbursed for the amount of the loss that exceeds the deductible. All reimbursements are paid directly to the City, never to an employee or to a provider of services or supplies.

The following represents the changes in approximated liabilities for each of the last two years:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in</u>	<u>Worker's Comp Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2009	\$754	\$120	\$648	\$226
2010	226	465	481	210

There were no significant reductions in insurance coverage from prior year, and there have been no settlements that exceed the City's insurance coverage during the past three years.

Note 4-B. Contingent Liabilities

Contingent Liabilities

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City was a defendant in several lawsuits at June 30, 2010. In the opinion of City management, the outcome of these contingencies will not have a material effect on the financial position of the City.

Note 4-C. Joint Venture

Joint Venture

Under Georgia law, the City, in conjunction with other municipalities and counties in the Greater Atlanta Metropolitan area, is a member of the Atlanta Regional Commission (ARC). The ARC is comprised of 63 municipalities and 10 counties in the Greater Atlanta Metropolitan area. 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 representation from each county and municipality of the area, as well as representatives from the private sector and other governmental entities. Dues for the year ending 2010 were paid by Fulton County government. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an ARC. Separate financial statements for the ARC are available from:

Atlanta Regional Commission
 40 Courtland Street, NE
 Atlanta, Georgia 30303

Note 4-D. Hotel/Motel Lodging Tax

D. Hotel/Motel Lodging Tax

The City of Roswell has levied a 6% lodging tax.

The City of Roswell’s Hotel/Motel fund for fiscal year 2010 had expenditures in the amount of \$515, of this amount, \$440 or 85.44% was for the promotion of tourism as required by the Official Code of Georgia Annotated (OCGA) 48-13-51. The City of Roswell has received audit reports from the Historic Roswell Convention & Visitors Bureau, Inc. (Component Unit) covering the \$431 of lodging tax monies. This entity used the revenue for promotion of tourism as required by the Official Code of Georgia Annotated (OCGA) 48-13-51.

Note 4-E. Contract Commitments

E. Contract Commitments

The City has entered into contracts to provide services to the City at June 30, 2010. A contract between two parties does not result immediately in the recognition of a liability. Instead, a liability is incurred when performance has occurred under the contract. Until such time as performance takes place, these contracts represent a commitment rather than a liability. Beginning May 1, 2009 the City signed Trident/Argonaut as its Property, Casualty and Liability carrier.

Contract commitments for general government services at June 30, 2010, are as follows:

City of Roswell Contract Commitments for General Government Services at June 30, 2010

<u>Description of Services</u>	<u>Vendor</u>	<u>Remaining Commitment</u>
Employee Health Insurance	United Health Care	\$1,210
Employee Dental Insurance	Guardian	94
Property, Casualty and Liability	Trident/Argonaut	540
Life and Disability Insurance	Aetna	84
Totals		<u><u>\$1,928</u></u>

**required
supplementary
information-
retirement plan
schedule of
funding progress
(in thousands of dollars)**

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(4) Unfunded AAL/(UAAL) (2)-(1)	(3) Funded Ratio (1)/(2)	(5) Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (4)/(5)
7/1/2008	\$ 39,366	\$ 45,332	\$ 5,966	86.8%	\$ 24,908	24.0%
11/1/2008	40,019	46,570	6,551	85.9%	25,412	25.8%
10/1/2009	40,234	51,710	11,476	77.8%	26,716	42.9%
1/1/2010	43,541	52,263	8,722	83.3%	26,935	32.4%

See note 3H for actuarial assumptions related to this schedule.

NON-MAJOR GOVERNMENTAL FUNDS



		Nonmajor Special	Nonmajor	Total
		Revenue and	Capital	Nonmajor
		Permanent Funds	Projects	Governmental
			Funds	Funds
nonmajor governmental funds combining balance sheet June 30, 2010 (in thousands of dollars)	Assets			
	Cash and cash equivalents	\$ 3,086	\$ 1,897	\$ 4,983
	Investments	2,025	-	2,025
	Receivables:			
	Interest	6	-	6
	Accounts	637	-	637
	Prepaid items	6	-	6
	Due from other funds	121	-	121
	Total Assets	\$ 5,881	\$ 1,897	\$ 7,778
	Liabilities and Fund Balances			
	Liabilities			
	Accounts payable	\$ 234	\$ 13	\$ 247
	Salaries and wages payable	42	-	42
	Due to other funds	267	10	277
	Deferred revenue	181	-	181
Customer deposits	100	-	100	
Total Liabilities	824	23	847	
Fund Balances				
Reserved for prepaids	6	-	6	
Reserved for encumbrances	1,546	21	1,567	
Unreserved, designated for:				
Capital projects-Cultural and recreation	-	1,629	1,629	
Capital projects-Public works	3,505	-	3,505	
Unreserved, undesignated	-	224	224	
Total Fund Balances	5,057	1,874	6,931	
Total Liabilities and Fund Balances	\$ 5,881	\$ 1,897	\$ 7,778	

nonmajor governmental funds combining statement of revenues, expenditures, and changes in fund balances year ended June 30, 2010 (in thousands of dollars)	Nonmajor Special Revenue and Permanent Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 602	\$ -	\$ 602
Intergovernmental	495	-	495
Charges for services	1,701	-	1,701
Fines and forfeitures	596	-	596
Investment earnings	31	3	34
Total Revenues	<u>3,425</u>	<u>3</u>	<u>3,428</u>
Expenditures			
Current:			
General government	53	-	53
Public safety	1,791	-	1,791
Cultural and recreation	506	5	511
Public works	3	-	3
Capital Outlay	<u>759</u>	<u>95</u>	<u>854</u>
Total Expenditures	<u>3,112</u>	<u>100</u>	<u>3,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>313</u>	<u>(97)</u>	<u>216</u>
Other Financing (Uses)			
Transfers out	<u>(150)</u>	<u>-</u>	<u>(150)</u>
Total Other Financing (Uses)	<u>(150)</u>	<u>-</u>	<u>(150)</u>
Net Change in Fund Balances	163	(97)	66
Fund Balances, beginning of year	<u>4,894</u>	<u>1,971</u>	<u>6,865</u>
Fund Balances, end of year	<u>\$ 5,057</u>	<u>\$ 1,874</u>	<u>\$ 6,931</u>

SPECIAL REVENUE FUNDS

Hotel/Motel Tax Fund – *To account for hotel/motel tax revenue restricted for the promotion of tourism and development of trails. These funds support the Historic Roswell Visitors Bureau and Roswell's trail system.*

Tree Bank Fund – *To account for funds designated for the planting of trees.*

Soil Erosion Fund – *To account for fees received from developers for the promotion of soil erosion prevention.*

Confiscated Assets Fund – *To account for monies forfeited by criminals that are prosecuted for narcotics and vice activity.*

E-911 Fund – *To account for telephone subscriber surcharge collections and the operations of the Emergency 911 system.*

Cemetery Care Fund – *To account for funds designated for the maintenance of the Old Roswell Cemetery in accordance with an agreement between the City of Roswell and the Historic Cemetery Care Association.*

State Grant Fund – *To account for grant monies received from various state agencies.*

County/Local Grants Fund – *To account for grant monies received from various local agencies.*

Leita Thompson Fund – *To account for revenues collected in association with the Leitalift Foundation agreement for donated Park land and its assets.*

American Stimulus Recovery Fund – *To account for grant monies received under the American Recovery and Reinvestment Act of 2009.*

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 reporting government's programs.

Scholarship Fund – *To account for funds designated for qualified scholarship recipients.*

		Special Revenue					
		Hotel/Motel Tax	Tree Bank	Soil Erosion	Confiscated Assets	Emergency 911	Cemetery Care
nonmajor special revenue and permanent funds combining balance sheet June 30, 2010 (in thousands of dollars)	Assets						
	Cash and cash equivalents	\$ 536	\$ 165	\$ 494	\$ 643	\$ 942	\$ 120
	Investments	500	300	-	700	500	-
	Receivables:						
	Interest	1	1	1	2	1	-
	Accounts	60	-	-	10	186	-
	Prepaid items	-	-	-	5	-	-
	Due from other funds	-	-	-	33	88	-
	Total Assets	\$ 1,097	\$ 466	\$ 495	\$ 1,393	\$ 1,717	\$ 120
	Liabilities and Fund Balances						
	Liabilities						
	Accounts payable	\$ -	\$ -	\$ -	\$ 87	\$ 47	\$ 2
	Salaries and wages payable	-	-	-	2	40	-
	Due to other funds	46	-	-	-	-	-
	Deferred revenue	-	-	-	-	-	-
Customer deposits	-	-	97	-	-	-	
Total Liabilities	46	-	97	89	87	2	
Fund Balances							
Reserved for prepaids	-	-	-	5	-	-	
Reserved for encumbrances	-	-	100	12	-	-	
Unreserved, undesignated	1,051	466	298	1,287	1,630	118	
Total Fund Balances	1,051	466	398	1,304	1,630	118	
Total Liabilities and Fund Balances	\$ 1,097	\$ 466	\$ 495	\$ 1,393	\$ 1,717	\$ 120	

Continued from
previous page
nonmajor special revenue
and permanent funds
combining balance sheet
June 30, 2010
(in thousands of dollars)

	Special Revenue				Permanent Fund	Total Nonmajor Special Revenue and Permanent Funds
	State Grants	County/Local Grants	Leita Thompson	American Stimulus Recovery	Scholarship Fund	
Assets						
Cash and cash equivalents	\$ 3	\$ 6	\$ 167	\$ -	\$ 10	\$ 3,086
Investments	-	-	-	-	25	2,025
Receivables:						
Interest	-	-	-	-	-	6
Accounts	-	2	-	379	-	637
Prepaid items	-	-	1	-	-	6
Due from other funds	-	-	-	-	-	121
Total Assets	<u>\$ 3</u>	<u>\$ 8</u>	<u>\$ 168</u>	<u>\$ 379</u>	<u>\$ 35</u>	<u>\$ 5,881</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 2	\$ 96	\$ -	\$ 234
Salaries and wages payable	-	-	-	-	-	42
Due to other funds	-	2	-	219	-	267
Deferred revenue	-	2	-	179	-	181
Customer deposits	-	-	3	-	-	100
Total Liabilities	<u>-</u>	<u>4</u>	<u>5</u>	<u>494</u>	<u>-</u>	<u>824</u>
Fund Balances						
Reserved for prepaids	-	-	1	-	-	6
Reserved for encumbrances	-	-	-	1,434	-	1,546
Unreserved, undesignated	3	4	162	(1,549)	35	3,505
Total Fund Balances	<u>3</u>	<u>4</u>	<u>163</u>	<u>(115)</u>	<u>35</u>	<u>5,057</u>
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 8</u>	<u>\$ 168</u>	<u>\$ 379</u>	<u>\$ 35</u>	<u>\$ 5,881</u>

