

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2013

Prepared By:
The City of Roswell Finance Department

INTRODUCTORY SECTION

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

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

CITY OF ROSWELL, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Page

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules:

| | |
|--|----|
| Combining Balance Sheet – Nonmajor Governmental Funds..... | 55 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 56 |
| Confiscated Assets – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 57 |
| Emergency 911 Telephone System – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 58 |
| Federal Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 59 |
| State Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 60 |
| County/Local Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 61 |
| American Stimulus Recovery Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 62 |
| CDBG Grants – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 63 |
| Soil Erosion – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 64 |
| Hotel/Motel Tax – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 65 |
| Leita Thompson – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 66 |
| 2000 Bond – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis | 67 |
| Impact Fees – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 68 |
| Capital Projects – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 69 |
| 2013 Bond – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 70 |
| Debt Service – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis..... | 71 |
| Water and Sewer – Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual – Budgetary Basis | 72 |
| Solid Waste – Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual – Budgetary Basis | 73 |
| Participant Recreation – Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual – Budgetary Basis | 74 |

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Page

FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules:

| | |
|--|----|
| Stormwater – Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual – Budgetary Basis | 75 |
| Combining Statement of Net Position – Internal Service Funds..... | 76 |
| Combining Statement of Changes in Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds..... | 77 |
| Combining Statement of Cash Flows – Internal Service Funds | 78 |

STATISTICAL SECTION

Financial Trends:

| | |
|--|-----------|
| Net Position by Component | 79 |
| Changes in Net Position..... | 80 and 81 |
| Fund Balances of Governmental Funds | 82 |
| Changes in Fund Balances of Governmental Funds | 83 |
| General Governmental Tax Revenues by Source | 84 |

Revenue Capacity:

| | |
|---|----|
| Assessed Value and Estimated Actual Value of Taxable Property | 85 |
| Property Tax Rates Direct and Overlapping Governments | 86 |
| Principal Property Taxpayers | 87 |
| Property Tax Levies and Collections | 88 |

Debt Capacity:

| | |
|---|----|
| Ratios of Outstanding Debt by Type | 89 |
| Ratios of Net General Bonded Debt Outstanding..... | 90 |
| Direct and Overlapping Governmental Activities Debt | 91 |
| Legal Debt Margin Information | 92 |

Demographic and Economic Information:

| | |
|---|----|
| Demographic and Economic Statistics | 93 |
| Principal Employers..... | 94 |

Operating Information:

| | |
|--|-------|
| Full-Time Equivalent City Government Employees by Function | 95-97 |
| Operating Indicators by Function..... | 98 |
| Capital Asset Statistics by Function | 99 |

CITY OF ROSWELL, GEORGIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

Page

SINGLE AUDIT SECTION

| | |
|---|-------------|
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 100 and 101 |
| Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133..... | 102-104 |
| Schedule of Expenditures of Federal Awards..... | 105 |
| Note to Schedule of Expenditures of Federal Awards | 106 |
| Schedule of Findings and Questioned Costs..... | 107-114 |
| Schedule of Prior Audit Findings | 115 |

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



December 23, 2013

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Roswell, Georgia (the "City") for the fiscal year ended June 30, 2013. 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. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

Georgia Code requires an annual audit by independent certified public accountants. The City selected the accounting firm Mauldin & Jenkins, LLC to complete the audit of the 2013 fiscal year, and the auditor's unmodified opinion has been included in this report.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Roswell for the fiscal year ended June 30, 2013, 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, 2013 are fairly presented and conform to accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Roswell receives federal financial assistance through various federal grant programs. An audit in accordance with the Single Audit Act, P.L. 98-502, and Office of Management and Budget (OMB) Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations" and "Government Auditing Standards," issued by the Comptroller General of the United States, has been performed for the fiscal year ended June 30, 2013. 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.

Profile of the government



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, the Downtown Development Authority, Historic Roswell Convention & Visitors Bureau, Inc., and Friends of Bulloch, Inc. is reported as discretely presented component units at June 30, 2013.

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

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

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

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

As proof of our family friendly atmosphere, Roswell has been ranked 3rd in the Frommer's publication, *Best Places to Raise Your Family; The Top 100 Affordable Communities in the U.S.* for 2006. The City of Roswell enhances its family focus with free annual events open to the public. They include the 4th of July Fireworks Extravaganza, Memorial Day Celebration, 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 92.6 percent having a high school education and 53.4 percent with a bachelor's degree or higher in 2012. Additionally, the city has superb access to higher education. In a 2005 study of institutions of higher learning in 50 U.S. metropolitan areas, the Atlanta-Sandy Springs-Marietta MSA, of which Roswell is a part, ranked seventh in total enrollment and in number of college graduates.

Consistently pointed as a well-run city, Roswell is the nation's 76th best place to live according to "MONEY Magazine's Best Places to Live 2010" list. In ranking cities for the top 100, MONEY Magazine used data on income, housing, education, quality of life, crime statistics, leisure and culture, the tax rate, and weather. The list focused on cities with populations between 50,000 and 300,000. No other Georgia city was on the list. According to the Congressional Quarterly's City Crime Rankings for 2010, Roswell's crime ranking is the lowest in the state and 92nd of all cities in the U.S. Rankings are based on index crimes reported in the FBI Uniform Crime Report. The City's Recreation and Parks

DID YOU KNOW:

Roswell is located 20 miles north of the City of Atlanta?

DID YOU KNOW:

Roswell has earned a "AAA" bond rating, the highest possible rating, consistently each year since 2000?



Department was once again named a finalist for the Gold Medal Award for system of over 50,000 residents by the National Recreation and Parks Association in 2011. The Georgia Planning Association (GPA) honored the City's planning efforts by naming Canton Street as the "2011 Great Places in Georgia – Great Street." Canton Street was described as "the hottest scene OTP" (OTP-outside the perimeter). The GPA award acknowledges that good planning has been crucial to preserving Canton Street and making it the vibrant "Great Street" it is today.

Recreational opportunities for active living abound in Roswell. Many neighbors say that Roswell's award-winning parks and recreational facilities are one of the reasons they moved here. The City's nationally accredited Recreation and Park's Department has received the Georgia Recreation and Parks Association Agency of the Year designation for nine years. They have also received the USA Track and Field Georgia Association Green Space Award and have been named "Community Wildlife Habitat" by the National Wildlife Federation in 2013.

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

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

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

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

City Organization

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

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

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

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. The City's legal level of budgetary control is the department level.

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 2013, 3,178 building permits were issued for residential and commercial uses valued at \$130,036,846. This is an increase in the valuation of projects by 25% from the prior fiscal year, and a decrease in the number of permits processed by -22%.

With the steady pace of Roswell's economy in recessionary times, it is no surprise that the City maintains high marks for its quality of life:

- 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.
- Meeting the challenges of a growing city, the Roswell Police Department touts a crime rate of only 2 person's crimes and 25 property crimes per 1,000 persons. Roswell residents and businesses are active in our community and support police efforts to maintain a safe environment. According to the Congressional Quarterly's City Crime Rankings for 2010, Roswell's crime ranking is the second lowest in the state and 26th of all cities in the US. Rankings are based on index crimes reported in the FBI Uniform Crime Report.
- Roswell's unemployment rate remains one of the lowest in Georgia for cities with a population of 25,000 or more. The city's 2012 annual unemployment rate was 6.6% according to the Georgia Department of Labor, Workforce Statistics & Economic Research.
- The City's Recreation and Parks Department was once again a National Gold Medal Finalist for Excellence in the Field of Park and Recreation Park Management in 2012.
- The Georgia Planning Association honored the City's planning efforts by naming Canton Street as the "2011 Great Places in Georgia – Great Street." Canton Street was described as "the hottest scene OTP" (OTP-outside the perimeter.) The GPA award acknowledges that good planning has been crucial to preserving Canton Street and making it the vibrant "Great Street" it is today.

Roswell is fortunate to have a stable list of large employers such as Verizon Wireless, Kimberly-Clark, Verizon, and General Motors IT Innovation Center.

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.

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

LOCAL ECONOMIC CONDITIONS AND OUTLOOK



DID YOU KNOW:

Companies such as Verint Americas, GM IT Innovation Center and Prommis Solutions are among a list of firms that chose to call Roswell home for their corporate offices?

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.

High-tech firms are attracted to the city's superior quality of life, making it easy to recruit and retain a well-educated workforce as the recent location of the GM IT Innovation Center illustrates. With over 200 hires this year, the center is expected to bring a total of 1,000 to Roswell. 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.

One hundred five businesses (and counting) are certified to take advantage of the State's most sought-after job tax credits in Roswell's Opportunity Zone. Businesses in the designated area, or zone, are eligible for the maximum state job tax credit of \$3,500 per employee for five years starting the year of the hire. Any legal business is eligible; there are no restrictions on the type of jobs created. 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. 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.

Long-term
Financial
Planning

Financial Planning

Prudent decision-making and good business actions have resulted in the City of Roswell's maintaining customer expectation for government services, sustaining a level of three (3) months of operating expenditures in the general fund, rolling back M&O property tax millage rates in 2005, and maintaining this roll-back through 2012. Communication is the key to success as it has proven with the City's finances. The City uses various methods to monitor the City's finances. The Budget Office focuses on maintaining the financial health and integrity of the City through the development of fiscally prudent budgets, forecasting models, and other planning efforts, along with an effort to promote the best management, planning and financial practices throughout the City's departments. The City government has earned a "AAA" bond rating, the highest possible rating, consistently each year since 2000.

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

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

The Budget Office's development of the FY 2013 budget took into consideration that constraints were greater than in prior years and necessitated difficult decisions. More input was critical at the beginning of the process to help establish priorities. The process focused on responding to the current economy while maintaining the City's assets. The City added monthly work sessions to keep the Mayor and Council informed and to solicit guidance regarding budget priorities. The City's Management Team participated in all phases of the budget and the preparation of the staff's working budget document. The departments were also asked to identify any services that could be streamlined.

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

Major Initiatives

Planning for the future has always been a priority for Roswell's elected officials and staff. The City takes great pride in making sound decisions for the community by exploring opportunities and getting our citizens' input before developing and implementing a final plan of action. These planning steps are essential when thinking of our



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

Major Initiatives

community's future and establishing the reward needed to ensure that projects develop to full potential and high-quality services are offered to our residents.

During Fiscal year 2013, the City of Roswell planned and implemented several major initiatives designed to meet the needs for services, improve the overall quality of life and adhere to the Mayor and Council's vision and mission for the City.

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

The City is implementing its first ever Strategic Economic Development Plan (SEDP) under a partnership with Roswell Inc., which provides economic development services to the City. The plan includes an economic and demographic profile, competitive assessment, organizational and structural analysis, community input, target cluster analysis, marketing assessment, economic development strategy, workforce development strategy, and implementation plan guidelines. Led by an Executive Committee, Roswell Inc. used the plan's guidelines to craft an action plan that is being implemented. The Roswell Downtown Development Authority was reactivated in January 2012, and is at work designing a public space to entice new development around City Hall. The City also added a business start-up incentive program to its economic development incentive program for larger companies.

The Grove Way community behind City Hall continues to experience exciting changes in which the City Community Development Department has been involved. A new luxury apartment complex with concierge-level amenities will replace the outdated and obsolete Frasier Street Apartments. Demolition of the existing units is underway. Also in Groveway, property is currently being developed into cottage and townhouse units.

A major Department initiative receiving community attention is the Unified development Code. City staff and consultants have worked for over 18 months to craft a code that consolidates all of the City's land use and development regulations in once place. The project also will modernize Roswell's zoning and provide more predictability to the development process.