		Special Revenue					
		Hotel/Motel Tax	Tree Bank	Soil Erosion	Confiscated Assets	Emergency 911	Cemetery Care
nonmajor special revenue and permanent funds combining statement of revenues, expenditures, and changes in fund balances year ended June 30, 2010 (in thousands of dollars)	Revenues						
	Taxes	\$ 602	\$ -	\$ -	\$ -	\$ -	\$ -
	Intergovernmental	-	-	-	-	-	-
	Charges for services	-	-	3	-	1,617	-
	Fines and forfeitures	-	-	-	596	-	-
	Investment earnings	8	4	3	6	9	1
	Total Revenues	610	4	6	602	1,626	1
	Expenditures						
	Current:						
	General government	-	34	-	-	-	19
	Public safety	-	-	-	203	1,588	-
	Cultural and recreation	440	-	-	-	-	-
	Public works	-	-	-	-	-	-
	Capital Outlay	-	-	-	-	163	-
	Total Expenditures	440	34	-	203	1,751	19
	Excess (deficiency) of revenues over (under) expenditures	170	(30)	6	399	(125)	(18)
	Other Financing (Uses)						
	Transfers out	(75)	-	-	(75)	-	-
	Total Other Financing (Uses)	(75)	-	-	(75)	-	-
	Net change in Fund Balances	95	(30)	6	324	(125)	(18)
	Fund Balances -Beginning of Year	956	496	392	980	1,755	136
	Fund Balances - End of Year	\$ 1,051	\$ 466	\$ 398	\$ 1,304	\$ 1,630	\$ 118

Continued from
previous page
nonmajor special revenue
and permanent funds
combining statement of
revenues, expenditures,
and changes in fund
balances
year ended June 30, 2010
(in thousands of dollars)

	Special Revenue				Permanent Fund	Total Nonmajor Special Revenue and Permanent Funds
	State Grants	County/Local Grants	Leita Thompson	American Stimulus Recovery	Scholarship Fund	
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602
Intergovernmental	-	12	-	483	-	495
Charges for services	-	-	81	-	-	1,701
Fines and forfeitures	-	-	-	-	-	596
Investment earnings	-	-	-	-	-	31
Total Revenues	-	12	81	483	-	3,425
Expenditures						
Current:						
General government	-	-	-	-	-	53
Public safety	-	-	-	-	-	1,791
Cultural and recreation	-	11	55	-	-	506
Public works	-	-	-	3	-	3
Capital Outlay	1	-	-	595	-	759
Total Expenditures	1	11	55	598	-	3,112
Excess (deficiency) of revenues over (under) expenditures	(1)	1	26	(115)	-	313
Other Financing (Uses)						
Transfers out	-	-	-	-	-	(150)
Total Other Financing (Uses)	-	-	-	-	-	(150)
Net change in Fund Balances	(1)	1	26	(115)	-	163
Fund Balances -Beginning of Year	4	3	137	-	35	4,894
Fund Balances - End of Year	\$ 3	\$ 4	\$ 163	\$ (115)	\$ 35	\$ 5,057

hotel/motel tax fund schedule of revenues, expenditures and changes in fund balance - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original	Final	Actual	Variance
	Budget	Budget	on a Budgetary Basis	with Final Budget
Revenues				
Taxes	\$ 600	\$ 600	\$ 602	\$ 2
Investment earnings	-	-	8	8
Total revenues	<u>600</u>	<u>600</u>	<u>610</u>	<u>10</u>
Expenditures				
Current:				
Culture and recreation	<u>441</u>	<u>441</u>	<u>440</u>	<u>1</u>
Total expenditures	<u>441</u>	<u>441</u>	<u>440</u>	<u>1</u>
Excess of revenues over expenditures	<u>159</u>	<u>159</u>	<u>170</u>	<u>11</u>
Other Financing Uses				
Transfers out	-	(75)	(75)	-
Total other financing uses	-	(75)	(75)	-
Net change in fund balances (budgetary basis)	<u>\$ 159</u>	<u>\$ 84</u>	<u>95</u>	<u>\$ 11</u>
Add-back outstanding encumbrances, June 30			-	
Net change in fund balances (GAAP basis)			<u>\$ 95</u>	

tree bank fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Tree bank fees	\$ 10	\$ 10	\$ -	\$ (10)
Investment earnings	5	5	4	(1)
Total revenues	<u>15</u>	<u>15</u>	<u>4</u>	<u>(11)</u>
Expenditures				
Current:				
General government	-	62	34	28
Total expenditures	<u>-</u>	<u>62</u>	<u>34</u>	<u>28</u>
Net change in fund balances (budgetary basis)	<u>\$ 15</u>	<u>\$ (47)</u>	<u>(30)</u>	<u>\$ 17</u>
Add-back outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ (30)</u>	

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
soil erosion fund					
schedule of revenues,					
expenditures and changes					
in fund balances - budget					
and actual (budgetary basis)					
year ended June 30, 2010					
(in thousands of dollars)					
Revenues					
	Charges for services	\$ 3	\$ 3	\$ 3	\$ -
	Investment earnings	-	-	3	3
	Total revenues	<u>3</u>	<u>3</u>	<u>6</u>	<u>3</u>
Expenditures					
Capital outlay:					
	General government	100	100	100	-
	Total expenditures	<u>100</u>	<u>100</u>	<u>100</u>	<u>-</u>
	Net change in fund balances (budgetary basis)	<u>\$ (97)</u>	<u>\$ (97)</u>	<u>(94)</u>	<u>\$ 3</u>
	Add-back outstanding encumbrances, June 30			<u>100</u>	
	Net change in fund balances (GAAP basis)			<u>\$ 6</u>	

	Original	Final	Actual	Variance
	Budget	Budget	on a Budgetary Basis	with Final Budget
confiscated assets fund				
schedule of revenues,				
expenditures and changes				
in fund balances - budget				
and actual (budgetary basis)				
year ended June 30, 2010				
(in thousands of dollars)				
Revenues				
Fines and forfeitures	\$ 30	\$ 62	\$ 596	\$ 534
Investment earnings	-	-	6	6
Total revenues	<u>30</u>	<u>62</u>	<u>602</u>	<u>540</u>
Expenditures				
Current:				
Police	239	271	215	56
Total expenditures	<u>239</u>	<u>271</u>	<u>215</u>	<u>56</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(209)</u>	<u>(209)</u>	<u>387</u>	<u>596</u>
Other Financing (uses)				
Transfer out	-	(75)	(75)	-
Total other financing (uses)	<u>-</u>	<u>(75)</u>	<u>(75)</u>	<u>-</u>
Net change in fund balances (budgetary basis)	<u>\$ (209)</u>	<u>\$ (284)</u>	312	<u>\$ 596</u>
Add-back outstanding encumbrances, June 30			<u>12</u>	
Net change in fund balances (GAAP basis)			<u>\$ 324</u>	

emergency 911 fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Charges for services	\$ 1,700	\$ 1,700	\$ 1,617	\$ (83)
Investment earnings	-	-	9	9
Total revenues	<u>1,700</u>	<u>1,700</u>	<u>1,626</u>	<u>(74)</u>
Expenditures				
Current:				
Police	1,513	1,619	1,588	31
Capital outlay	<u>163</u>	<u>163</u>	<u>163</u>	<u>-</u>
Total expenditures	<u>1,676</u>	<u>1,782</u>	<u>1,751</u>	<u>31</u>
Net change in fund balances (budgetary basis)	<u>\$ 24</u>	<u>\$ (82)</u>	(125)	<u>\$ (43)</u>
Add-back outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ (125)</u>	

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
cemetery care fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Revenues				
	Investment earnings	\$ -	\$ -	\$ 1	\$ 1
	Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
	Expenditures				
	Current:				
	General government	<u>24</u>	<u>24</u>	<u>19</u>	<u>5</u>
	Total expenditures	<u>24</u>	<u>24</u>	<u>19</u>	<u>5</u>
	Net change in fund balances (budgetary basis)	<u>\$ (24)</u>	<u>\$ (24)</u>	<u>(18)</u>	<u>\$ 6</u>
	Less outstanding encumbrances, June 30			<u>-</u>	
	Net change in fund balances (GAAP basis)			<u>\$ (18)</u>	

state grant fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Intergovernmental	\$ 1,675	\$ 1,675	\$ -	\$ (1,675)
Expenditures				
Capital Outlay:				
Public works	1675	1675	1	1674
Total expenditures	<u>1675</u>	<u>1675</u>	<u>1</u>	<u>1674</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
Add-back outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ (1)</u>	

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
county/local grants schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Revenues				
	Intergovernmental	\$ -	\$ 19	\$ 12	\$ (7)
	Expenditures				
	Current:				
	Culture and recreation	2	13	11	2
	Total expenditures	2	13	11	2
	Net change in fund balances (budgetary basis)	\$ (2)	\$ 6	1	\$ (5)
	Add-back outstanding encumbrances, June 30			-	
	Net change in fund balances (GAAP Basis)			\$ 1	

leita thompson fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
Revenues				
Rental income	\$ 76	\$ 76	\$ 81	\$ 5
Total revenues	<u>76</u>	<u>76</u>	<u>81</u>	<u>5</u>
Expenditures				
Current:				
Cultural and recreation	<u>63</u>	<u>63</u>	<u>55</u>	<u>8</u>
Excess of revenues over expenditures	<u>13</u>	<u>13</u>	<u>26</u>	<u>13</u>
Net change in fund balances (budgetary basis)	<u>\$ 13</u>	<u>\$ 13</u>	<u>26</u>	<u>\$ 13</u>
Add-back outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ 26</u>	

american stimulus recovery fund
 schedule of revenues,
 expenditures and changes
 in fund balances - budget
 and actual (budgetary basis)
 year ended June 30, 2010
 (in thousands of dollars)

	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Intergovernmental	\$ 3,065	\$ 3,065	\$ 483	\$ (2,582)
Expenditures				
Current:				
Public safety	72	72	-	72
Public works	808	808	39	769
Planning and zoning	808	808	678	130
Capital Outlay:				
Public works	1377	1377	1315	62
Total expenditures	<u>3,065</u>	<u>3,065</u>	<u>2,032</u>	<u>1,033</u>
Net change in fund balances (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	(1,549)	<u>\$ (1,549)</u>
Add-back outstanding encumbrances, June 30			<u>1,434</u>	
Net change in fund balances (GAAP basis)			<u>\$ (115)</u>	

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 Proprietary Funds. The City of Roswell has four Capital Projects Funds financed by general obligation bonds and impact fees.

1995 Bond Fund – *To account for the proceeds of the 1995 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.*

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.*

Impact Fees Fund – *To account for the fees collected to pay for system improvements for fire, recreation and parks and transportation facilities as projected in the Roswell Comprehensive Land Use Plan.*

Capital Projects Fund – *To account for the acquisition and construction of major capital projects.*

nonmajor capital projects funds combining balance sheet June 30, 2010 (in thousands of dollars)	1995	2000	
	Bond	Bond	Total
Assets			
Cash and cash equivalents	\$ -	\$ 1,897	\$ 1,897
Total Assets	<u>\$ -</u>	<u>\$ 1,897</u>	<u>\$ 1,897</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 13	\$ 13
Due to other funds	-	10	10
Total Liabilities	<u>-</u>	<u>23</u>	<u>23</u>
Fund Balances			
Reserved for:			
Encumbrances	-	21	21
Unreserved, designated for:			
Capital projects - Cultural and recreation	-	1,629	1,629
Capital projects - Public works	-	224	224
Total Fund Balances	<u>-</u>	<u>1,874</u>	<u>1,874</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,897</u>	<u>\$ 1,897</u>

nonmajor capital projects funds combining statement of revenues, expenditures, and changes in fund balance year ended June 30, 2010 (in thousands of dollars)	1995 Bond	2000 Bond	Total
Revenues			
Investment earnings	\$ -	\$ 3	\$ 3
Total Revenues	<u>-</u>	<u>3</u>	<u>3</u>
Expenditures			
Current:			
Cultural and recreation	-	5	5
Capital Outlay:			
Cultural and recreation	-	39	39
Public works	33	23	56
Total Expenditures	<u>33</u>	<u>67</u>	<u>100</u>
Net changes in fund balances	(33)	(64)	(97)
Fund Balances, beginning of year	<u>33</u>	<u>1,938</u>	<u>1,971</u>
Fund Balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ 1,874</u></u>	<u><u>\$ 1,874</u></u>

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
1995 bond fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Revenues				
	Investment earnings	\$ -	\$ -	\$ -	\$ -
	Total revenues	-	-	-	-
	Expenditures				
	Capital Outlay:				
	Public works	28	33	33	-
	Total expenditures	28	33	33	-
	Net change in fund balances (budgetary basis)	<u>\$ (28)</u>	<u>\$ (33)</u>	(33)	<u>\$ -</u>
	Less outstanding encumbrances, June 30			-	
	Net change in fund balances (GAAP Basis)			<u>\$ (33)</u>	

2000 bond fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Investment earnings	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Expenditures				
Current:				
Cultural and recreation	-	-	5	(5)
Capital Outlay:				
Cultural and recreation	10	1,260	52	1,208
Public works	12	247	31	216
Total expenditures	<u>22</u>	<u>1,507</u>	<u>88</u>	<u>1,419</u>
Net change in fund balances (budgetary basis)	<u>\$ (22)</u>	<u>\$ (1,507)</u>	<u>(85)</u>	<u>\$ 1,422</u>
Less outstanding encumbrances, June 30			<u>21</u>	
Net change in fund balances (GAAP Basis)			<u>\$ (64)</u>	

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
impact fees fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Revenues				
	Impact Fees:				
	Recreation	\$ 50	\$ 50	\$ 52	\$ 2
	Transportation	150	150	17	(133)
	Public Safety	100	100	26	(74)
	Investment earnings	10	10	55	45
	Total revenues	<u>310</u>	<u>310</u>	<u>150</u>	<u>(160)</u>
	Expenditures				
	Current:				
	Public works	2	3	1	2
	Capital Outlay:				
	Public works	311	3,339	1,051	2,288
	Culture and recreation	100	840	497	343
	Total expenditures	<u>413</u>	<u>4,182</u>	<u>1,549</u>	<u>2,633</u>
	Other Financing (uses)				
	Transfer out	-	(810)	(810)	-
	Total other financing (uses)	<u>-</u>	<u>(810)</u>	<u>(810)</u>	<u>-</u>
	Net change in fund balances (budgetary basis)	<u>\$ (103)</u>	<u>\$ (4,682)</u>	<u>(2,209)</u>	<u>\$ 2,473</u>
	Less outstanding encumbrances, June 30			<u>222</u>	
	Net change in fund balances (GAAP basis)			<u>\$ (1,987)</u>	

capital projects fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original	Final	Actual	Variance
	Budget	Budget	on a Budgetary Basis	with Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 65	\$ 65
Investment earnings	-	-	117	117
Miscellaneous	-	-	14	14
Total revenues	<u>-</u>	<u>-</u>	<u>196</u>	<u>196</u>
Expenditures				
Current:				
Cultural and recreational	56	156	91	65
Planning and zoning	-	31	27	4
Public safety	-	1	-	1
Public works	4,179	4,199	3,745	454
General government	247	680	214	466
Capital Outlay:				
Cultural and recreational	586	2,850	1,655	1,195
Public safety	592	1,009	903	106
Public works	2,689	8,388	2,922	5,466
General government	2,506	3,803	1,420	2,383
Planning and zoning	-	1,017	131	886
Total expenditures	<u>10,855</u>	<u>22,134</u>	<u>11,108</u>	<u>11,026</u>
Deficiency of revenues under expenditures	<u>(10,855)</u>	<u>(22,134)</u>	<u>(10,912)</u>	<u>11,222</u>
Other Financing Sources				
Transfers in	<u>7,661</u>	<u>7,673</u>	<u>8,483</u>	<u>810</u>
Total other financing sources	<u>7,661</u>	<u>7,673</u>	<u>8,483</u>	<u>810</u>
Net change in fund balances (budgetary basis)	<u>\$ (3,194)</u>	<u>\$ (14,461)</u>	<u>(2,429)</u>	<u>\$ 12,032</u>
Less outstanding encumbrances, June 30			<u>3,374</u>	
Net change in fund balances (GAAP basis)			<u>\$ 945</u>	



DEBT SERVICE FUND

The Debt Service Fund is utilized to account for the accumulation and disbursement of funds needed to comply with the interest and principal redemption requirements. The City of Roswell has one Debt Service Fund.

debt service fund schedule of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Original Budget	Final Budget	Actual on a Budgetary Basis	Variance with Final Budget
Revenues				
Taxes:				
Property	\$ 6,275	\$ 6,275	\$ 6,217	\$ (58)
Motor vehicle	350	350	380	30
Investment earnings	60	60	27	(33)
Miscellaneous	-	-	8	8
Total revenues	<u>6,685</u>	<u>6,685</u>	<u>6,632</u>	<u>(53)</u>
Expenditures				
Debt Service:				
Principal	4,755	4,755	4,755	-
Interest	1,430	1,430	1,430	-
Fiscal agent fees	4	4	2	2
Total expenditures	<u>6,189</u>	<u>6,189</u>	<u>6,187</u>	<u>2</u>
Excess of revenues over (under) expenditures	<u>496</u>	<u>496</u>	<u>445</u>	<u>(51)</u>
Net change in fund balances (budgetary basis)	<u>\$ 496</u>	<u>\$ 496</u>	445	<u>\$ (51)</u>
Less outstanding encumbrances, June 30			<u>-</u>	
Net change in fund balances (GAAP basis)			<u>\$ 445</u>	

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PROPRIETARY FUNDS

Proprietary Funds are used to account for governmental business activities. Enterprise Funds account for external activities that are usually self-sustaining, primarily through user charges for services rendered. The accounting records are maintained in the same way as a commercial business. The City of Roswell has three Enterprise Funds.

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

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

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

**water and sewer fund
schedule of revenues,
expenses and changes
in fund net assets - budget
and actual (budgetary basis)
year ended June 30, 2010
(in thousands of dollars)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
Operating revenues				
Charges for services - water	\$ 2,800	\$ 2,800	\$ 2,923	\$ 123
Charges for services - sewer	250	250	285	35
Connection fees	2	2	-	(2)
Other fees	36	36	89	53
Total operating revenues	<u>3,088</u>	<u>3,088</u>	<u>3,297</u>	<u>209</u>
Operating expenses				
Personnel services and benefits	1,289	1,303	1,247	56
Purchased contract services	756	749	438	311
Supplies	854	926	839	87
Utilities	67	80	84	(4)
Depreciation	-	-	440	(440)
Total operating expenses	<u>2,966</u>	<u>3,058</u>	<u>3,048</u>	<u>10</u>
Operating Income	<u>122</u>	<u>30</u>	<u>249</u>	<u>219</u>
Nonoperating revenues (expenses)				
Investment earnings	20	20	29	9
Interest expense	-	(33)	(10)	23
Gain on disposal of capital assets	-	-	17	17
Total nonoperating revenues (expenses)	<u>20</u>	<u>(13)</u>	<u>36</u>	<u>49</u>
Net change in net assets (budgetary basis)	<u>\$ 142</u>	<u>\$ 17</u>	285	<u>\$ 268</u>
Add back outstanding encumbrances, June 30			<u>1</u>	
Net change in net assets (GAAP basis)			<u>\$ 286</u>	