The rewrite implements 2030 Comprehensive Plan recommendations calling for revitalizing areas in decline, providing additional housing options, and reconciling conflicting rules to attract quality projects. Planning and zoning ordinance issues needed addressing to help make the City's vision a reality. The Unified Development Code (UDC) speaks to contemporary development and zoning practices consistently in a way that is easily understood by administrators, developers, and community members.

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

Roswell's proposed UDC provides the specific design standards that shape development throughout the city, such as permitted land uses and maximum height. The design guidelines will build on UDC standards to address the design

quality of new development and changes in the historic district. Considerations will include building massing, materials, public amenities, historic rehabilitation and storm water management.

Financial Policies

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

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

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Roswell for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. 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.

FINANCIAL INFORMATION



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-four 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 2013 by the National Purchasing Institute and received their 9th 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 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. This award is valid for a period of one year only. This award has been received by the City for past ten (10) 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 the accounting staff for their dedication in preparing the financial records to be reviewed by the auditors. They have my sincere appreciation for the contributions made in the preparation of this report. Without their able assistance, the job would have been much more difficult. Appreciation is also expressed to the Mayor and Council for their cooperation and all City department heads for their positive attitudes toward budgetary responsibility. Finally, I would like to thank Kay Love, City Administrator, for her leadership and support in steering the financial affairs of the City of Roswell in a responsible manner.

Sincerely,



Keith Lee
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Roswell
Georgia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

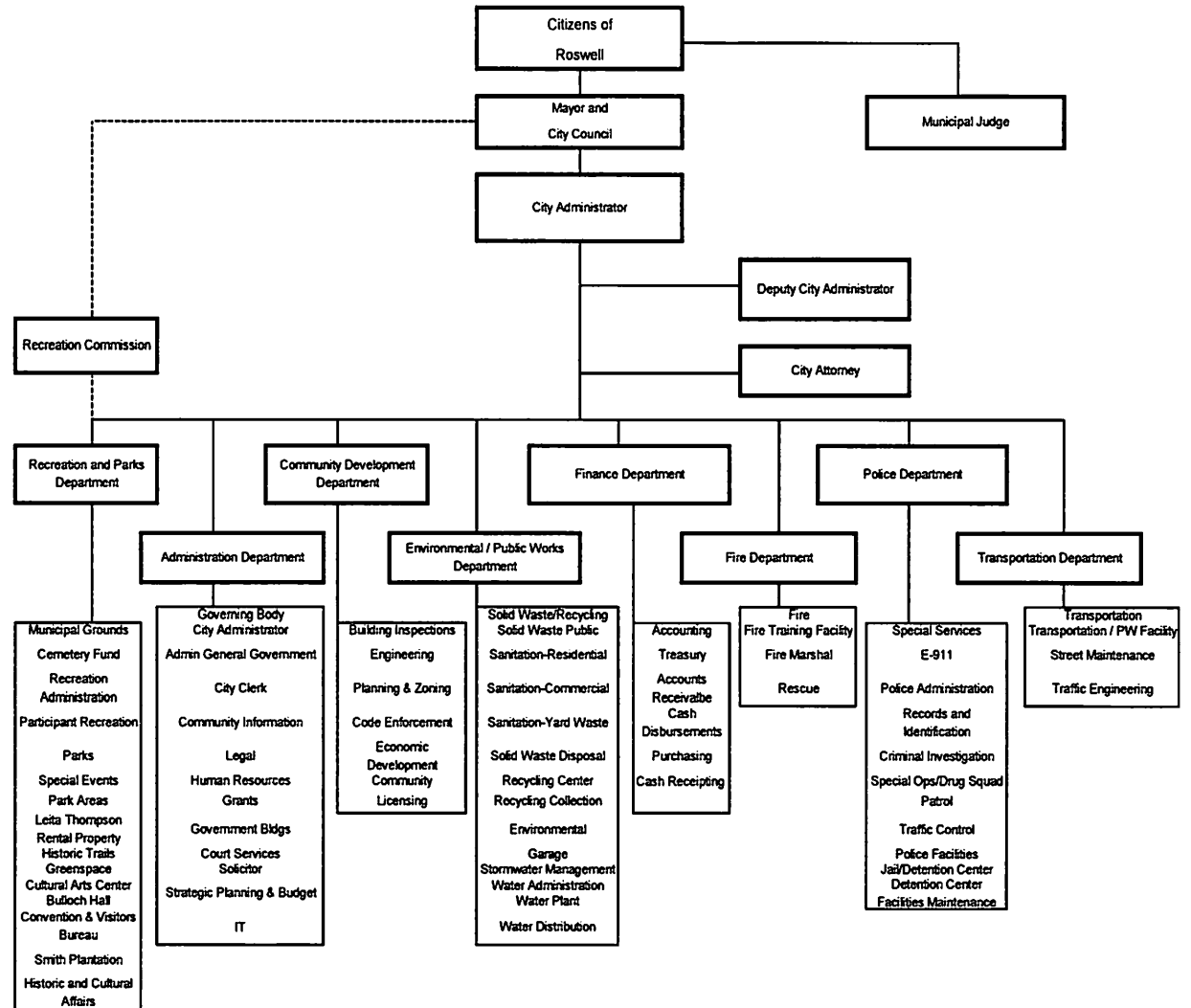
CITY OF ROSWELL, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2013

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

Organizational chart



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Roswell, Georgia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 15, the City of Roswell, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, as well as Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roswell, Georgia's basic financial statements. The combining and individual fund statements and schedules, and the 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 introductory and statistical sections are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the City of Roswell, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Roswell, Georgia's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Management's Discussion and Analysis

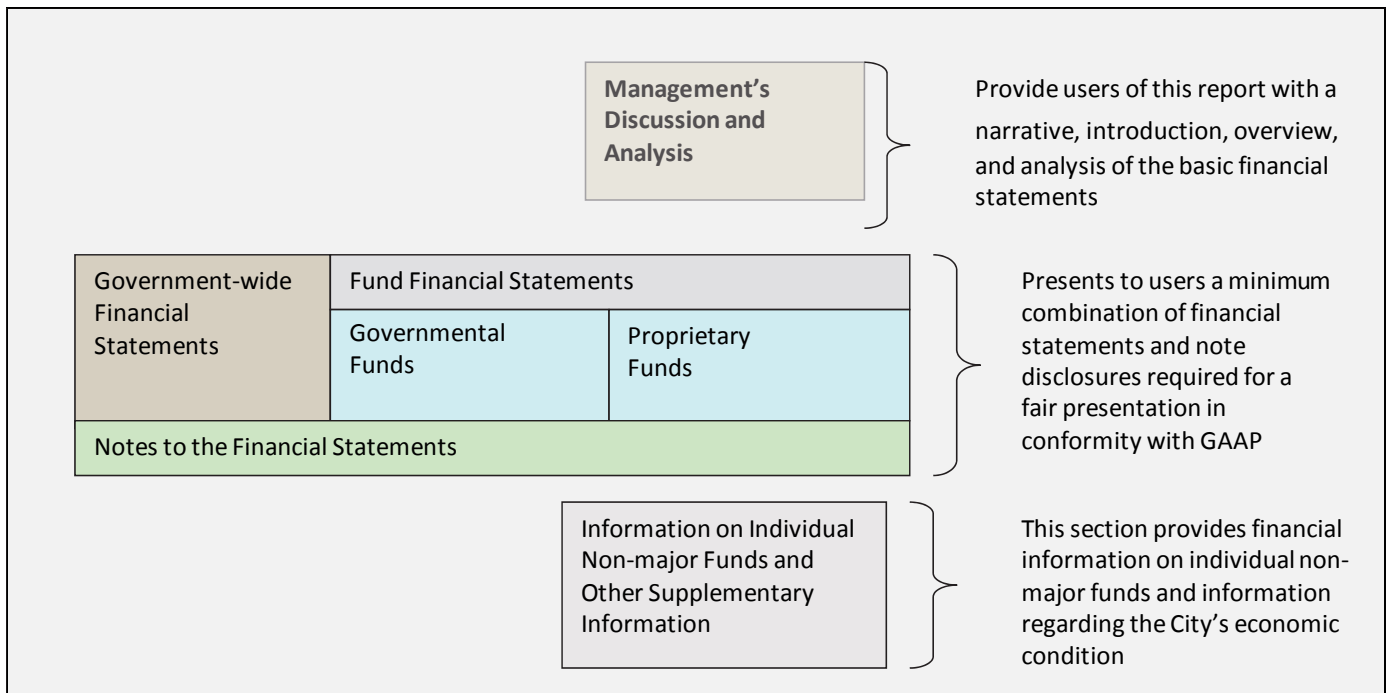
As management of Roswell, Georgia, we offer readers of Roswell's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. This discussion is intended to:

- 1) assist the reader in understanding significant financial issues;
- 2) provide an overview of the City's financial activities;
- 3) identify changes in the City's financial position;
- 4) identify material deviations from the original budget; and
- 5) identify individual fund issues or concerns.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Overview of the Financial Statements

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



Management's Discussion and Analysis document is intended to serve as an introduction to the City of Roswell's basic financial statements. The basic financial statements include:

- 1) government-wide financial statements;
- 2) fund financial statements; and
- 3) notes to the basic financial statements.

Government-wide Financial Statements

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

the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

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

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

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

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

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

Fund Financial Statements

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

The City has two kinds of funds:

- **Governmental funds** – The majority of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following the fund financial statements. The City maintains five major and 12 non-major governmental funds. The City's major governmental funds are:
 - General,
 - Impact Fees,

- Capital Projects,
- Debt Service,
- 2013 Bond Fund.

The City's non-major governmental funds are:

- Confiscated Assets,
- Emergency 911,
- Federal Grants,
- State Grants
- County and Local Grants
- American Stimulus Recovery Grants,
- CDBG Grants
- Soil Erosion,
- Hotel/Motel Tax,
- Leita Thompson,
- 2000 Bond,
- Scholarship.

The basic governmental fund financial statements are presented on pages 18-21 of this report.

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

- Water and Sewer,
- Solid Waste,
- Storm Water and
- Participant Recreation.

- **Internal service funds** – These funds are used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis. The City has four of the fund types: Workman's Compensation, Risk Management, Group Health, and Fleet Services.

The proprietary fund financial statements are presented on pages 22-24 of this report.

Notes to the Basic Financial Statements

The financial statement includes notes that explain some of the information in the financial statements and provides information that is more detailed. The notes are essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Budgetary Presentations

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

Supplementary Financial Information

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

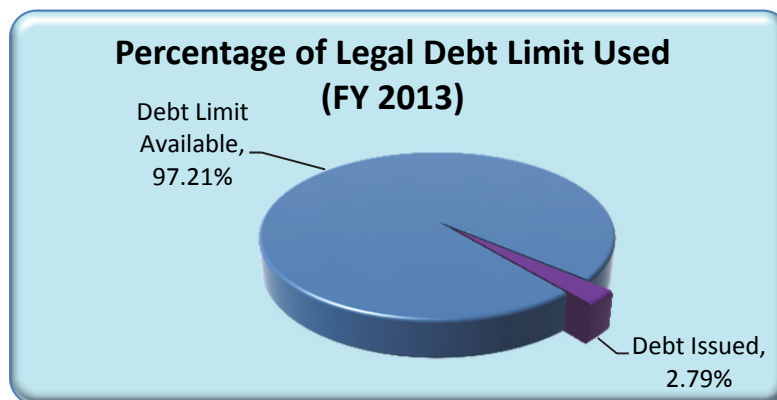
Within this section of the City of Roswell, Georgia's (the City) annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. The City's financial performance is discussed and 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, 2013 by \$256,038,364 (net position) for the fiscal year reported. Of this amount, \$63,385,023 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- Total net position are comprised of the following:
 - 1) Net investment in capital assets of \$171,657,484 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - 2) Net position of \$20,995,857 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 position decreased from \$64,352,675 in fiscal year 2012 to \$63,385,023.