		Original	Final	Actual	Variance
		Budget	Budget	on a Budgetary Basis	with Final Budget
solid waste fund schedule of revenues, expenses and changes in fund net assets - budget and actual (budgetary basis) year ended June 30, 2010 (in thousands of dollars)	Operating revenues				
	Charges for services	\$ 9,385	\$ 9,385	\$ 9,764	\$ 379
	Recycling fees	31	31	32	1
	Other fees	-	-	185	185
	Total operating revenues	<u>9,416</u>	<u>9,416</u>	<u>9,981</u>	<u>565</u>
	Operating expenses				
	Personnel services and benefits	3,522	3,522	3,544	(22)
	Purchased contract services	4,385	4,385	3,857	528
	Supplies	1,533	1,533	1,316	217
	Utilities	14	14	9	5
	Depreciation	-	-	276	(276)
	Total operating expenses	<u>9,454</u>	<u>9,454</u>	<u>9,002</u>	<u>452</u>
	Operating Income (loss)	<u>(38)</u>	<u>(38)</u>	<u>979</u>	<u>1,017</u>
	Nonoperating revenues				
	Investment earnings	30	30	82	52
	Gain on sale of capital assets	-	-	72	72
	Total nonoperating revenues	<u>30</u>	<u>30</u>	<u>154</u>	<u>124</u>
	Income (loss) before capital contributions	<u>(8)</u>	<u>(8)</u>	<u>1,133</u>	<u>1,141</u>
	Capital contributions	-	-	844	844
	Net change in net assets (budgetary basis)	<u>\$ (8)</u>	<u>\$ (8)</u>	<u>1,977</u>	<u>\$ 1,985</u>
	Add back outstanding encumbrances, June 30			<u>17</u>	
	Net change in net assets (GAAP basis)			<u>\$ 1,994</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on a Budgetary Basis</u>	<u>Variance with Final Budget</u>
participant recreation fund				
schedule of revenues,				
expenses and changes				
in fund net assets - budget				
and actual (budgetary basis)				
year ended June 30, 2010				
(in thousands of dollars)				
Operating Revenues				
Charges for services	\$ 3,966	\$ 4,116	\$ 4,126	\$ 10
Total operating revenues	<u>3,966</u>	<u>4,116</u>	<u>4,126</u>	<u>10</u>
Operating Expenses				
Personnel services and benefits	2,030	2,065	1,995	70
Purchased contract services	1,413	1,585	1,442	143
Supplies	509	436	407	29
Depreciation	-	-	12	(12)
Total operating expenses	<u>3,952</u>	<u>4,086</u>	<u>3,856</u>	<u>230</u>
Operating income	<u>14</u>	<u>30</u>	<u>270</u>	<u>240</u>
Nonoperating revenues				
Investment earnings	-	-	12	12
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Net change in net assets (budgetary basis)	<u>\$ 14</u>	<u>\$ 30</u>	282	<u>\$ 252</u>
Add-back outstanding encumbrances, June 30			<u>1</u>	
Net change in net assets (GAAP basis)			<u>\$ 283</u>	

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INTERNAL SERVICE FUNDS

To account for activities that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

Group Health Fund – *To account for monies used to pay for employee's health insurance.*

Risk Management Fund – *To account for monies used to pay for property and liability insurance.*

Workman's Compensation Fund – *To account for monies in self-insured workman's compensation fund.*

		Total			
		Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Internal Service Funds
internal service funds combining balance sheet June 30, 2010 (in thousands of dollars)	Assets				
	Current assets:				
	Cash and cash equivalents	\$ 2,126	\$ 1,670	\$ 3,152	\$ 6,948
	Receivables:				
	Interest	2	2	-	4
	Other	70	-	-	70
	Prepays	-	134	-	134
	Total current assets	2,198	1,806	3,152	7,156
	Liabilities				
	Current liabilities:				
	Accounts payable	1	24	253	278
	Payroll deductions payable	72	-	-	72
	Due to other funds	3	-	11	14
	Total liabilities	76	24	264	364
	Net Assets				
Unrestricted	2,122	1,782	2,888	6,792	
Total net assets	\$ 2,122	\$ 1,782	\$ 2,888	\$ 6,792	

internal service funds combining statement of revenues, expenses and changes in net assets year ended June 30, 2010 (in thousands of dollars)	Group Health Fund	Risk Management Fund	Workman's Compensation Fund	Total Internal Service Funds
Operating Revenues				
Charges for services	\$ 5,738	\$ 1,261	\$ 1,236	\$ 8,235
Total operating revenues	<u>5,738</u>	<u>1,261</u>	<u>1,236</u>	<u>8,235</u>
Operating Expenses				
Claims expenses	5,645	1,007	465	7,117
Total operating expenses	<u>5,645</u>	<u>1,007</u>	<u>465</u>	<u>7,117</u>
Operating income	<u>93</u>	<u>254</u>	<u>771</u>	<u>1,118</u>
Non-Operating Revenues				
Investment earnings	7	8	9	24
Total non-operating revenues	<u>7</u>	<u>8</u>	<u>9</u>	<u>24</u>
Income before transfers	100	262	780	1,142
Transfers in	-	700	1,000	1,700
Transfers out	(1,700)	-	-	(1,700)
Change in net assets	<u>(1,600)</u>	<u>962</u>	<u>1,780</u>	<u>1,142</u>
Net assets - beginning of year	<u>3,722</u>	<u>820</u>	<u>1,108</u>	<u>5,650</u>
Net assets - end of year	<u>\$ 2,122</u>	<u>\$ 1,782</u>	<u>\$ 2,888</u>	<u>\$ 6,792</u>

**internal service funds
combining statement of
cash flows
year ended June 30, 2010
(in thousands of dollars)**

	<u>Group Health Fund</u>	<u>Risk Management Fund</u>	<u>Workman's Compensation Fund</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities				
Receipts from interfund services provided	\$ 5,785	\$ 1,261	\$ 1,368	\$ 8,414
Payments to suppliers	<u>(5,671)</u>	<u>(1,221)</u>	<u>(625)</u>	<u>(7,517)</u>
Net cash provided by operating activities	<u>114</u>	<u>40</u>	<u>743</u>	<u>897</u>
Cash Flows from Investing Activities				
Interest received	<u>6</u>	<u>7</u>	<u>9</u>	<u>22</u>
Net cash provided by investing activities	<u>6</u>	<u>7</u>	<u>9</u>	<u>22</u>
Cash Flows from Noncapital Financing Activities				
Transfers in	-	700	1,000	1,700
Transfers out	<u>(1,700)</u>	<u>-</u>	<u>-</u>	<u>(1,700)</u>
Net cash provided by (used in) noncapital financing activities	<u>(1,700)</u>	<u>700</u>	<u>1,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,580)</u>	<u>747</u>	<u>1,752</u>	<u>919</u>
Cash and cash equivalents beginning of year	<u>3,706</u>	<u>923</u>	<u>1,400</u>	<u>6,029</u>
Cash and cash equivalents end of year	<u>\$ 2,126</u>	<u>\$ 1,670</u>	<u>\$ 3,152</u>	<u>\$ 6,948</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 93	\$ 254	\$ 771	\$ 1,118
(Increase) Decrease in Assets:				
Prepays	3	(134)	-	(131)
Other receivables	32	-	-	32
Due from other funds	15	-	132	147
Increase (Decrease) in Liabilities:				
Accounts payable	-	(80)	(171)	(251)
Payroll deductions payable	(32)	-	-	(32)
Due to other funds	<u>3</u>	<u>-</u>	<u>11</u>	<u>14</u>
Net Cash Provided by Operating Activities	<u>\$ 114</u>	<u>\$ 40</u>	<u>\$ 743</u>	<u>\$ 897</u>

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The seal of the City of Roswell, Georgia, is a circular emblem. It features a central illustration of a large, classical-style building with a prominent clock tower and a flagpole. The building is surrounded by a ring of stars. The words "ROSWELL GEORGIA" are inscribed around the bottom inner edge of the seal.

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
(unaudited)**

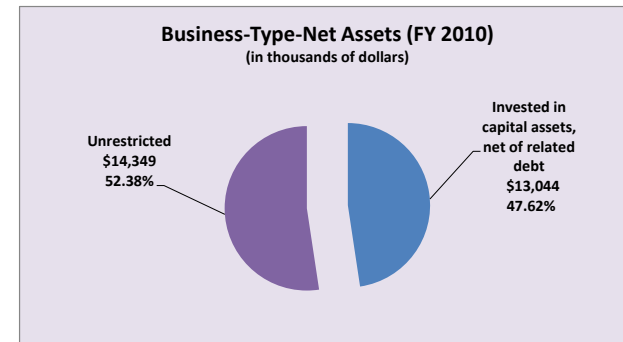
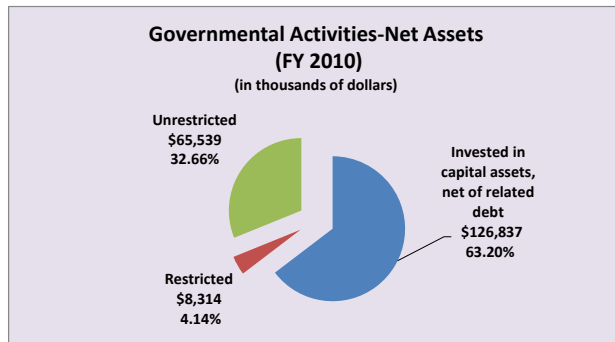
This part of the City of Roswell's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

<u>Contents</u>	<u>Page Number</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	94
Revenue Capacity These schedules contain information to help the reader assess the City's property taxes.	99
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	104
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	108
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the city provides and the activities it performs.	110

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

schedule 1
net assets by components-last eight years (in thousands of dollars)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
Invested in capital assets, net of related debt	\$ 68,688	\$ 79,283	\$ 87,002	\$ 88,960	\$ 92,979	\$ 107,136	\$ 117,562	\$ 126,837
Restricted	24,625	22,371	9,351	7,836	9,679	7,496	7,845	8,314
Unrestricted	26,334	23,018	37,397	54,935	66,635	72,291	69,817	65,539
Total governmental activities net assets	\$ 119,647	\$ 124,672	\$ 133,750	\$ 151,731	\$ 169,293	\$ 186,923	\$ 195,224	\$ 200,690
Business-type activities								
Invested in capital assets, net of related debt	\$ 9,791	\$ 8,990	\$ 8,818	\$ 8,576	\$ 9,235	\$ 9,506	\$ 10,963	\$ 13,044
Unrestricted	932	2,105	5,102	8,723	10,846	12,893	13,867	14,349
Total business-type activities net assets	\$ 10,723	\$ 11,095	\$ 13,920	\$ 17,299	\$ 20,081	\$ 22,399	\$ 24,830	\$ 27,393
Primary government								
Invested in capital assets, net of related debt	\$ 78,479	\$ 88,273	\$ 95,820	\$ 97,536	\$ 102,214	\$ 116,642	\$ 128,525	\$ 139,881
Restricted	24,625	22,371	9,351	7,836	9,679	7,496	7,845	8,314
Unrestricted	27,266	25,123	42,499	63,658	77,481	85,184	83,684	79,888
Total primary government net assets	\$ 130,370	\$ 135,767	\$ 147,670	\$ 169,030	\$ 189,374	\$ 209,322	\$ 220,054	\$ 228,083



schedule 2
changes in net assets
last eight fiscal years
(in thousands of dollars)
(accrual basis of accounting)

Expenses	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:								
General government	\$ 6,462	\$ 7,007	\$ 5,312	\$ 3,948	\$ 4,311	\$ 5,398	\$ 7,130	\$ 7,309
Judicial	1,261	1,355	1,373	1,384	1,387	1,496	1,484	1,502
Financial services	1,727	1,875	3,290	4,057	3,987	3,964	2,387	2,335
Planning and zoning	4,365	3,467	3,462	3,553	3,653	3,932	3,675	3,650
Public Safety	15,387	17,295	17,952	19,466	20,708	22,486	23,764	24,880
Public works	6,821	8,854	8,789	8,961	10,009	8,847	9,402	12,380
Culture and recreation	10,584	9,961	10,349	10,996	11,369	12,634	12,198	12,340
Interest on long-term debt	3,333	2,764	2,583	2,353	2,208	1,831	1,506	1,278
Total governmental activities expenses	49,940	52,578	53,110	54,718	57,632	60,588	61,546	65,674
Business-type activities:								
Water and Sewer	2,026	2,377	2,214	2,204	2,625	2,662	2,680	3,057
Solid Waste	6,036	6,085	6,403	6,806	8,166	8,655	8,607	8,985
Participant Recreation	-	2,987	3,112	3,399	3,452	3,845	3,859	3,855
Total business-type activities expenses	8,062	11,449	11,729	12,409	14,243	15,162	15,146	15,897
Total primary government expenses	\$ 58,002	\$ 64,027	\$ 64,839	\$ 67,127	\$ 71,875	\$ 75,750	\$ 76,692	\$ 81,571
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 23	\$ 1,470	\$ 298	\$ 1,012	\$ 1,802	\$ 2,376	\$ 1,899	\$ 1,256
Judicial (3)	-	-	-	2,968	3,106	3,154	584	2,259
P&Z	2,190	2,235	1,172	1,349	1,611	604	698	373
Public Safety	3,617	3,394	4,407	1,861	3,312	3,843	4,650	2,918
Public works	254	27	229	961	734	435	481	1,480
Culture and recreation	3,284	199	640	233	435	476	273	512
Operating grants and contributions (1)	2,870	3,478	1,439	25	378	1,300	737	2,368
Capital grants and contributions (1)	-	643	-	3,880	901	1,662	1,323	2,222
Total governmental activities program revenues	12,238	11,446	8,185	12,289	12,279	13,850	10,645	13,388
Business-type activities:								
Charges for services:								
Water and Sewer (2)	2,038	1,685	2,804	3,314	3,335	3,183	3,257	3,297
Solid Waste	5,944	7,221	9,187	9,716	9,090	9,763	9,681	9,981
Participant Recreation	-	3,501	3,230	3,401	3,642	4,077	3,910	4,126
Capital grants and contributions (1)	-	-	-	-	621	107	-	844
Total business-type activities program revenues	7,982	12,407	15,221	16,431	16,688	17,130	16,848	18,248
Total primary government program revenues	\$ 20,220	\$ 23,853	\$ 23,406	\$ 28,720	\$ 28,967	\$ 30,980	\$ 27,493	\$ 31,636

(1) Operating grants and contributions and capital grants and contributions vary widely depending on the grants available from federal, state and local sources. Variances from 2003 to 2010 reflect the changes in grants awarded to the City.

(2) The increase in water and sewer charges from 2004 to 2005 is attributable to a rate increase.

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

(Continued on next page)

schedule 2 (continued)
changes in net assets
last eight fiscal years
(in thousands of dollars)
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Net (Expense)/Revenue								
Governmental activities	\$ (37,702)	\$ (41,132)	\$ (44,925)	\$ (42,429)	\$ (45,353)	\$ (46,738)	\$ (50,901)	\$ (52,286)
Business-type activities	(80)	958	3,492	4,022	2,445	1,968	1,702	2,351
Total primary government net expense	\$ (37,782)	\$ (40,174)	\$ (41,433)	\$ (38,407)	\$ (42,908)	\$ (44,770)	\$ (49,199)	\$ (49,935)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes (4)	\$ 16,716	\$ 18,273	\$ 27,543	\$ 28,806	\$ 30,628	\$ 31,635	\$ 31,890	\$ 31,674
Business taxes (4)	8,548	9,119	4,689	5,026	5,151	5,307	5,378	5,248
Sales taxes	14,317	16,728	18,780	21,284	22,443	22,689	19,720	19,562
Hotel/Motel taxes	554	464	619	730	795	853	686	602
Investment earnings	795	581	1,078	2,071	3,784	3,395	1,751	593
Miscellaneous (4)	925	801	519	69	122	479	202	73
Transfers	(582)	(145)	775	962	(8)	10	(425)	-
Total governmental activities	41,273	45,821	54,003	58,948	62,915	64,368	59,202	57,752
Business-type activities:								
Investment earnings	18	10	80	266	314	348	280	123
Gain on sale of capital assets	-	-	-	53	15	12	24	89
Miscellaneous	-	21	28	-	-	-	-	-
Transfers	582	145	(775)	(962)	8	(10)	425	-
Total business-type activities	600	176	(667)	(643)	337	350	729	212
Total primary government	\$ 41,873	\$ 45,997	\$ 53,336	\$ 58,305	\$ 63,252	\$ 64,718	\$ 59,931	\$ 57,964
Change in Net Assets								
Governmental activities	\$ 3,571	\$ 4,689	\$ 9,078	\$ 16,519	\$ 17,562	\$ 17,630	\$ 8,301	\$ 5,466
Business-type activities	520	1,134	2,825	3,379	2,782	2,318	2,431	2,563
Total primary government	\$ 4,091	\$ 5,823	\$ 11,903	\$ 19,898	\$ 20,344	\$ 19,948	\$ 10,732	\$ 8,029

(4) The variations on property tax, business tax and miscellaneous collections reflects a change in the chart of accounts and definitions of accounts mandated by State of Georgia.

schedule 3
fund balances, governmental funds-last ten years (in thousands of dollars)
(modified accrual basis of accounting)

	<u>2001(1)</u>	<u>2002(1)</u>	<u>2003(1)</u>	<u>2004</u>	<u>2005</u>	<u>2006(1)</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 12,285	\$ 7,997	\$ 2,240	\$ 1,300	\$ 1,916	\$ 1,710	\$ 668	\$ 865	\$ 714	\$ 620
Unreserved	20,007	20,550	26,774	29,123	28,995	33,383	40,251	40,843	35,224	31,858
Total general fund	<u>\$ 32,292</u>	<u>\$ 28,547</u>	<u>\$ 29,014</u>	<u>\$ 30,423</u>	<u>\$ 30,911</u>	<u>\$ 35,093</u>	<u>\$ 40,919</u>	<u>\$ 41,708</u>	<u>\$ 35,938</u>	<u>\$ 32,478</u>
All Other Governmental Funds										
Reserved	\$ 13,969	\$ 14,088	\$ 26,806	\$ 26,244	\$ 23,652	\$ 14,472	\$ 14,769	\$ 13,399	\$ 12,377	\$ 15,400
Unreserved, reported in:										
Special revenue funds	3,910	3,072	(2,402)	(1,310)	(3,416)	(1,136)	3,836	3,365	4,289	1,307
Capital projects funds (2)	2,083	625	-	-	2,306	14,773	16,297	18,494	20,602	19,219
Debt service funds (2)	8,019	6,119	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 27,981</u>	<u>\$ 23,904</u>	<u>\$ 24,404</u>	<u>\$ 24,934</u>	<u>\$ 22,542</u>	<u>\$ 28,109</u>	<u>\$ 34,902</u>	<u>\$ 35,258</u>	<u>\$ 37,268</u>	<u>\$ 35,926</u>

Note: The negative balances reported in the Special revenue funds for 2003, 2004, and 2005 reflect a special situation in which the City of Roswell contributed land as grant match. Approval of this match was not approved until 2006. Monies for this specific grant were distributed to the City in fiscal year 2006 after grant match was approved.

(1) Monies for capital projects were reflected in the General Fund reserves for 2001 through 2003. As of fiscal year 2004 a capital projects fund was established. In addition the difference in fund balance reserve from fiscal year 2005 to fiscal year 2006 in all other governmental funds is a result of increased expenditures in capital project related areas.

(2) Beginning in fiscal year 2003 the changes in the capital projects and debt service funds is a result of a policy revision that changed what should be categorized as reserved and unreserved.

schedule 4

**changes in fund balances, governmental funds - last ten years (in thousands of dollars)
(modified accrual basis of accounting)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes (see Schedule 5)	\$ 36,598	\$ 37,823	\$ 39,517	\$ 44,626	\$ 50,440	\$ 55,474	\$ 58,320	\$ 59,821	\$ 57,198	\$ 57,967
Licenses and permits (2)	2,388	2,301	2,122	2,539	1,661	1,813	2,117	2,428	1,295	1,187
Fines and forfeitures	2,160	1,995	1,861	1,618	2,050	3,066	4,218	4,811	3,476	3,392
Charges for services (3)	4,094	4,228	4,629	1,849	2,239	2,495	3,850	3,549	3,683	4,115
Intergovernmental	2,596	4,953	2,869	3,478	3,245	4,475	1,943	2,589	3,058	1,801
Investment earnings (4)	3,901	1,665	795	581	1,012	2,020	3,696	3,321	1,707	569
Other revenues (5)	463	2,379	1,682	2,120	1,336	1,041	1,094	554	119	73
Total revenues	52,200	55,344	53,475	56,811	61,983	70,384	75,238	77,073	70,536	69,104
Expenditures										
General government	5,604	6,153	5,827	4,983	3,974	4,090	4,663	5,124	6,356	6,565
Judicial (7)	900	2,544	1,156	1,138	1,274	1,289	1,326	1,460	1,532	1,501
Financial services	1,555	1,973	1,799	1,852	3,263	3,333	3,565	3,587	2,425	2,323
Planning & zoning	1,113	1,621	4,520	3,140	3,223	3,317	3,469	3,786	3,749	3,660
Public Safety	13,637	15,724	14,974	16,202	17,240	18,405	20,054	22,171	23,205	24,108
Public works	13,477	10,182	8,307	6,547	6,377	6,525	6,779	7,203	7,531	9,862
Culture and recreation	14,148	12,051	9,804	7,974	8,497	9,102	9,578	11,070	10,639	10,522
Capital outlay (6)	17,948	5,464	4,395	7,275	11,737	10,334	7,121	11,227	12,774	9,303
Debt service										
Principal	2,875	4,475	4,070	4,545	4,935	4,757	4,205	8,140	4,705	4,755
Interest	3,582	3,852	3,225	2,579	2,505	2,358	2,247	2,329	1,484	1,432
Total expenditures	74,839	64,039	58,077	56,235	63,025	63,510	63,007	76,097	74,400	74,031
Excess of revenues over (under) expenditures	(22,639)	(8,695)	(4,602)	576	(1,042)	6,874	12,231	976	(3,864)	(4,927)
Other Financing Sources (Uses)										
Refunding bonds issued	-	-	10,790	-	-	-	-	15,975	-	-
Premium on Bonds issued	-	-	77	-	-	-	-	997	-	-
Payment to escrow agent	-	-	(11,079)	-	-	-	-	(16,920)	-	-
Proceeds from capital leases	-	-	-	-	-	417	175	-	94	-
Sale of Assets	-	-	-	-	6	1,496	221	107	11,090	30
Transfers in	782	497	627	6,304	9,550	9,448	7,853	10,516	(11,080)	8,539
Transfers out	-	-	(1,209)	(7,600)	(8,775)	(8,486)	(7,861)	(10,506)	-	(8,539)
Total other financing sources (uses)	782	497	(794)	(1,296)	781	2,875	388	169	104	30
Net change in fund balances	\$ (23,421)	\$ (9,192)	\$ (5,396)	\$ (720)	\$ (261)	\$ 9,749	\$ 12,619	\$ 1,145	\$ (3,760)	\$ (4,897)
Debt service as a percentage of noncapital expenditures	11.35%	14.22%	13.59%	14.55%	14.51%	13.38%	11.54%	12.51%	9.84%	9.56%