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

The City's total long-term bonds increased by \$3,948,269 during the current fiscal year. The increase in the net long-term debt was caused by the issuance of General Obligation bonds in the 2013 fiscal year.



Financial Analysis of the City as a Whole

The financial highlights are explained in more detail in the "financial analysis" section of this document. The City's net position at fiscal year-end 2013 increased 2.71% from \$249,275,713 at June 30, 2012 to \$256,038,364 at June 30, 2013 (See Table 1).

CITY OF ROSWELL'S SUMMARY OF NET POSITION (Table I)
(in thousands of dollars)

| | Governmental Activities | | Busines-type Activities | | Total | | Percentage of Total | |
|----------------------------------|-------------------------|-------------------|-------------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Assets: | | | | | | | | |
| Current and other assets | \$ 75,439 | \$ 69,583 | \$ 20,632 | \$ 19,843 | \$ 96,071 | \$ 89,426 | 33.94% | 32.79% |
| Capital assets | 168,448 | 166,467 | 18,567 | 16,790 | 187,015 | 183,257 | 66.06% | 67.21% |
| Total assets | 243,887 | 236,050 | 39,199 | 36,633 | 283,086 | 272,683 | 100.00% | 100.00% |
| Liabilities: | | | | | | | | |
| Current liabilities | 7,701 | 13,524 | 3,854 | 3,231 | 11,555 | 16,755 | 42.37% | 71.58% |
| Long-term liabilities | 14,269 | 5,046 | 1,448 | 1,607 | 15,717 | 6,653 | 57.63% | 28.42% |
| Total liabilities | 21,970 | 18,570 | 5,302 | 4,838 | 27,272 | 23,408 | 100.00% | 100.00% |
| Net position: | | | | | | | | |
| Net investment in capital assets | 154,588 | 156,690 | 17,069 | 15,146 | 171,657 | 171,836 | 67.04% | 68.93% |
| Restricted | 20,996 | 11,443 | - | 1,644 | 20,996 | 13,087 | 8.20% | 5.25% |
| Unrestricted | 46,557 | 49,347 | 16,828 | 15,005 | 63,385 | 64,352 | 24.76% | 25.82% |
| Total net position | \$ 222,141 | \$ 217,480 | \$ 33,897 | \$ 31,795 | \$ 256,038 | \$ 249,275 | 100.00% | 100.00% |

The largest portion of the City's net position (67.00%) at June 30, 2013, reflects its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are not planned to be used to liquidate these liabilities.

An additional portion of the City's net position (8.20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$63,385,000 or 24.80%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

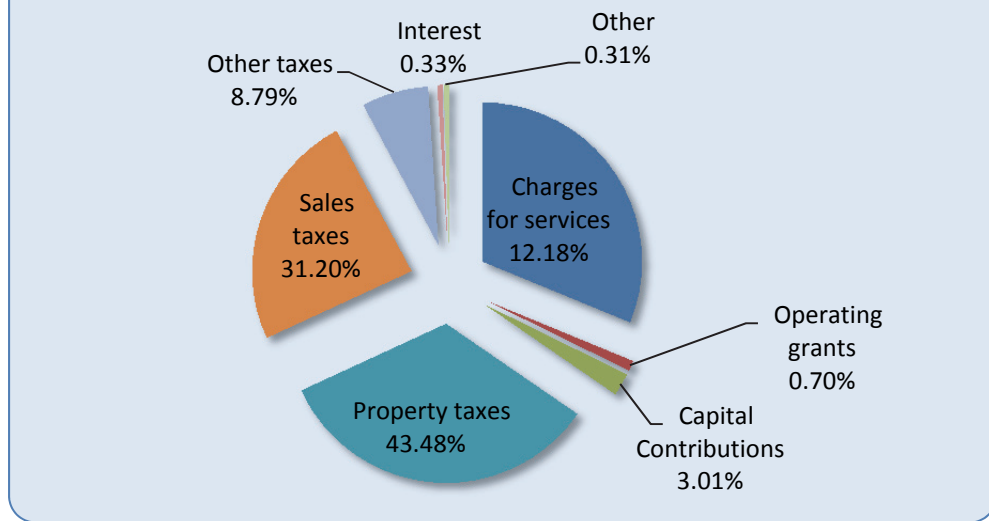
CITY OF ROSWELL'S CHANGES IN NET POSITION

Summary of Changes in Net Position (Table 2)

(in thousands of dollars)

| | Governmental Activities | | Busines-type Activities | | Total | | Percentage of Total | |
|----------------------------|-------------------------|-------------------|-------------------------|------------------|-------------------|-------------------|---------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | | | |
| Program | | | | | | | | |
| Charges for services | \$ 8,513 | \$ 9,542 | \$ 19,800 | \$ 19,748 | \$ 28,313 | \$ 29,290 | 31.56% | 31.83% |
| Operating grants | 491 | 983 | - | - | 491 | 983 | 0.55% | 1.07% |
| Capital contributions | 2,101 | 2,883 | - | - | 2,101 | 2,883 | 2.34% | 3.13% |
| General: | | | | | | | | |
| Property taxes | 30,398 | 30,227 | - | - | 30,398 | 30,227 | 33.88% | 32.85% |
| Sales taxes | 21,816 | 21,863 | - | - | 21,816 | 21,863 | 24.32% | 23.76% |
| Other taxes | 6,148 | 5,816 | - | - | 6,148 | 5,816 | 6.85% | 6.32% |
| Interest | 229 | 411 | 5 | 70 | 234 | 481 | 0.26% | 0.52% |
| Other | 217 | 326 | - | 144 | 217 | 470 | 0.24% | 0.51% |
| Total revenues | 69,913 | 72,051 | 19,805 | 19,962 | 89,718 | 92,013 | 100.00% | 100.00% |
| Program expenses: | | | | | | | | |
| General government | 8,455 | 8,237 | - | - | 8,455 | 8,237 | 10.20% | 9.66% |
| Judicial | 1,371 | 1,374 | - | - | 1,371 | 1,374 | 1.65% | 1.61% |
| Financial services | 2,159 | 2,216 | - | - | 2,159 | 2,216 | 2.60% | 2.60% |
| Planning and zoning | 2,844 | 2,541 | - | - | 2,844 | 2,541 | 3.43% | 2.98% |
| Public safety | 24,622 | 26,037 | - | - | 24,622 | 26,037 | 29.70% | 30.54% |
| Public works | 12,356 | 13,437 | - | - | 12,356 | 13,437 | 14.90% | 15.76% |
| Culture and recreation | 12,258 | 12,102 | - | - | 12,258 | 12,102 | 14.78% | 14.20% |
| Interest | 574 | 823 | - | - | 574 | 823 | 0.69% | 0.97% |
| Water and sewer | - | - | 2,861 | 3,330 | 2,861 | 3,330 | 3.45% | 3.91% |
| Solid waste | - | - | 8,928 | 8,888 | 8,928 | 8,888 | 10.77% | 10.43% |
| Stormwater | - | - | 1,522 | 1,418 | 1,522 | 1,418 | 1.84% | 1.66% |
| Participant rec | - | - | 4,964 | 4,844 | 4,964 | 4,844 | 5.99% | 5.68% |
| Total expenses | 64,639 | 66,767 | 18,275 | 18,480 | 82,914 | 85,247 | 100.00% | 100.00% |
| Excess (deficiency) | 5,274 | 5,284 | 1,530 | 1,482 | 6,804 | 6,766 | | |
| Transfers | (571) | (418) | 571 | 418 | - | - | | |
| Change in net position | 4,703 | 4,866 | 2,101 | 1,900 | 6,804 | 6,766 | | |
| Beginning net position | 217,437 | 212,571 | 31,795 | 29,895 | 249,232 | 242,466 | | |
| Ending net position | \$ 222,140 | \$ 217,437 | \$ 33,896 | \$ 31,795 | \$ 256,036 | \$ 249,232 | | |

Governmental Revenues Fiscal Year 2013



GOVERNMENTAL REVENUES

The City's governmental activities are heavily reliant on property taxes and sales taxes to support governmental operations. Property taxes provided 43.48% and sales taxes provided 31.20% of the City's total governmental revenues. Also, note that program revenues cover 17.18% of governmental expenses. This means that the government's taxpayers and the City's other general revenues fund 82.82% 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 38.09% of the total governmental expenses. Revenues collected from a variety of sources offset public safety expenses, with the largest being fines and forfeitures. The second largest City cost for government is public works, totaling over \$12,356 million or 19.12% of governmental expenses.

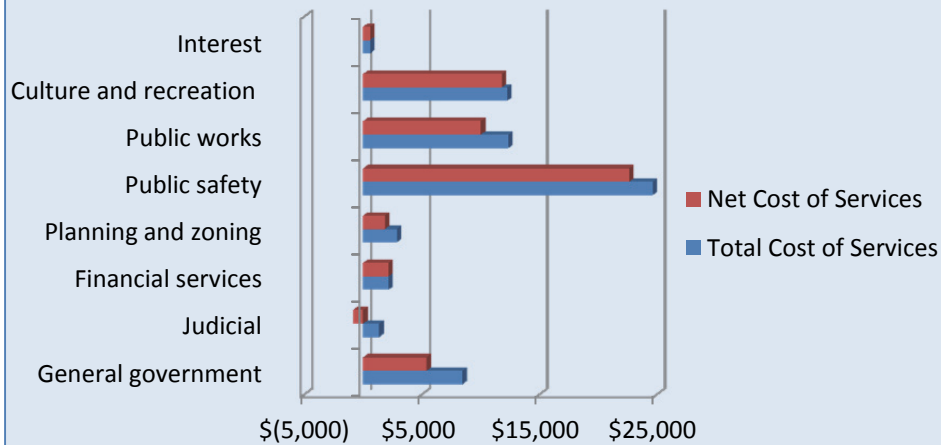
- The cost of all governmental activities this fiscal year was \$64,639,000 compared to \$66,767,000 in FY 2012.
- The revenue amount that paid for most of these activities came from general revenues of the City such as property taxes, sales tax and business taxes (\$58,362,000).
- Some of the costs were paid by those who benefited directly from the programs (\$8,513,000) and subsidies from other governments and organizations through grants and/or contributions (\$2,592,000).