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

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

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

(4) The differences in interest earnings from fiscal year 2001 through to fiscal year 2005 began with the event on September 11, 2001. Uncertainties lead to declines in interest rates. Interest rates increased during fiscal year 2005, 2006, and 2007. In addition, more funds were invested for longer time periods thereby increasing the rate of

(5) The variation in other revenue from fiscal year 2001 to fiscal year 2002 is the sale of city land and received donated monies from the Trust for Public Land.

(6) The variances between fiscal year 2001 to fiscal year fiscal year 2002 in the capital outlay is due to increased expenditures for park lands.

(7) The increase in expenditures for fiscal year 2002 in Judicial was an expenditure for a building to house the City's court facilities.

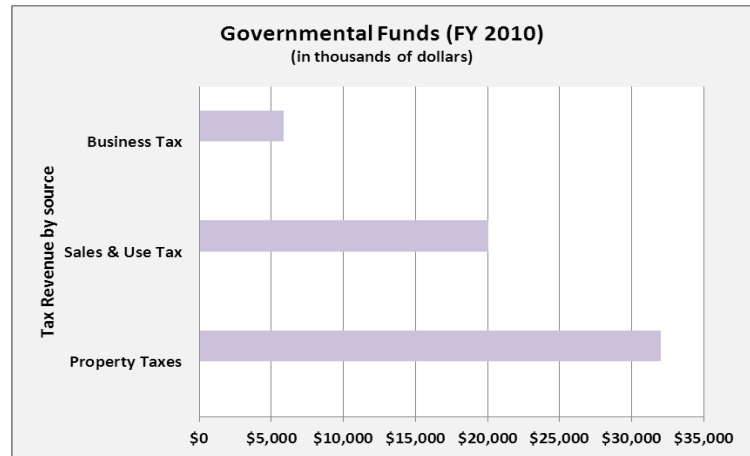
schedule 5

**tax revenues by source, governmental funds, last ten fiscal years (in thousands of dollars)
(modified accrual basis of accounting)**

Fiscal Year	Property Taxes	Sales & use Taxes	Business Tax	Total
2001	14,399	12,942	9,257	36,598
2002	15,532	12,028	10,263	37,823
2003	16,804	13,611	9,102	39,517
2004 (1)	18,357	16,584	9,685	44,626
2005 (1)	26,184	18,780	5,476	50,440
2006	28,434	20,117	6,923	55,474
2007	29,931	23,238	5,151	58,320
2008	30,971	23,543	5,307	59,821
2009 (2)	25,599	18,706	12,893	57,198
2010	32,031	20,086	5,850	57,967

(1) The variations between property taxes from fiscal year 2004 to 2005 and the business taxes for the same fiscal years reflect a change in the chart of accounts and definitions of accounts as mandated by State of Georgia.

(2) Taxes have been classified differently in 2009 to more accurately reflect the tax source, thus resulting in variances compared to prior years.



schedule 6

**Assessed Value and Estimated Actual Value of Taxable Property - last ten fiscal years
(in thousands of dollars)**

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 Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2001	1,695,792	31,852	1,099,433	111,180	2,715,897	5.81	6,789,743	40%
2002	1,926,601	30,786	1,216,756	118,560	3,055,583	5.43	7,638,958	40%
2003	2,135,161	30,471	1,285,798	124,776	3,326,654	5.43	8,316,635	40%
2004	2,343,765	32,191	1,356,140	126,129	3,605,967	5.17	9,014,918	40%
2005	2,488,316	36,622	1,346,710	127,014	3,744,634	6.09	9,361,585	40%
2006	2,573,445	45,290	1,340,669	123,357	3,836,047	6.09	9,590,118	40%
2007	2,771,967	51,896	1,435,251	131,024	4,128,090	6.09	10,320,225	40%
2008	3,105,857	53,966	1,541,096 ⁽⁴⁾	140,597 ⁽³⁾	4,614,288	6.09	11,535,720	40%
2009	3,226,197	49,179	1,824,638 ⁽⁴⁾	249,837 ⁽³⁾	4,850,177	5.46	12,125,443	40%
2010	3,209,102	44,830	1,863,224	253,501	4,863,655	5.46	12,159,138	40%

(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 included commercial, industrial and non profit real property, and motor vehicles.

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

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

Source: Fulton County certified tax digest

schedule 7
direct and overlapping property tax rates - last ten fiscal years
(rate per \$1,000 of assessed value)

Fiscal Year	Tax Year	City of Roswell Millage Rates					Overlapping Rates (1)							Direct & Overlapping Rate
		General Millage	(Less) Local Option Sales Tax	Total M&O	Debt Service Millage Rate	Total City of Roswell Millage Rate	Fulton County			School District			State	
							Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage		
2001	2000	8.215	(4.550)	3.665	2.144	5.809	13.310	0.380	13.690	19.350	0.800	20.150	0.250	43.610
2002	2001	7.708	(4.282)	3.426	2.006	5.432	13.040	0.300	13.340	18.260	0.760	19.020	0.250	41.480
2003	2002	7.144	(3.718)	3.426	2.006	5.432	12.527	0.280	12.807	18.460	0.310	18.770	0.250	41.480
2004	2003	6.876	(3.617)	3.259	1.908	5.167	12.052	0.270	12.322	17.758	0.298	18.056	0.250	39.160
2005	2004	8.442	(4.233)	4.209	1.878	6.087	11.581	0.066	11.647	17.315	0.291	17.606	0.250	43.120
2006	2005	8.606	(4.397)	4.209	1.878	6.087	11.581	0.064	11.645	17.825	0.282	18.107	0.250	47.202
2007	2006	8.497	(4.288)	4.209	1.878	6.087	11.407	0.063	11.470	17.825	0.282	18.107	0.250	46.852
2008	2007	8.173	(4.262)	3.911	1.746	5.657	10.281	0.000	10.281	16.904	1.189	18.093	0.250	43.123
2009	2008	7.978	(3.919)	4.059	1.396	5.455	10.281	0.000	10.281	16.403	1.099	17.502	0.250	42.420
2010	2009	7.679	(3.620)	4.059	1.396	5.455	10.281	0.000	10.281	17.502	0.000	17.502	0.250	43.519

Source: Georgia Department of Revenue, Property Tax Division

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

⁽¹⁾ Overlapping rates are those local and county governments that apply to property owners within the City of Roswell.

schedule 8
principal property tax payers - current year and nine years ago
(in thousands of dollars)

Taxpayer	FY 2010			FY 2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northmeadow Investors, LLC	\$ 31,518	1	0.63%			
Orion Roswell Associates	22,854	2	0.46%			
Kimberly-Clark Corp	20,577	3	0.41%	\$ 28,849	1	1.16%
A Colonial Three Hundred	19,673	4	0.40%			
WLI IV Roswell LLC	17,228	5	0.35%			
Sanctuary Park Realty Holdionsg	16,700	6	0.34%			
AMIREIT	16,303	7	0.33%	6,400	6	0.26%
Jefferson at Champions Pkwy	13,466	8	0.27%			
EQR Bond Partnership	11,788	9	0.24%			
BHR Landing LLC	11,363	10	0.23%			
Weeks Realty				26,251	2	1.05%
Phoenix Realty Special Acct				9,816	3	0.39%
Tahoe North (Park Bridge)				8,885	4	0.36%
Prudential Ins Company of America				7,349	5	0.29%
Harry's Farmers Market				3,024	7	0.12%
Aetna Life Insurance Company				2,534	8	0.10%
Walmart/Sam's Club/K-Mart Place				2,048	9	0.08%
Mimms Enterprises				968	10	0.04%
Total	\$ 181,470		3.65%	\$ 96,124		3.85%

Source: Financial Services Division within the Finance Department

schedule 9
property tax levies and collections - last ten fiscal years
(in thousands of dollars)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 14,311	\$ 13,788	96.35%	\$ 506	\$ 14,294	99.88%
2002	14,973	14,761	98.58%	202	14,963	99.93%
2003	15,757	15,452	98.06%	290	15,742	99.90%
2004	16,329	15,751	96.46%	527	16,278	99.69%
2005	20,196	19,337	95.75%	786	20,123	99.64%
2006	21,146	20,776	98.25%	310	21,086	99.72%
2007	22,557	22,119	98.06%	334	22,453	99.54%
2008	23,372	22,892	97.95%	314	23,206	99.29%
2009	24,278	23,279	95.89%	902	24,181	99.60%
2010	24,449	23,737	97.09%	-	23,737	97.09%

Sources: Financial Services Division within the Finance Department

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 the taxable amount. When the appeal is settled, the City then sends a bill for the increased amount.

schedule 10
ratios of outstanding debt by type - last ten fiscal years
(in thousands of dollars)