CITY OF ROSWELL GOVERNMENTAL ACTIVITIES (TABLE 3)

(IN THOUSANDS OF DOLLARS)

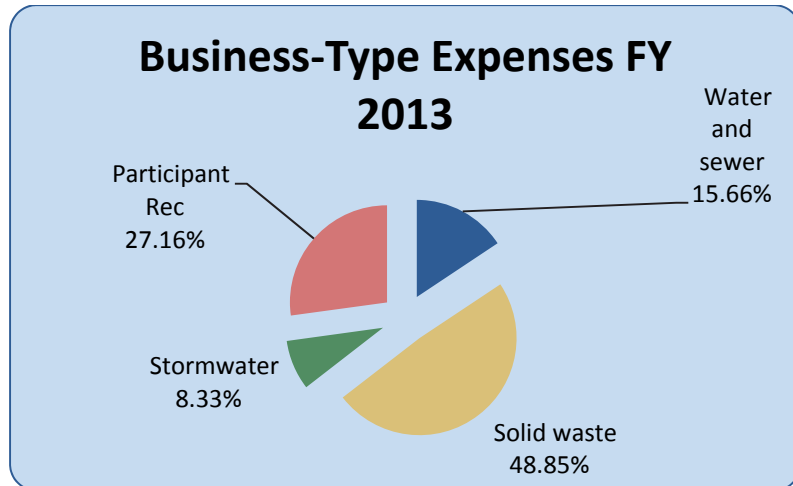
| | Total Cost of Services | | Percentage of Total | | Net Cost of Services | | Percentage of Total | |
|-------------------------------|---------------------------|------------------|---------------------|----------------|----------------------|------------------|---------------------|----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| | <i>General government</i> | \$ 8,455 | \$ 8,237 | 13.08% | 12.34% | \$ 5,389 | \$ 4,535 | 10.07% |
| <i>Judicial</i> | 1,371 | 1,374 | 2.12% | 2.06% | (875) | (1,564) | -1.63% | -2.93% |
| <i>Financial services</i> | 2,158 | 2,216 | 3.34% | 3.32% | 2,159 | 2,216 | 4.03% | 4.15% |
| <i>Planning and zoning</i> | 2,844 | 2,541 | 4.40% | 3.81% | 1,840 | 1,779 | 3.44% | 3.33% |
| <i>Public safety</i> | 24,622 | 26,037 | 38.09% | 39.00% | 22,634 | 23,146 | 42.28% | 43.38% |
| <i>Public works</i> | 12,356 | 13,437 | 19.12% | 20.13% | 10,014 | 10,644 | 18.71% | 19.95% |
| <i>Culture and recreation</i> | 12,258 | 12,102 | 18.96% | 18.13% | 11,798 | 11,780 | 22.04% | 22.08% |
| <i>Interest</i> | 574 | 823 | 0.89% | 1.85% | 574 | 823 | 1.07% | 2.66% |
| Total | \$ 64,638 | \$ 66,767 | 100.00% | 100.00% | \$ 53,533 | \$ 53,359 | 100.00% | 100.00% |

Governmental Expenditures FY 2013



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

The cost of all Proprietary (Business Type) activities this fiscal year was \$18,275,000 as shown in Table 2 (Summary of Changes in Net Position), the amounts paid by the users of the systems were \$19,800,000 and additionally the business-type activities earned \$5,000 from idle cash. Within the total business-type activities of the City, these activities reported an increase in net position of \$2,101,000.



Financial Analysis of the City's Funds

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

Governmental Funds

Governmental funds reported ending fund balances of \$61,316,000. Of this year-end total, \$2,989,000 is unassigned indicating availability for continuing City service requirements. The City has adopted a 25 percent stabilization policy to retain in reserve an equivalent of 25% of the next years budgeting general fund expenditures less the budgeted general fund capital expenditures. Therefore, \$13,864,000 is committed in accordance with the fund balance reserve policy.

Major Governmental Funds

The General Fund is the City's primary operating funds and the largest source of day-to-day service delivery. At the end of the current fiscal year, fund balance of the general fund was \$21,268,000. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 6.80% of total general fund expenditures.

Total General Fund revenues were \$58,837,000, or a 0.92% decrease from fiscal year 2012. Sales tax revenues decreased in fiscal year 2012 by \$47,000. Revenue budget projections did not require adjustments during the fiscal year.

The Impact Fees Fund's ending fund balance reflects an increase of \$259,000 from prior year while the Debt Service Fund's ending fund balance reflects decrease of \$374,000. The major reason for a increase in the Impact Fee Fund's ending fund balance is increased development activity. The major decrease in the Debt Service Fund is due to the budgeted use of fund balance for principal and interest.

The Capital Projects Fund reflects an ending fund balance increase of \$ 2,205,000 or 21.83% 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.

The 2013 Bond Fund is a new fund that reflects an ending fund balance of \$9,087,000. This increase in fund balance is primarily due to the proceeds from the issuance of new bonds.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Operating revenues were 0.26% over those in fiscal year 2012.

The Water and Sewer Fund's operating revenues are 2.35% above those in fiscal year 2012 and operating expenses were 9.16% less than prior year. The decrease in expenses is \$522,000 and is related to fewer maintenance costs as a result of the new plant design.

The Solid Waste Fund's operating revenues are 11.88% less than those in fiscal year 2012 and operating expenses were 0.16% lower than the prior year.

The Participant Recreation Fund's operating revenues were 1.01% higher when compared to the same time in fiscal year 2012. Operating expenses were 2.14% more than prior year.

The Storm Water Fund's operating revenues were 5.24% higher when compared to the same time in fiscal year 2012. Operating expenses were 6.4% more than prior year. The increase in expenses was related to full-time personnel and continued capital improvements.

Budgetary Highlights

The General Fund – The General Fund's final approved revenue budget for fiscal year 2013 was \$57,257,522. The original approved revenue budget was \$57,257,522. The City collected \$579,798 above the approved revenue budget. The increase in collection compared to budget projection can be attributed to property tax collection.

The General Funds' final approved expenditure budget for FY 2013 was \$54,401,691. The original approved expenditure budget was \$53,271,265. The City expended 94.19% of the Amended Budget amount. The General Fund actual expenditures were \$3,159,435 less than budgeted. The difference in actual expenditures vs. budgeted is mainly a result of vacant positions.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of accumulated depreciation and related debt, for governmental and business-type activities as of June 30, 2013, was \$154,588,000 and \$17,069,000 respectively. The major changes to capital for FY13 were:

- Capital additions associated with governmental activities infrastructure (road improvements, sidewalks, etc.) were \$1,206,000. Primary capital related expenditures in this category went for road improvements.
- Capital additions associated with the purchase of vehicles were \$2,099,000 in governmental activities.
- Construction in progress added \$2,954,000 in additions. Some of the major projects in CIP were:
 - Oak Street Streetscape
 - Stormwater Utility
 - Sidewalks and trails
 - Parks and recreation additions
- Machinery & Equipment added \$220,000 in additions.

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|------------|--------------------------|-----------|------------|------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Non-depreciable assets: | | | | | | |
| Land | \$ 41,899 | \$ 41,696 | \$ - | \$ - | \$ 41,899 | \$ 41,696 |
| Construction in Progress | 16,191 | 13,237 | 2,510 | 2,547 | 18,701 | 15,784 |
| Total non-depreciable assets | 58,090 | 54,933 | 2,510 | 2,547 | 60,600 | 57,480 |
| Depreciable assets: | | | | | | |
| Land improvements | 25,732 | 24,482 | - | - | 25,732 | 24,482 |
| Buildings and plant | 72,530 | 71,403 | 2,540 | 2,540 | 75,070 | 73,943 |
| Machinery and equipment | 12,088 | 11,868 | 2,206 | 2,067 | 14,294 | 13,935 |
| Vehicles | 16,450 | 14,351 | 4,708 | 4,073 | 21,158 | 18,424 |
| Infrastructure | 116,505 | 115,299 | 14,299 | 12,386 | 130,804 | 127,685 |
| Total depreciable assets | 243,305 | 237,403 | 23,753 | 21,066 | 267,058 | 258,469 |
| Less accumulated depreciation: | 132,944 | 125,868 | 7,696 | 6,822 | 140,640 | 132,690 |
| Net book value-depreciated assets | 110,361 | 111,535 | 16,057 | 14,244 | 126,418 | 125,779 |
| Percentage depreciated | 54.64% | 53.02% | 32.40% | 32.38% | 51.34% | 50.83% |
| Total Capital Assets | \$ 168,451 | \$ 166,468 | \$ 18,567 | \$ 16,791 | \$ 187,018 | \$ 183,259 |

At June 30, 2013, the depreciable capital assets for governmental activities were 54.64% depreciated. Note that the business-type activities are 32.40% depreciated.

Long-term Debt

At the end of the fiscal year, the City had total bonded debt outstanding of \$13,765,000, 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, 2013 and 2012
(in thousands of dollars)

| | Governmental Activities | | Business-type Activities | | Totals | |
|--------------------------|-------------------------|-----------|--------------------------|----------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General obligation bonds | \$ 13,765 | \$ 9,930 | \$ - | \$ - | \$ 13,765 | \$ 9,930 |
| Plus Premium | 320 | 207 | - | - | 320 | 207 |
| Less: Deferred Charges | | (360) | - | - | - | (360) |
| Claims payable | 469 | 589 | - | - | 469 | 589 |
| Compensated absences | 1,684 | 1,831 | 279 | 279 | 1,963 | 2,110 |
| Notes Payable | - | - | 1,644 | 1,499 | 1,644 | 1,499 |
| Total | \$ 16,238 | \$ 12,197 | \$ 1,923 | \$ 1,778 | \$ 18,161 | \$ 13,975 |

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

Economic Conditions Affecting the City

The City's elected and appointed officials considered many factors when adopting the fiscal year 2014 budget, tax rates and fees that will be charged for the business-type activities. One of those factors is the economy. The City has supported the activities of "The Roswell Business Alliance". This endeavor is an expansion of the Historic Roswell's Convention and Visitors Bureau program of work to promote economic development for the area and promote public interest in the general improvement of business concerns and public perception in the area. The Bureau, through its Business Alliance Program, is to investigate, develop and make recommendations for improvement to economic development in the area.

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

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

Contacting the City's Financial Management

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

CITY OF ROSWELL, GEORGIA

**STATEMENT OF NET POSITION
JUNE 30, 2013**

| | Primary Government | | |
|--|-------------------------|--------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 13,749,946 | \$ 4,335,068 | \$ 18,085,014 |
| Investments | 55,048,377 | 13,738,734 | 68,787,111 |
| Receivables (net of allowance for uncollectibles) | 1,532,953 | 3,222,525 | 4,755,478 |
| Taxes receivable | 2,344,994 | - | 2,344,994 |
| Intergovernmental receivables | 1,005,338 | - | 1,005,338 |
| Internal balances | 679,128 | (679,128) | - |
| Inventories | 65,556 | - | 65,556 |
| Prepaid items | 1,012,682 | 13,924 | 1,026,606 |
| Capital assets, nondepreciable | 58,089,153 | 2,510,416 | 60,599,569 |
| Capital assets, depreciable, net of accumulated depreciation | 110,359,352 | 16,057,743 | 126,417,095 |
| Total assets | 243,887,479 | 39,199,282 | 283,086,761 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charges on refunding | 225,040 | - | 225,040 |
| Total deferred outflows of resources | 225,040 | - | 225,040 |
| LIABILITIES | | | |
| Accounts payable | 3,676,599 | 2,138,698 | 5,815,297 |
| Accrued liabilities | 1,871,409 | 190,746 | 2,062,155 |
| Retainage payable | 132,639 | - | 132,639 |
| Customer deposits payable | - | 763,260 | 763,260 |
| Unearned revenue | 51,388 | 432,674 | 484,062 |
| Noncurrent liabilities due within one year | | | |
| Compensated absences payable | 1,024,420 | 178,470 | 1,202,890 |
| Note payable | - | 150,520 | 150,520 |
| Bonds payable | 945,000 | - | 945,000 |
| Noncurrent liabilities due in more than one year | | | |
| Compensated absences payable | 660,012 | 99,665 | 759,677 |
| Note payable | - | 1,348,479 | 1,348,479 |
| Claims payable | 469,237 | - | 469,237 |
| Bonds payable | 13,140,221 | - | 13,140,221 |
| Total liabilities | 21,970,925 | 5,302,512 | 27,273,437 |
| NET POSITION | | | |
| Net investment in capital assets | 154,588,324 | 17,069,160 | 171,657,484 |
| Restricted for: | | | |
| Debt service | 1,099,997 | - | 1,099,997 |
| Environmental | 38,604 | - | 38,604 |
| Culture and recreation | 2,605,062 | - | 2,605,062 |
| Transportation | 2,499,094 | - | 2,499,094 |
| Public safety | 4,039,008 | - | 4,039,008 |
| Capital projects | 10,613,164 | - | 10,613,164 |
| Cemetery maintenance | 65,785 | - | 65,785 |
| Scholarship - nonexpendable | 25,000 | - | 25,000 |
| Scholarship - expendable | 10,143 | - | 10,143 |
| Unrestricted | 46,557,413 | 16,827,610 | 63,385,023 |
| Total net position | \$ 222,141,594 | \$ 33,896,770 | \$ 256,038,364 |

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

| Component Units | | | |
|-----------------------------|--|--------------------------|--------------------------------------|
| Friends of Bulloch, Inc. | Historic Roswell Convention & Visitors Bureau, Inc. | Development Authority | Downtown Development Authority |
| \$ 71,621 | \$ 514,921 | \$ 13,513 | \$ 94,583 |
| 9,574 | - | - | - |
| - | 9,000 | - | - |
| - | - | - | - |
| - | - | - | - |
| 13,573 | - | - | - |
| 3,232 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | 25,484 | - | - |
| 98,000 | 549,405 | 13,513 | 94,583 |
| - | - | - | - |
| - | - | - | - |
| 3,814 | - | - | - |
| 1,007 | 19,080 | - | - |
| - | - | - | - |
| - | - | - | - |
| 53,919 | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 58,740 | 19,080 | - | - |
| - | 25,484 | - | - |
| - | - | - | - |
| - | 504,841 | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 39,260 | - | 13,513 | 94,583 |
| \$ 39,260 | \$ 530,325 | \$ 13,513 | \$ 94,583 |

CITY OF ROSWELL, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| Functions/Programs | Program Revenues | | | |
|---|-------------------------|-----------------------------|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 8,454,743 | \$ 2,988,375 | \$ 77,085 | \$ - |
| Judicial | 1,370,782 | 2,245,883 | - | - |
| Financial services | 2,158,827 | - | - | - |
| Public safety | 24,621,935 | 1,843,542 | 144,370 | - |
| Public works | 12,355,509 | 569,868 | 49,403 | 1,722,129 |
| Planning and zoning | 2,843,945 | 765,727 | 202,562 | 36,000 |
| Culture and recreation | 12,258,359 | 99,498 | 17,550 | 343,052 |
| Interest on long-term debt | 573,878 | - | - | - |
| Total governmental activities | 64,637,978 | 8,512,893 | 490,970 | 2,101,181 |
| Business-type activities: | | | | |
| Water and sewer | 2,860,585 | 3,217,965 | - | - |
| Solid waste | 8,928,493 | 8,857,239 | - | - |
| Participant recreation | 4,964,208 | 4,672,406 | - | - |
| Stormwater | 1,521,776 | 3,052,032 | - | - |
| Total business-type activities | 18,275,062 | 19,799,642 | - | - |
| Total primary government | \$ 82,913,040 | \$ 28,312,535 | \$ 490,970 | \$ 2,101,181 |
| Component units: | | | | |
| Friends of Bulloch, Inc. | \$ 160,310 | \$ 147,115 | \$ 7,216 | \$ - |
| Historic Roswell Convention & Visitors Bureau | 810,171 | 193,412 | 410,000 | - |
| Development Authority | 5,280 | - | - | - |
| Downtown Development Authority | 53,995 | - | 148,543 | - |
| Total component units | \$ 970,481 | \$ 340,527 | \$ 417,216 | \$ - |
| General revenues: | | | | |
| Property taxes | | | | |
| Sales and use taxes | | | | |
| Hotel/motel taxes | | | | |
| Business taxes | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position, beginning of year, restated | | | | |
| Net position, end of year | | | | |

The accompanying notes are an integral part of these financial statements

| Net (Expense) Revenue and Changes in Net Position | | | | | | |
|---|--------------------------|-----------------------|--------------------------|---|-----------------------|--------------------------------|
| Primary Government | | | Component Units | | | |
| Governmental Activities | Business-type Activities | Total | Friends of Bulloch, Inc. | Historic Roswell Convention & Visitors Bureau, Inc. | Development Authority | Downtown Development Authority |
| \$ (5,389,283) | \$ - | \$ (5,389,283) | \$ - | \$ - | \$ - | \$ - |
| 875,101 | - | 875,101 | - | - | - | - |
| (2,158,827) | - | (2,158,827) | - | - | - | - |
| (22,634,023) | - | (22,634,023) | - | - | - | - |
| (10,014,109) | - | (10,014,109) | - | - | - | - |
| (1,839,656) | - | (1,839,656) | - | - | - | - |
| (11,798,259) | - | (11,798,259) | - | - | - | - |
| (573,878) | - | (573,878) | - | - | - | - |
| <u>(53,532,934)</u> | <u>-</u> | <u>(53,532,934)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | 357,380 | 357,380 | - | - | - | - |
| - | (71,254) | (71,254) | - | - | - | - |
| - | (291,802) | (291,802) | - | - | - | - |
| - | 1,530,256 | 1,530,256 | - | - | - | - |
| - | <u>1,524,580</u> | <u>1,524,580</u> | - | - | - | - |
| <u>(53,532,934)</u> | <u>1,524,580</u> | <u>(52,008,354)</u> | - | - | - | - |
| - | - | - | (5,979) | - | - | - |
| - | - | - | - | (206,759) | - | - |
| - | - | - | - | - | (5,280) | - |
| - | - | - | - | - | - | 94,548 |
| - | - | - | <u>(5,979)</u> | <u>(206,759)</u> | <u>(5,280)</u> | <u>94,548</u> |
| 30,397,951 | - | 30,397,951 | - | - | - | - |
| 21,816,271 | - | 21,816,271 | - | - | - | - |
| 796,843 | - | 796,843 | - | 452,282 | - | - |
| 5,351,368 | - | 5,351,368 | - | - | - | - |
| 229,350 | 5,323 | 234,673 | - | - | - | 35 |
| 216,863 | - | 216,863 | 12,706 | - | - | - |
| (571,391) | 571,391 | - | - | - | - | - |
| <u>58,237,255</u> | <u>576,714</u> | <u>58,813,969</u> | <u>12,706</u> | <u>452,282</u> | - | <u>35</u> |
| 4,704,321 | 2,101,294 | 6,805,615 | 6,727 | 245,523 | (5,280) | 94,583 |
| 217,437,273 | 31,795,476 | 249,232,749 | 32,533 | 284,802 | 18,793 | - |
| <u>\$ 222,141,594</u> | <u>\$ 33,896,770</u> | <u>\$ 256,038,364</u> | <u>\$ 39,260</u> | <u>\$ 530,325</u> | <u>\$ 13,513</u> | <u>\$ 94,583</u> |

CITY OF ROSWELL, GEORGIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

| ASSETS | General | Impact Fees | Capital Projects | 2013 Bond |
|--|----------------------|------------------------|-----------------------------|----------------------|
| Cash and cash equivalents | \$ 1,625,321 | \$ 1,921,147 | \$ - | \$ 2,678,735 |
| Investments | 17,835,413 | 2,005,353 | 21,997,645 | 6,944,042 |
| Receivables (net of allowance for uncollectibles) | 1,119,648 | 5,306 | 30,395 | 1,878 |
| Taxes receivable | 2,159,357 | - | - | - |
| Intergovernmental receivables | - | - | - | - |
| Due from other funds | 1,566,398 | - | 4,365 | - |
| Inventories | 65,556 | - | - | - |
| Prepaid items | 503,770 | - | 260,453 | - |
| Total assets | \$ 24,875,463 | \$ 3,931,806 | \$ 22,292,858 | \$ 9,624,655 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,339,249 | \$ 846 | \$ 919,609 | \$ 490,966 |
| Accrued liabilities | 1,446,357 | - | - | - |
| Unearned revenue | 51,388 | - | - | - |
| Retainage payable | - | - | 24,423 | 46,673 |
| Due to other funds | 606 | - | 462,052 | - |
| Total liabilities | 2,837,600 | 846 | 1,406,084 | 537,639 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - taxes | 695,139 | - | - | - |
| Unavailable revenue - other | 74,958 | - | 3,084 | - |
| Unavailable revenue - intergovernmental | - | - | - | - |
| Total deferred inflows of resources | 770,097 | - | 3,084 | - |
| FUND BALANCES | | | | |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepays | 503,770 | - | 260,453 | - |
| Inventories | 65,556 | - | - | - |
| Permanent fund corpus | - | - | - | - |
| Restricted: | | | | |
| Public safety | - | 1,757,179 | - | - |
| Culture and recreation | - | 400,201 | 1,436,171 | - |
| Environmental | - | - | - | - |
| Transportation | - | 1,773,580 | - | - |
| Cemetery maintenance | 65,785 | - | - | - |
| Debt service | - | - | - | - |
| Capital projects | - | - | - | 9,087,016 |
| Scholarship | - | - | - | - |
| Committed: | | | | |
| Culture and recreation | - | - | - | - |
| Environmental | 534,066 | - | - | - |
| Stabilization | 13,863,872 | - | - | - |
| Assigned: | | | | |
| Capital projects | - | - | 19,187,066 | - |
| FY 2014 expenditures | 1,905,657 | - | - | - |
| General government | 136,746 | - | - | - |
| Financial services | 29,194 | - | - | - |
| Judicial | 1,470 | - | - | - |
| Planning and zoning | 275,789 | - | - | - |
| Public safety | 212,922 | - | - | - |
| Public works | 112,135 | - | - | - |
| Culture and recreation | 152,306 | - | - | - |
| Unassigned | 3,408,498 | - | - | - |
| Total fund balances | 21,267,766 | 3,930,960 | 20,883,690 | 9,087,016 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 24,875,463 | \$ 3,931,806 | \$ 22,292,858 | \$ 9,624,655 |

Amounts reported for governmental activities in the statement of net position are different because:
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
 Internal service funds are used by the City to charge cost to other funds. The assets and liabilities are included in the governmental activities.
 Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds.
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net position of governmental activities

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

| Debt Service | Nonmajor Governmental Funds | Total |
|---------------------|-----------------------------------|----------------------|
| \$ 694,670 | \$ 2,521,511 | \$ 9,441,384 |
| 250,643 | 3,280,253 | 52,313,349 |
| 1,054 | 367,644 | 1,525,925 |
| 185,637 | - | 2,344,994 |
| - | 1,005,338 | 1,005,338 |
| - | 28,604 | 1,599,367 |
| - | - | 65,556 |
| - | 12,203 | 776,426 |
| <u>\$ 1,132,004</u> | <u>\$ 7,215,553</u> | <u>\$ 69,072,339</u> |

| | | |
|---------------|------------------|------------------|
| \$ 8,303 | \$ 827,237 | \$ 3,586,210 |
| - | 24,352 | 1,470,709 |
| - | - | 51,388 |
| - | 61,543 | 132,639 |
| <u>23,704</u> | <u>413,565</u> | <u>899,927</u> |
| <u>32,007</u> | <u>1,326,697</u> | <u>6,140,873</u> |

| | | |
|----------------|----------------|------------------|
| 144,617 | - | 839,756 |
| - | 7,878 | 85,920 |
| - | 689,406 | 689,406 |
| <u>144,617</u> | <u>697,284</u> | <u>1,615,082</u> |

| | | |
|---------------------|---------------------|-------------------|
| - | 12,203 | 776,426 |
| - | - | 65,556 |
| - | 25,000 | 25,000 |
| - | 2,281,829 | 4,039,008 |
| - | 768,690 | 2,605,062 |
| - | 38,604 | 38,604 |
| - | 417,479 | 2,191,059 |
| - | - | 65,785 |
| 955,380 | - | 955,380 |
| - | 1,526,148 | 10,613,164 |
| - | 10,143 | 10,143 |
| - | 177,804 | 177,804 |
| - | 353,173 | 887,239 |
| - | - | 13,863,872 |
| - | - | 19,187,066 |
| - | - | 1,905,657 |
| - | - | 136,746 |
| - | - | 29,194 |
| - | - | 1,470 |
| - | - | 275,789 |
| - | - | 212,922 |
| - | - | 112,135 |
| - | - | 152,306 |
| - | (419,501) | 2,988,997 |
| <u>955,380</u> | <u>5,191,572</u> | <u>61,316,384</u> |
| <u>\$ 1,132,004</u> | <u>\$ 7,215,553</u> | |

| |
|-----------------------|
| 168,448,505 |
| 6,873,935 |
| 1,615,082 |
| <u>(16,112,312)</u> |
| <u>\$ 222,141,594</u> |