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds	Claims Payable	Capital Lease	Revenue Bonds			
2001	\$ 68,460	\$ 1,479	\$ -	\$ 295	\$ 70,234	2.39%	\$ 881
2002	66,350	1,479	-	150	67,979	2.33%	857
2003	62,380	448	-	-	62,828	1.99%	749
2004	57,835	444	-	-	58,279	0.01%	685
2005	53,315	444	-	-	53,759	1.66%	626
2006	48,580	444	395	-	49,419	1.53%	575
2007	44,570	444	375	-	45,389	1.28%	513
2008	36,625	444	180	-	37,249	1.13%	428
2009	32,100	444	-	-	32,544	0.97%	385
2010	27,345	968	-	-	28,313	0.81%	323

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.

schedule 11

**ratios of general bonded debt outstanding - last ten fiscal years
(in thousands of dollars)**

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2001	\$ 68,460	\$ 8,019	\$ 60,441	0.89%	\$ 758
2002	66,350	8,019	58,331	0.76%	735
2003	62,380	6,119	56,261	0.68%	670
2004	57,835	5,136	52,699	0.58%	620
2005	53,315	5,074	48,241	0.52%	561
2006	48,580	7,237	41,343	0.43%	481
2007	44,570	9,097	35,473	0.34%	401
2008	36,625	6,996	29,629	0.26%	339
2009	32,100	7,845	24,255	0.20%	287
2010	27,345	8,290	19,055	0.16%	217

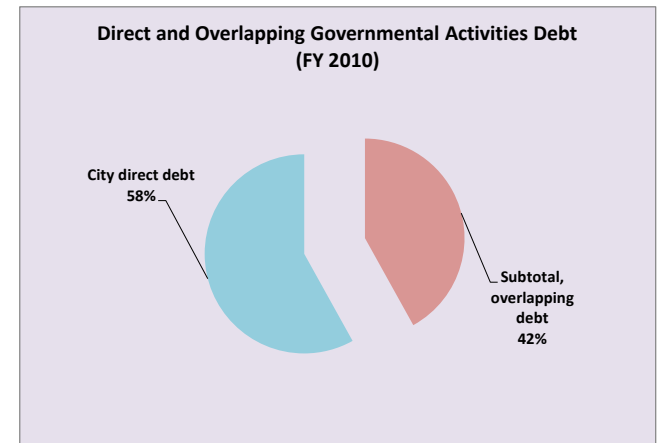
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(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.

schedule 12
direct and overlapping governmental activities debt
(in thousands of dollars)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Fulton County Board of Education	\$ 149,760	8.10%	\$ 12,131
Fulton-DeKalb Hospital Authority	125,818	6.05%	7,612
Subtotal, overlapping debt			19,743
City direct debt			27,345
Total direct and overlapping debt			\$ 47,088



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

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

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

schedule 13

**legal debt margin information - last ten years
(amount expressed in thousands)**

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed value	\$ 4,863,655
Add back tax exempt property	253,501
Total assessed value	5,117,156
Debt limit (10% of assessed value)	511,716
Debt applicable to limit:	
General obligation bonds	27,345
Less: Amount set aside for repayment of general obligation debt	(8,290)
Total net debt applicable to limit	19,055
Legal debt margin	<u>\$ 492,661</u>

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 282,708	\$ 317,414	\$ 345,143	\$ 373,210	\$ 387,165	\$ 395,940	\$ 425,911	\$475,489	\$ 518,848	\$ 511,716
Total net debt applicable to limit	60,441	58,331	56,261	52,699	48,241	41,343	35,473	29,629	24,255	19,055
Legal debt margin	222,267	259,083	288,882	320,511	338,924	354,597	390,438	445,860	494,593	492,661
Total net debt applicable to the limit as a percentage of debt limit	21.38%	18.38%	16.30%	14.12%	12.46%	10.44%	8.33%	6.23%	4.90%	3.72%

The State of Georgia limits debt to 10% of assessed property value.

schedule 14
demographic and economic statistics - last ten calendar years

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Income	Median Age	School Enrollment (1)	Unemployment Rate
2001	79,747	\$ 2,938,278	\$ 36,845	36.47	69,847	1.90
2002	79,316	2,922,398	36,845	35.20	71,245	2.60
2003	83,911	3,160,676	37,667	35.20	73,138	2.50
2004	85,044	3,203,352	37,667	35.20	75,672	2.40
2005	85,920	3,236,349	37,667	35.20	81,022	4.00
2006	87,802	3,236,349	37,667	35.55	83,772	3.50
2007	88,465	3,547,977	40,106	37.20	23,309 (2)	3.40
2008	87,312	3,283,804	37,610	35.20	23,309	4.60
2009	84,595	3,358,841	38,318	36.60	13,294	7.61
2010	87,719	3,490,778	39,795	37.00	13,336	8.70

Sources: U.S. Census Bureau for the population, personal income, median age, per capita income, and unemployment rate. Statistics for 2009 are for the City of Roswell except for the unemployment rate which for the state of Georgia.

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

schedule 15

principal employers - current year and nine years ago

Employer	FY2010		
	Employees	Rank	Percentage of Total City of Roswell Employment
Kimberly-Clark Corporation	1,453	1	2.42%
North Fulton Regional Hospital	1,016	2	1.69%
Verizon Wireless	975	3	1.62%
City of Roswell	900	4	1.50%
Prommis Solutions, LLC	649	5	1.08%
Target Store	509	6	0.85%
Witness Systems, Inc	411	7	0.68%
Wal-Mart Supercenter	371	8	0.62%
Publix Super Markets, Inc.	276	9	0.46%
The Home Depot	272	10	0.45%
United Parcel Service			
General Mills, Inc	-		-
Herman Miller	-		-
The Kroger Company	-		-
Vanstar Corporation	-		-
Kaplan Higher Education	-		-
St. Francis Day School	-		-
Total	6,832		11.37%

Employer	FY2001		
	Employees	Rank	Percentage of Total City of Roswell Employment
Kimberly-Clark Corporation	2,267	1	6.36%
North Fulton Regional Hospital	369	5	1.03%
Verizon Wireless			
City of Roswell	560	4	1.57%
Prommis Solutions, LLC			
Target Store	595	3	1.67%
Witness Systems, Inc			
Wal-Mart Supercenter	264	7	0.74%
Publix Super Markets, Inc.	220	8	0.62%
The Home Depot	309	6	0.87%
United Parcel Service	800	2	2.24%
General Mills, Inc			
Herman Miller			
The Kroger Company			
Vanstar Corporation			
Kaplan Higher Education	159	9	0.45%
St. Francis Day School	150	10	0.42%
Total	5,693		15.96%

Source: City of Roswell Economic & Community Development Department

schedule 16

full-time-equivalent city government employees by function/program - last ten fiscal years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	51	55								
City Administrator	-	-	3	3	3	3	3	3	2	3
City Hall	-	-	6	6	6	6	6	8	8	8
Community Information	-	-	4	4	4	4	4	4	3	4
Court Services	-	-	18	18	18	18	18	20	20	20
General Administration	-	-	9	8	8	8	8	8	6	6
Governing Body	-	-	3	3	3	3	3	3	2	2
Human Resources	-	-	5	5	5	5	5	5	4	3
Legal	-	-	3	3	3	3	3	3	3	3
Risk Management	-	-	-	-	1	1	1	1	2	-
Strat. Planning and Budgeting	-	-	2	3	3	3	3	3	3	3
IT (formerly MIS)	-	-	0	0	0	0	0	0	8	8
Finance	24	28								
Accounting	-	-	9	8	8	8	9	8	8	5
Finance - Administration	-	-	3	3	3	3	2	2	2	2
Accounts Payable	-	-	-	-	-	-	-	-	-	3
Purchasing	-	-	5	5	5	5	5	4	4	4
IT (formerly MIS)	-	-	3	5	5	6	8	8	-	-
Tax Administration	-	-	4	4	4	4	4	4	5	5
Utility Billing	-	-	3	3	4	4	4	6	5	5
Police	159	160								
Criminal Investigations	-	-	21	21	21	21	18	19	21	21
Jail/Detention	-	-	27	27	27	27	28	31	33	34
Patrol	-	-	74	76	81	81	80	84	90	86
Police-Admin Services	-	-	14	14	16	16	2	2	2	2
Police - Bldg Maintenance	-	-	1	1	1	1	-	-	-	-
Police - Support Services	-	-	7	7	7	7	23	25	23	24
Special Operations	-	-	12	12	10	10	11	8	10	13
Traffic Control	-	-	16	16	13	13	13	12	9	10
E-911	17	18	18	19	19	19	19	19	18	19
COPS Grant	10	10								
Fire	13	14								
Administration	-	-	-	-	-	-	2	2	2	2
Fire	-	-	3	4	4	4	3	4	4	6
Fire Training	-	-	1	1	1	1	1	1	1	1
Fire Marshal	-	-	10	10	10	10	9	9	9	9
Cultural & recreation	93	95								
Municipal Complex	-	-	2	2	2	2	2	2	2	2
Administration	-	-	-	-	-	-	2	2	2	2
Support Services	-	-	46	45	45	45	43	43	43	22
Parks	-	-	47	47	47	49	49	54	54	51
Barrington Hall	-	-	-	-	-	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
Historic & Cultural Affairs	-	-	1	1	1	1	1	1	1	1

(Continued on next page)

schedule 16 (continued)

full-time-equivalent city government employees by function/program - last ten fiscal years