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | General | Impact Fees | Capital Projects | 2013 Bond |
|---|----------------------|---------------------|----------------------|---------------------|
| Revenues: | | | | |
| Taxes | \$ 51,293,689 | \$ - | \$ - | \$ - |
| Licenses and permits | 1,521,167 | - | - | - |
| Intergovernmental | 113,174 | - | 49,403 | - |
| Fines and forfeitures | 2,245,883 | - | - | - |
| Charges for services | 2,351,815 | - | - | - |
| Impact fees | - | 542,957 | - | - |
| Investment earnings | 77,179 | 18,665 | 78,316 | 22,881 |
| Contributions | 17,550 | - | 35,000 | - |
| Miscellaneous | 216,863 | - | - | - |
| Total revenues | <u>57,837,320</u> | <u>561,622</u> | <u>162,719</u> | <u>22,881</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,161,133 | - | 575,942 | - |
| Judicial | 1,368,331 | - | - | - |
| Financial services | 1,918,042 | - | - | - |
| Public safety | 21,059,835 | - | 14,414 | - |
| Public works | 7,051,909 | 2,544 | 2,052,279 | - |
| Planning and zoning | 2,525,568 | - | - | - |
| Culture and recreation | 9,222,126 | - | 8,400 | - |
| Capital outlay | 14,750 | 299,454 | 7,452,561 | 728,285 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | 206,857 |
| Total expenditures | <u>50,321,694</u> | <u>301,998</u> | <u>10,103,596</u> | <u>935,142</u> |
| Excess (deficiency) of revenues over expenditures | 7,515,626 | 259,624 | (9,940,877) | (912,261) |
| Other financing sources (uses): | | | | |
| Issuance of long term debt | - | - | - | 9,760,000 |
| Premium from issuance of long term debt | - | - | - | 239,277 |
| Transfers in | 275,925 | - | 12,221,730 | - |
| Transfers out | (12,987,192) | - | (75,925) | - |
| Total other financing sources (uses) | <u>(12,711,267)</u> | <u>-</u> | <u>12,145,805</u> | <u>9,999,277</u> |
| Net change in fund balances | (5,195,641) | 259,624 | 2,204,928 | 9,087,016 |
| Fund balances, beginning of year | <u>26,463,407</u> | <u>3,671,336</u> | <u>18,678,762</u> | <u>-</u> |
| Fund balances, end of year | <u>\$ 21,267,766</u> | <u>\$ 3,930,960</u> | <u>\$ 20,883,690</u> | <u>\$ 9,087,016</u> |

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

| <u>Debt Service</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|-------------------------|--|----------------------|
| \$ 5,986,770 | \$ 796,843 | \$ 58,077,302 |
| - | - | 1,521,167 |
| - | 2,859,418 | 3,021,995 |
| - | 232,297 | 2,478,180 |
| - | 1,811,043 | 4,162,858 |
| - | - | 542,957 |
| 5,694 | 26,615 | 229,350 |
| - | - | 52,550 |
| - | 99,498 | 316,361 |
| <u>5,992,464</u> | <u>5,825,714</u> | <u>70,402,720</u> |
| - | 56,675 | 7,793,750 |
| - | - | 1,368,331 |
| - | - | 1,918,042 |
| - | 1,981,090 | 23,055,339 |
| - | 377,318 | 9,484,050 |
| - | 203,525 | 2,729,093 |
| - | 947,590 | 10,178,116 |
| - | 1,074,521 | 9,569,571 |
| 5,925,000 | - | 5,925,000 |
| 441,387 | - | 648,244 |
| <u>6,366,387</u> | <u>4,640,719</u> | <u>72,669,536</u> |
| (373,923) | 1,184,995 | (2,266,816) |
| - | - | 9,760,000 |
| - | - | 239,277 |
| - | 577,474 | 13,075,129 |
| - | (383,403) | (13,446,520) |
| <u>-</u> | <u>194,071</u> | <u>9,627,886</u> |
| (373,923) | 1,379,066 | 7,361,070 |
| <u>1,329,303</u> | <u>3,812,506</u> | <u>53,955,314</u> |
| <u>\$ 955,380</u> | <u>\$ 5,191,572</u> | <u>\$ 61,316,384</u> |

CITY OF ROSWELL, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2013

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ 7,361,070 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 1,981,346 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | (489,030) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (3,954,948) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | 221,221 |
| Internal service funds are used by management to charge the costs of insurance plans and workers' compensation insurance to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities. | <u>(415,338)</u> |
| Change in net position - governmental activities | <u>\$ 4,704,321</u> |

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

**CITY OF ROSWELL, GEORGIA
GENERAL FUND**

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

FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-----------------------|------------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 50,327,000 | \$ 50,327,000 | \$ 51,293,689 | \$ 966,689 |
| Licenses and permits | 1,289,686 | 1,289,686 | 1,521,167 | 231,481 |
| Intergovernmental | 112,000 | 112,000 | 113,174 | 1,174 |
| Fines and forfeitures | 2,894,000 | 2,894,000 | 2,245,883 | (648,117) |
| Charges for services | 2,291,736 | 2,291,736 | 2,351,815 | 60,079 |
| Investment earnings | 300,000 | 300,000 | 77,179 | (222,821) |
| Contributions | 500 | 500 | 17,550 | 17,050 |
| Miscellaneous | 42,600 | 42,600 | 216,863 | 174,263 |
| Total revenues | <u>57,257,522</u> | <u>57,257,522</u> | <u>57,837,320</u> | <u>579,798</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 8,149,506 | 7,893,172 | 7,297,879 | 595,293 |
| Courts | 1,363,952 | 1,384,683 | 1,369,801 | 14,882 |
| Finance | 2,213,804 | 2,268,369 | 1,947,236 | 321,133 |
| Police | 15,689,951 | 16,218,445 | 15,138,706 | 1,079,739 |
| Fire | 6,672,159 | 6,534,172 | 6,134,052 | 400,120 |
| Transportation | 7,513,645 | 7,671,133 | 7,164,043 | 507,090 |
| Planning and zoning | 2,234,030 | 2,771,058 | 2,801,357 | (30,299) |
| Recreation and parks | 9,434,218 | 9,652,360 | 9,374,432 | 277,928 |
| Capital outlay | - | 8,299 | 14,750 | (6,451) |
| Total expenditures | <u>53,271,265</u> | <u>54,401,691</u> | <u>51,242,256</u> | <u>3,159,435</u> |
| Excess of revenues over expenditures | 3,986,257 | 2,855,831 | 6,595,064 | 3,739,233 |
| Other financing sources (uses): | | | | |
| Proceeds from sale of assets | 62,000 | 62,000 | - | (62,000) |
| Transfers in | 200,000 | 275,925 | 275,925 | - |
| Transfers out | (6,715,381) | (13,944,207) | (12,987,192) | 957,015 |
| Total other financing sources (uses) | <u>(6,453,381)</u> | <u>(13,606,282)</u> | <u>(12,711,267)</u> | <u>895,015</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (2,467,124)</u> | <u>\$ (10,750,451)</u> | (6,116,203) | <u>\$ 4,634,248</u> |
| Less outstanding encumbrances, June 30 | | | <u>920,562</u> | |
| Net change in fund balances (GAAP basis) | | | (5,195,641) | |
| Fund balance, beginning | | | <u>26,463,407</u> | |
| Fund balance, ending | | | <u>\$ 21,267,766</u> | |

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

CITY OF ROSWELL, GEORGIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2013

| ASSETS | Water and Sewer | Solid Waste | Participant Recreation | Stormwater |
|---|--------------------|----------------|---------------------------|--------------|
| Current assets: | | | | |
| Cash | \$ 1,242,574 | \$ 624,231 | \$ 2,222,615 | \$ 245,648 |
| Investments | 2,706,948 | 8,778,137 | 1,000,000 | 1,253,649 |
| Receivables (net of allowance for uncollectibles) | 1,146,791 | 1,695,796 | 240 | 379,698 |
| Prepaid items | 10,902 | 110 | 2,662 | 250 |
| Total current assets | 5,107,215 | 11,098,274 | 3,225,517 | 1,879,245 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Capital assets, not being depreciated | 1,392,168 | 75,832 | 104,774 | 937,642 |
| Capital assets, being depreciated | 17,290,136 | 5,689,254 | 564,242 | 209,769 |
| Less accumulated depreciation | (4,971,750) | (2,574,593) | (140,106) | (9,209) |
| Total capital assets, net of accumulated depreciation | 13,710,554 | 3,190,493 | 528,910 | 1,138,202 |
| Total assets | 18,817,769 | 14,288,767 | 3,754,427 | 3,017,447 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,408,006 | 378,633 | 165,905 | 186,154 |
| Accrued expenses | 24,226 | 44,931 | 110,028 | 11,561 |
| Customer deposits payable | 690,979 | - | 72,281 | - |
| Due to other funds | 2,104 | 753 | 692,437 | 4,111 |
| Unearned revenue | - | - | 432,674 | - |
| Compensated absences, current | 43,009 | 70,855 | 40,161 | 24,445 |
| Notes payable, current | 150,520 | - | - | - |
| Total current liabilities | 2,318,844 | 495,172 | 1,513,486 | 226,271 |
| Long-term liabilities: | | | | |
| Compensated absences | 15,548 | 48,061 | 25,695 | 10,361 |
| Notes payable, long term | 1,348,479 | - | - | - |
| Total long-term liabilities | 1,364,027 | 48,061 | 25,695 | 10,361 |
| Total liabilities | 3,682,871 | 543,233 | 1,539,181 | 236,632 |
| NET POSITION | | | | |
| Net investment in capital assets | 12,211,555 | 3,190,493 | 528,910 | 1,138,202 |
| Unrestricted | 2,923,343 | 10,555,041 | 1,686,336 | 1,642,613 |
| Total net position | \$ 15,134,898 | \$ 13,745,534 | \$ 2,215,246 | \$ 2,780,815 |

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

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

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|----------------------|---|
| \$ 4,335,068 | \$ 4,308,562 |
| 13,738,734 | 2,735,028 |
| 3,222,525 | 7,028 |
| 13,924 | 236,256 |
| <u>21,310,251</u> | <u>7,286,874</u> |
| 2,510,416 | - |
| 23,753,401 | - |
| (7,695,658) | - |
| <u>18,568,159</u> | <u>-</u> |
| <u>39,878,410</u> | <u>7,286,874</u> |
| 2,138,698 | 90,389 |
| 190,746 | 302,238 |
| 763,260 | - |
| 699,405 | 35 |
| 432,674 | - |
| 178,470 | - |
| 150,520 | - |
| <u>4,553,773</u> | <u>392,662</u> |
| 99,665 | - |
| 1,348,479 | - |
| <u>1,448,144</u> | <u>-</u> |
| <u>6,001,917</u> | <u>392,662</u> |
| 17,069,160 | - |
| 16,807,333 | 6,894,212 |
| <u>\$ 33,876,493</u> | <u>\$ 6,894,212</u> |
| \$ 20,277 | |
| <u>\$ 33,896,770</u> | |

CITY OF ROSWELL, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Water and Sewer | Solid Waste | Participant Recreation | Stormwater |
|---|----------------------|----------------------|---------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Water sales | \$ 2,802,534 | \$ - | \$ - | \$ - |
| Sewer sales | 262,312 | - | - | - |
| Sanitation sales | - | 8,533,000 | - | - |
| Stormwater sales | - | - | - | 3,052,032 |
| Other fees | 148,510 | 27,782 | 4,672,406 | - |
| Other operating income | 4,609 | 296,457 | - | - |
| Total operating revenues | <u>3,217,965</u> | <u>8,857,239</u> | <u>4,672,406</u> | <u>3,052,032</u> |
| OPERATING EXPENSES | | | | |
| Personnel services and benefits | 1,215,657 | 2,942,194 | 3,055,634 | 703,255 |
| Purchased contract services | 303,627 | 3,844,898 | 666,635 | - |
| Supplies and maintenance | 755,784 | 1,737,396 | 1,200,087 | 805,888 |
| Utilities | 63,617 | 9,825 | - | - |
| Depreciation | 461,147 | 361,534 | 42,657 | 8,009 |
| Total operating expenses | <u>2,799,832</u> | <u>8,895,847</u> | <u>4,965,013</u> | <u>1,517,152</u> |
| Operating income (loss) | 418,133 | (38,608) | (292,607) | 1,534,880 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment earnings (losses) | (10,104) | (2,735) | 7,481 | 10,681 |
| Interest expense | (54,817) | - | - | - |
| Total nonoperating revenues (expenses) | <u>(64,921)</u> | <u>(2,735)</u> | <u>7,481</u> | <u>10,681</u> |
| INCOME (LOSS) BEFORE TRANSFERS | 353,212 | (41,343) | (285,126) | 1,545,561 |
| Transfers in | - | - | 571,391 | - |
| Transfers out | - | - | - | - |
| Total transfers | <u>-</u> | <u>-</u> | <u>571,391</u> | <u>-</u> |
| Change in net position | 353,212 | (41,343) | 286,265 | 1,545,561 |
| NET POSITION, beginning of year | <u>14,781,686</u> | <u>13,786,877</u> | <u>1,928,981</u> | <u>1,235,254</u> |
| NET POSITION, end of year | <u>\$ 15,134,898</u> | <u>\$ 13,745,534</u> | <u>\$ 2,215,246</u> | <u>\$ 2,780,815</u> |

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

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

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|----------------------|---|
| \$ 2,802,534 | \$ - |
| 262,312 | - |
| 8,533,000 | - |
| 3,052,032 | - |
| 4,848,698 | 8,260,199 |
| 301,066 | 95,607 |
| <u>19,799,642</u> | <u>8,355,806</u> |
| 7,916,740 | - |
| 4,815,160 | 8,626,751 |
| 4,499,155 | - |
| 73,442 | - |
| 873,347 | - |
| <u>18,177,844</u> | <u>8,626,751</u> |
| 1,621,798 | (270,945) |
| 5,323 | 13,206 |
| (54,817) | - |
| <u>(49,494)</u> | <u>13,206</u> |
| 1,572,304 | (257,739) |
| 571,391 | - |
| - | (200,000) |
| <u>571,391</u> | <u>(200,000)</u> |
| 2,143,695 | (457,739) |
| <u>31,732,798</u> | <u>7,351,951</u> |
| <u>\$ 33,876,493</u> | <u>\$ 6,894,212</u> |
| \$ (42,401) | |
| <u>\$ 2,101,294</u> | |

CITY OF ROSWELL, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Water and Sewer | Solid Waste | Participant Recreation | Stormwater |
|--|--------------------|----------------|---------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 3,190,273 | \$ 9,041,364 | \$ 4,670,327 | \$ 3,017,096 |
| Payments to suppliers and service providers | (837,766) | (5,654,284) | (2,633,195) | (657,772) |
| Payments to employees | (1,220,616) | (2,942,549) | (2,957,734) | (690,805) |
| Net cash provided by (used in) operating activities | 1,131,891 | 444,531 | (920,602) | 1,668,519 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (1,000,502) | (1,438,501) | - | (1,004,963) |
| Sale of investments | - | - | - | - |
| Interest received | 16,029 | - | 8,750 | 10,681 |
| Net cash provided by (used in) investing activities | (984,473) | (1,438,501) | 8,750 | (994,282) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Purchase of capital assets | (1,191,825) | (414,472) | (191,058) | (853,949) |
| Principal payment on notes payable | (145,369) | - | - | - |
| Interest and fiscal charges paid | (55,239) | - | - | - |
| Net cash used in capital and related financing activities | (1,392,433) | (414,472) | (191,058) | (853,949) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers in | - | - | 571,391 | - |
| Transfers out | - | - | - | - |
| Net cash provided by (used in) noncapital financing activities | - | - | 571,391 | - |
| Decrease in cash | (1,245,015) | (1,408,442) | (531,519) | (179,712) |
| Cash: | | | | |
| Beginning of year | 2,487,589 | 2,032,673 | 2,754,134 | 425,360 |
| End of year | \$ 1,242,574 | \$ 624,231 | \$ 2,222,615 | \$ 245,648 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 418,133 | \$ (38,608) | \$ (292,607) | \$ 1,534,880 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 461,147 | 361,534 | 42,657 | 8,009 |
| (Increase) decrease in accounts receivable | (27,692) | 96,349 | 1,572 | (34,936) |
| (Increase) decrease in due from other funds | - | 87,776 | - | - |
| (Increase) decrease in prepaid expenses | (2,611) | (55) | 43,462 | 2,117 |
| Increase (decrease) in accounts payable | 224,061 | (8,082) | 43,093 | 152,101 |
| Increase (decrease) in accrued expenses | 1,849 | 6,339 | 94,245 | 3,129 |
| Increase in customer deposits payable | 98,234 | - | 35,310 | - |
| Decrease in unearned revenue | - | - | (38,961) | - |
| Decrease in due to other funds | (34,422) | (54,028) | (853,028) | (6,102) |
| Increase (decrease) in compensated absences | (6,808) | (6,694) | 3,655 | 9,321 |
| Net cash provided by (used in) operating activities | \$ 1,131,891 | \$ 444,531 | \$ (920,602) | \$ 1,668,519 |
| NONCASH INVESTING ACTIVITIES | | | | |
| Decrease in fair value of investments | \$ 24,189 | \$ - | \$ - | \$ - |

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

| <u>Total</u> | <u>Governmental Activities Internal Service Funds</u> |
|---------------------|---|
| \$ 19,919,060 | \$ 8,388,755 |
| (9,783,017) | (10,774,014) |
| <u>(7,811,704)</u> | <u>-</u> |
| 2,324,339 | (2,385,259) |
| (3,443,966) | - |
| - | 1,017,263 |
| <u>35,460</u> | <u>17,139</u> |
| (3,408,506) | 1,034,402 |
| (2,651,304) | - |
| (145,369) | - |
| <u>(55,239)</u> | <u>-</u> |
| (2,851,912) | - |
| 571,391 | - |
| - | (200,000) |
| <u>571,391</u> | <u>(200,000)</u> |
| (3,364,688) | (1,550,857) |
| 7,699,756 | 5,859,419 |
| <u>\$ 4,335,068</u> | <u>\$ 4,308,562</u> |
| | |
| \$ 1,621,798 | \$ (270,945) |
| 873,347 | - |
| 35,293 | 32,824 |
| 87,776 | 125 |
| 42,913 | (20,519) |
| 411,173 | (60,582) |
| 105,562 | (56,585) |
| 133,544 | - |
| (38,961) | - |
| (947,580) | (2,009,577) |
| <u>(526)</u> | <u>-</u> |
| <u>\$ 2,324,339</u> | <u>\$ (2,385,259)</u> |
| | |
| <u>\$ 24,189</u> | <u>\$ 7,687</u> |

CITY OF ROSWELL, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Units

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

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

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

The Roswell Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The DDA is a public body, corporate and politic, reactivated on January 9, 2012 under the "Downtown Development Authorities Laws," O.C.G.A 36-42-4. The DDA was formed to improve the economy of Roswell by coordinating public and private programs that promote the redevelopment and growth of Roswell's central business district. Seven positions are available on the DDA's Board of Directors, and members are appointed by the City of Roswell's Mayor and Council. A mix of professions and interests will be taken into consideration when appointing the DDA Board members. Upon dissolution, the assets of the DDA would revert to the City. Separate financial statements for the Roswell Downtown Development Authority are not prepared. There are no differences between the fund level and government-wide reporting for the DDA; therefore fund level statements have not been presented.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Related Organizations

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

B. Government-wide and Fund Financial Statements

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

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

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

The **2013 Bond Fund** accounts for the issuance of general obligation bonds that occurred in fiscal year 2013 and the related capital expenditures for facilities and capital improvements made with bond proceeds.

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the enterprise funds are charges to customers for sales and services provided. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budget

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budget (Continued)

The following encumbrances were outstanding as of June 30, 2013:

| <u>Fund</u> | <u>Amount</u> |
|-----------------------------|---------------------|
| General Fund | \$ 920,562 |
| Impact Fees Fund | 28,799 |
| Capital Projects Fund | 5,549,848 |
| 2013 Bond Fund | 525,697 |
| Water & Sewer Fund | 204,193 |
| Solid Waste Fund | 196,170 |
| Participant Recreation Fund | 44,259 |
| Stormwater Fund | 34,680 |
| Nonmajor governmental funds | 2,210,978 |
| | <u>\$ 9,715,186</u> |

E. Deposits and Investments

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

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

F. Receivables and Payables

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories and Prepaid Items

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

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

H. Capital Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows / Inflows of Resources

The City implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2012. These new standards establish accounting and financial reporting for deferred outflows / inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

J. Compensated Absences

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and any related premiums are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

L. Fund Equity

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

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

Fund balances are classified as follows:

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

Restricted – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Equity (Continued)

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

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

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources and liabilities in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used or restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

M. Management Estimates

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

NOTES TO FINANCIAL STATEMENTS

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

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,112,312 difference are as follows:

| | |
|---|-------------------------------|
| Bonds payable | \$ (13,765,000) |
| Unamortized premiums | (320,221) |
| Deferred charges on refundings | 225,040 |
| Claims payable | (469,237) |
| Accrued interest | (98,462) |
| Compensated absences | <u>(1,684,432)</u> |
| Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i> | <u><u>\$ (16,112,312)</u></u> |

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$1,981,346 difference are as follows:

| | |
|--|----------------------------|
| Capital outlay | \$ 9,058,070 |
| Depreciation expense | <u>(7,076,724)</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> | <u><u>\$ 1,981,346</u></u> |

NOTES TO FINANCIAL STATEMENTS

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

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

Another element of the reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this \$3,954,948 difference are as follows:

| | |
|---|------------------------------|
| Principal repayment on bonds | \$ 5,925,000 |
| Payments on claims payable | 119,329 |
| Issuance of debt | (9,760,000) |
| Premium from issuance of debt | <u>(239,277)</u> |
| Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> | <u><u>\$ (3,954,948)</u></u> |

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$221,221 difference are as follows:

| | |
|---|--------------------------|
| Compensated absences | \$ 146,855 |
| Amortization | (9,016) |
| Accrued interest | <u>83,382</u> |
| Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i> | <u><u>\$ 221,221</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

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

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

Deficit Fund Equity

The following funds had deficit fund balances at June 30, 2013. The fund deficits will be reduced through anticipated revenues, recognition of unavailable revenues, and General Fund appropriations, as needed.

| <u>Fund</u> | <u>Deficit</u> |
|-----------------------------------|----------------|
| Federal Grants | \$ 277,499 |
| American Stimulus Recovery Grants | 37,772 |
| CDBG Grants | 104,229 |
| Fleet Services | 10,144 |

NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

Excess Expenditures Over Appropriations

For the year ended June 30, 2013 expenditures exceeded the budget in the funds and General Fund departments as follows:

| | | |
|---------------------|----|--------|
| General Fund: | | |
| Planning and zoning | \$ | 30,299 |
| Capital outlay | | 6,451 |

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

NOTE 4. DEPOSITS AND INVESTMENTS

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

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAM rated money market funds and is regulated by the Georgia Office of the State Treasurer. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of the State Treasurer of the State of Georgia. As of June 30, 2013, the City considers amounts held in Georgia Fund 1 as investments for financial statement presentation.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes and City policy require all deposits to be collateralized 110% by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2013, the City's bank balances were collateralized as defined by State statutes.