Function/Program	Full-time-Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Environmental	22	18								
Administration	-	-	-	-	-	-	2	2	2	2.15
Environmental	-	-	6	4	4	5	3	3	3	3
Water Resources	-	-	-	-	-	3	3.5	4.5	4.5	1.5
Garage	-	-	7	7	7	7	7	7	7	7
Stormwater Mgmt	-	-	3	3	2	5	4	4	4	6.75
Grant	-	1	-	-	-	-	-	-	-	-
Community Development	40	45								
Administration	-	-	-	-	-	-	3	3	3	3
Building Inspections	-	-	6	6	5	5	5	5	4	-
Code Enforcement	-	-	5	5	4	4	5	5	6	-
Support Services	-	-	11	11	11	11	7	7	6	2
Economic Development	-	-	1	2	1	1	2	2	2	4
Engineering	-	-	12	12	10	10	10	9	6	-
GIS	-	-	-	-	3	3	3	3	3	3
Licensing	-	-	1	1	2	2	2	2	2	1
Planning & Zoning	-	-	10	11	11	11	11	11	9	13
Transportation	68	73								
Transportation	-	-	10	16	9	10	7	7	11	8
Trans/PW Facility	-	-	-	1	7	8	8	0	0	-
Administration	-	-	-	-	-	-	3	3	3	3
Street Maintenance	-	-	43	35	34	31	31	31	31	31
Traffic Engineering	-	-	20	20	19	15	15	22	16	20
Water	17	17								
Administration	-	-	1	2	1	1	1.9	1.9	0.9	1.3
Distribution	-	-	10	10	10	10	9.25	9.25	9	10
Water Plant	-	-	6	6	6	6	5.75	5.75	6	7
Solid Waste	61	71								
Administration	-	-	4	5	5	5	4.85	4.85	4.85	4.5
Public Education	-	-	1	1	1	1	0.75	0.75	0.75	0.55
Residential Collection	-	-	41	41	39	39	33	34	35	34
Commercial Collection	-	-	8	8	8	8	8	8	7	8
Yard Trimmings Collection	-	-	13	13	12	12	-	-	-	-
Recycling Center	-	-	6	6	6	6	6	5	6	6.25
Total	577	607	609	614	609	615	598	613	606	555

Source: City Budget Office

The full time equivalent information for fiscal years 2001 through 2002 were kept by department. Full time equivalent for 2003 through 2010 were kept by program within each department. Future presentation will be by program within each department.

schedule 17

operating indicators by function/program - last ten fiscal years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Calls for service	76,317	80,086	90,087	87,945	91,717	99,692	108,947	106,948	93,651	108,864
Traffic stops	28,682	28,376	32,686	26,348	26,399	33,433	36,896	34,139	33,320	43,457
Part 1 Crimes Index Rate	33.4	30.2	32.1	31.2	28.6	31.7	26.6	31.6	31.9	26.2
Fire										
Fire Calls	1,761	1,649	1,461	1,917	1,905	1,914	2,142	2,030	1,965	2,103
Fires extinguished	329	275	357	257	258	310	288	242	191	197
EMS Calls	3,628	3,868	3,862	3,420	3,656	4,384	4,082	4,102	4,100	4,364
Community development										
Building permits issued (1)	1,303	1,066	1,299	5,834	4,484	4,491	4,694	4,155	3,423	3,912
Refuse collection										
Household garbage collected-tons per year	17,067	18,066	18,545	18,461	18,519	18,256	22,045	21,803	21,164	18,872
Curbside recycling collected-tons per year	3,721	3,945	4,639	5,121	5,602	5,931	5,913	6,404	6,398	8,251
Yard waste collected-tons per year	8,625	7,421	7,845	8,085	9,825	8,074	7,225	7,997	8,024	7,386
Recycling from recycle center-tons per year	3,712	3,582	3,975	5,401	3,617	3,228	3,617	3,022	2,639	2,438
Parks and recreation										
Registered participants	176,119	188,002	191,613	183,677	186,263	187,200	191,244	189,104	196,716	191,448
Park acres maintained	800	800	800	800	850	890	907	890	917	917
Participant Visits	665,813	641,454	722,543	740,847	725,909	668,517	697,189	691,501	712,321	719,012
Spectator Visits	410,648	393,853	463,469	503,514	456,151	412,921	430,914	362,627	408,360	409,840
Facility Visits	791,167	835,092	817,982	772,840	755,521	836,736	848,103	916,733	906,812	952,368
Water										
Water production in MGD	425.32	378.13	412.91	419.78	387.31	350.32	416.92	417	328	373
Sanitation										
Number of residential customers	21,813	21,120	21,120	22,885	22,885	23,221	23,840	24,309	23,807	25,080
Number of commercial customers	787	1,107	1,107	1,115	1,115	1,216	1,285	1,115	1,203	1,201

Sources: Various city departments. The operating indicators that reflect "N/A" represent information that was not tracked during this time.

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

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

schedule 18
capital asset statistics by function/program - last ten fiscal years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government (1)										
Vehicles (2)	6	6	31	31	31	31	53	53	54	54
Buildings	15	15	30	30	30	30	30	30	30	30
Police										
Vehicles (3)	101	112	112	138	138	138	150	150	157	157
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	6	7	7	7	7	7	7	7	7	7
Fire hydrants	4200	4285	4285	4443	4443	4443	4452	4452	4452	4452
Parks and recreation										
Acreage	848	868	868	890	890	890	901	901	901	917
Parks and playgrounds	16	17	17	19	19	19	19	19	19	19
Athletic fields	36	38	38	42	43	43	43	43	43	44
Recreational buildings	8	8	8	9	9	9	9	9	9	9
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	34	34	34	34	34	34	34	34	34	34
Transportation										
Paved roads in miles	360	342	342	360	360	360	373	373	373	373
Traffic signals	130	139	139	145	144	145	145	145	145	145
Water										
Water mains (miles) (4)	151	200	200	200	200	200	201	201	201	201
Water plant	1	1	1	1	1	1	1	1	1	1

Sources: City of Roswell capital asset inventory system.

(1) Variations in capital assets from fiscal year 2002 to fiscal year 2003 in general government vehicles and buildings is the result of an inventory performed in accordance with GASB Statement 34 by an independent vendor.

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

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

(4) The variations in the miles of water mains from fiscal year 2002 to fiscal year 2003 is the result of an inventory performed in accordance with GASB Statement 34 by an independent vendor.

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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.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass- Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures	ARRA Expenditures	Total
<u>US Department of HUD</u>					
Pass-through program from Fulton County					
Community Development Block Grant					
Waterline	14.218	CD08-ROSV146/Warsaw	\$ 86,608	\$ -	\$ 86,608
Waterline	14.218	CD09-ROSV149/Opal-Thomas	25,079	-	25,079
Oak Street Streetscape	14.218	1-CD05-ROS Oak Street	416,816	-	416,816
Swaybranch Road Waterline	14.253	09ENV022	-	58,955	58,955
Drainage Improvement Project	14.253	10GRA005	-	621	621
Total US Department of HUD					<u>588,079</u>
<u>US Department of the Interior</u>					
Direct program					
Preserve America Signage	15.904	13-06-PA-2009	38,979	-	38,979
Preserve America Trilogy	15.411	10GRA001	2,500	-	2,500
Total US Department of the Interior					<u>41,479</u>
<u>US Department of Justice</u>					
Pass through from Criminal Justice Coordinating Council					
Bulletproof Vest Partnership Program	16.607	04GRA010	4,200	-	4,200
Direct program					
2007 JAG	16.738	2007-DJ-BX-0758	2,666	-	2,666
Total US Department of Justice					<u>6,866</u>

Continued

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass- Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures	ARRA Expenditures	Total
<u>US Department of Transportation</u>					
Pass through from Georgia DOT					
Highway Planning and Construction	20.205	HPP-000O-00(252)	\$ 190,650	\$ -	\$ 190,650
Highway Planning and Construction	20.205	STP-0006-00(274)	323,166	-	323,166
Highway Planning and Construction	20.205	HPP-0005-00(409)	292,308	-	292,308
Direct program					
Sidewalk Project	20.205	CM000-00SW-00(004)	-	528,447	528,447
Total US Department of Transportation					<u>1,334,571</u>
<u>US Environmental Protection Agency</u>					
Direct program					
EPA SPAP Foe Killer Creek	66.202	XP97441102-4	20,250	-	20,250
Total US Environmental Protection Agency					<u>20,250</u>
<u>US Department of Energy</u>					
Direct program					
Energy Efficiency and Conservation Block Grant	81.128	DE-SC0003441	-	7,309	7,309
Total US Department of Energy					<u>7,309</u>
<u>US Department of Homeland Security</u>					
Direct program					
Assistance to Firefighters Grant	97.044	EMW-2008-FO-10828	2	-	2
Flood Disaster 2009	97.036	10FLD001	295,956	-	295,956
Total US Department of Homeland Security					<u>295,958</u>
Total Expenditures of Federal Awards					<u><u>\$ 2,294,512</u></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, 2010

(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.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roswell, Georgia (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2010-1, to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated February 21, 2011.

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

This report is intended solely for the information and use of the Mayor, members of the City Council of the City of Roswell, Georgia, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 21, 2011



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

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

Compliance

We have audited the City of Roswell, Georgia's (the "City's") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, Mayor and City Council of the City of Roswell, Georgia and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 21, 2011

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

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

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

Noncompliance material to financial statements noted? yes no

Federal Awards

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

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

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

Any audit findings disclosed that are required to
be reported in accordance with OMB Circular
A-133, Section 510(a)? yes no

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION I
SUMMARY OF AUDIT RESULTS (CONTINUED)

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Grant
14.218	Community Development Block Grant
14.253	Community Development Block Grant - ARRA

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

\$300,000

Auditee qualified as low-risk auditee?

_____ yes X no

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2010-1 Receivables and revenue recognition

Criteria: Internal controls should be in place to ensure that amounts recognized as revenues and related balance sheet accounts are appropriate and properly valued.

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 our testing, certain audit adjustments were required to correct current year amounts. The nature of these adjustments are as follows:

- Adjustments totaling approximately \$198,200 were required to record reimbursement receivables and related deferred revenues in the Federal Grants fund.
- An adjustment of approximately \$52,900 was required to record reimbursement receivables and related deferred revenues in the American Stimulus Recovery Grant fund.
- An adjustment of approximately \$92,000 was required to record E911 revenues which were not accrued in the E911 Fund.
- Accounts payable and sewer revenues required an adjustment of approximately \$43,000 to properly report balances for amounts improperly reported in accounts payable that should have been recognized as revenues as of June 30, 2010.

Effects: Audit adjustments totaling approximately \$386,100 were needed to correctly report revenues and related balance sheet accounts for the year ended June 30, 2010.

Recommendation: We recommend the City carefully review all revenues and related accruals and deferred revenues to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2010-1 Receivables and revenue recognition (Continued)

Auditee's Response: We concur with this finding. The City acknowledges that internal controls should be in place to ensure that the amounts reported as receivables and revenue are in accordance with generally accepted accounting principles. In this case, the internal controls were not sufficient to detect misstatements in the reporting of certain revenues and receivables related to City's grants, E911 revenues and sewer revenues.

The City offered early retirement for staff which produced time constraints during end of year preparation, interrupted the implemented workflow process and had an impact on the communication between remaining staff. This particular anomaly is not expected to occur in the near future and will therefore not have an impact on the short-term reporting periods.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None Reported.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

None Reported.

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