At June 30, 2013, the City had the following investments that are included in the custodial credit risk discussion above related to deposits:

| <u>Investment</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Rating Agency</u> | <u>Weighted Average Maturity (Years)</u> |
|----------------------------------|----------------------|----------------------|----------------------|--|
| Money market mutual fund | \$ 25,074 | N/A | N/A | 0.25 |
| Certificates of deposit | 3,516,214 | N/A | N/A | 1.33 |
| Federal Home Loan Bank | 7,863,370 | AAA | N/A | 3.78 |
| Federal Home Loan Mortgage Corp. | 2,973,087 | AAA | N/A | 1.10 |
| Federal National Mortgage Assn | 16,833,062 | AAA | N/A | 1.15 |
| Georgia Fund 1 | 37,576,304 | AAAf | S&P | .13 |
| | <u>\$ 68,787,111</u> | | | |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

A. Primary Government

Receivables at June 30, 2013, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

| | General Fund | Impact Fees Fund | Capital Pojects Fund | 2013 Bonds Fund | Debt Service Fund |
|--------------------------------------|---------------------------------------|---------------------------------|--|--------------------------------|--|
| Receivables: | | | | | |
| Taxes | \$ 2,405,473 | \$ - | \$ - | \$ - | \$ 258,573 |
| Other governments | - | - | - | - | - |
| Accounts | 1,925,261 | 5,306 | 30,395 | 1,878 | 1,054 |
| Gross receivables | 4,330,734 | 5,306 | 30,395 | 1,878 | 259,627 |
| Less allowance for uncollectibles | (1,051,729) | - | - | - | (72,936) |
| Net receivables | \$ 3,279,005 | \$ 5,306 | \$ 30,395 | \$ 1,878 | \$ 186,691 |
| | | | | | |
| | Water & Sewer Fund | Solid Waste Fund | Participant Recreation Fund | Stormwater Fund | Nonmajor Governmental Funds |
| Receivables: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 367,644 |
| Other governments | - | - | - | - | 1,005,338 |
| Accounts | 1,296,933 | 1,972,113 | 240 | 435,443 | - |
| Gross receivables | 1,296,933 | 1,972,113 | 240 | 435,443 | 1,372,982 |
| Less allowance for uncollectibles | (150,142) | (276,317) | - | (55,745) | - |
| Net receivables | \$ 1,146,791 | \$ 1,695,796 | \$ 240 | \$ 379,698 | \$ 1,372,982 |

Property taxes for the 2013 fiscal year were levied in October 2012, with property values assessed as of January 1, 2012. Bills are payable on or before December 17, 2012, after which the applicable property is subject to lien and penalties and interest are assessed. Property taxes attached as an enforceable lien on property as of January 1.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the year ended June 30, 2013 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|--------------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land and improvements | \$ 41,695,948 | \$ 202,575 | \$ - | \$ - | \$ 41,898,523 |
| Construction in progress | <u>13,236,573</u> | <u>5,884,686</u> | <u>-</u> | <u>(2,930,629)</u> | <u>16,190,630</u> |
| Total capital assets, not being depreciated | <u>54,932,521</u> | <u>6,087,261</u> | <u>-</u> | <u>(2,930,629)</u> | <u>58,089,153</u> |
| Capital assets, being depreciated: | | | | | |
| Land improvements | 24,481,733 | 1,172,447 | - | 77,601 | 25,731,781 |
| Buildings and improvements | 71,402,728 | 723,607 | - | 403,461 | 72,529,796 |
| Machinery and equipment | 11,867,605 | 124,938 | - | 95,151 | 12,087,694 |
| Vehicles | 14,350,983 | 33,518 | - | 2,064,504 | 16,449,005 |
| Infrastructure | <u>115,299,275</u> | <u>916,299</u> | <u>-</u> | <u>289,912</u> | <u>116,505,486</u> |
| Total capital assets, being depreciated | <u>237,402,324</u> | <u>2,970,809</u> | <u>-</u> | <u>2,930,629</u> | <u>243,303,762</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 9,605,960 | 1,007,967 | - | - | 10,613,927 |
| Buildings and improvements | 32,482,152 | 1,857,373 | - | - | 34,339,525 |
| Machinery and equipment | 5,322,898 | 951,373 | - | - | 6,274,271 |
| Vehicles | 8,549,306 | 678,808 | - | - | 9,228,114 |
| Infrastructure | <u>69,907,370</u> | <u>2,581,203</u> | <u>-</u> | <u>-</u> | <u>72,488,573</u> |
| Total accumulated depreciation | <u>125,867,686</u> | <u>7,076,724</u> | <u>-</u> | <u>-</u> | <u>132,944,410</u> |
| Total capital assets, being depreciated, net | <u>111,534,638</u> | <u>(4,105,915)</u> | <u>-</u> | <u>2,930,629</u> | <u>110,359,352</u> |
| Governmental activities capital assets, net | <u>\$ 166,467,159</u> | <u>\$ 1,981,346</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 168,448,505</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|--------------------|---------------------------|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Construction in progress | \$ 2,546,783 | \$ 1,876,779 | \$ - | \$ (1,913,146) | \$ 2,510,416 |
| Total capital assets, not being depreciated | <u>2,546,783</u> | <u>1,876,779</u> | <u>-</u> | <u>(1,913,146)</u> | <u>2,510,416</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 2,540,006 | - | - | - | 2,540,006 |
| Machinery and equipment | 2,067,151 | 139,536 | - | - | 2,206,687 |
| Vehicles | 4,072,843 | 634,989 | - | - | 4,707,832 |
| Infrastructure | <u>12,385,730</u> | <u>-</u> | <u>-</u> | <u>1,913,146</u> | <u>14,298,876</u> |
| Total capital assets, being depreciated | <u>21,065,730</u> | <u>774,525</u> | <u>-</u> | <u>1,913,146</u> | <u>23,753,401</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | 277,155 | 63,256 | - | - | 340,411 |
| Machinery and equipment | 715,470 | 102,523 | - | - | 817,993 |
| Vehicles | 2,250,637 | 343,102 | - | - | 2,593,739 |
| Infrastructure | <u>3,579,049</u> | <u>364,466</u> | <u>-</u> | <u>-</u> | <u>3,943,515</u> |
| Total accumulated depreciation | <u>6,822,311</u> | <u>873,347</u> | <u>-</u> | <u>-</u> | <u>7,695,658</u> |
| Total capital assets, being depreciated, net | <u>14,243,419</u> | <u>(98,822)</u> | <u>-</u> | <u>1,913,146</u> | <u>16,057,743</u> |
| Business-type activities capital assets, net | <u>\$ 16,790,202</u> | <u>\$ 1,777,957</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,568,159</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 635,418 |
| Judicial | 5,330 |
| Financial services | 143,326 |
| Public safety | 1,152,888 |
| Public works | 2,540,451 |
| Planning and zoning | 116,268 |
| Culture and recreation | 2,018,008 |
| Environmental | 465,035 |
| Total depreciation expense - governmental activities | <u>\$ 7,076,724</u> |
| Business-type activities: | |
| Water and Sewer Fund | \$ 461,147 |
| Solid Waste Fund | 361,534 |
| Participant Recreation Fund | 42,657 |
| Stormwater Fund | 8,009 |
| Total depreciation expense - business-type activities | <u>\$ 873,347</u> |

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|-------------|-------------------|
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | \$ 87,974 | \$ 4,295 | \$ - | \$ 92,269 |
| Total | <u>87,974</u> | <u>4,295</u> | <u>-</u> | <u>92,269</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | (56,570) | (10,215) | - | (66,785) |
| Total | <u>(56,570)</u> | <u>(10,215)</u> | <u>-</u> | <u>(66,785)</u> |
| Total capital assets, being depreciated, net | <u>\$ 31,404</u> | <u>\$ (5,920)</u> | <u>\$ -</u> | <u>\$ 25,484</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds:

| <u>Receivable fund</u> | <u>Payable fund</u> | <u>Amount</u> |
|-----------------------------|-------------------------------|---------------------|
| General Fund | Water & Sewer Fund | \$ 2,104 |
| General Fund | Stormwater Fund | 1,838 |
| General Fund | Solid Waste Fund | 753 |
| General Fund | Capital Projects Fund | 436,327 |
| General Fund | Participation Recreation Fund | 692,437 |
| General Fund | Debt Service Fund | 23,704 |
| General Fund | Nonmajor Governmental Funds | 409,200 |
| General Fund | Internal Service Funds | 35 |
| Nonmajor Governmental Funds | Capital Projects Fund | 25,725 |
| Nonmajor Governmental Funds | Stormwater Fund | 2,273 |
| Nonmajor Governmental Funds | General Fund | 606 |
| Capital Projects Fund | Nonmajor Governmental Funds | 4,365 |
| | | <u>\$ 1,599,367</u> |

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

Interfund transfers for the year ended June 30, 2013 were as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> | <u>Amount</u> |
|-----------------------------|-----------------------------|---------------|
| General Fund | Internal Service Funds | \$ 200,000 |
| Capital Projects Fund | General Fund | 11,838,327 |
| Capital Projects Fund | Nonmajor Governmental Funds | 383,403 |
| Participant Recreation Fund | General Fund | 571,391 |
| Nonmajor Governmental Funds | General Fund | 577,474 |
| General Fund | Capital Projects Fund | 75,925 |

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

A. Primary Government

The following is a summary of long-term debt activity for the year ended June 30, 2013:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|----------------------|-----------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable | \$ 9,930,000 | \$ 9,760,000 | \$ (5,925,000) | \$ 13,765,000 | \$ 945,000 |
| Plus: Premiums | 206,952 | 239,277 | (126,008) | 320,221 | - |
| Total bonds payable | 10,136,952 | 9,999,277 | (6,051,008) | 14,085,221 | 945,000 |
| Compensated absences | 1,831,287 | 2,080,651 | (2,227,506) | 1,684,432 | 1,024,420 |
| Claims payable | 588,566 | - | (119,329) | 469,237 | - |
| Governmental activities long-term liabilities | <u>\$ 12,556,805</u> | <u>\$ 12,079,928</u> | <u>\$ (8,397,843)</u> | <u>\$ 16,238,890</u> | <u>\$ 1,969,420</u> |
| Business-type Activities: | | | | | |
| Note payable | \$ 1,644,367 | \$ - | \$ (145,368) | \$ 1,498,999 | \$ 150,520 |
| Compensated absences | 278,662 | 328,343 | (328,870) | 278,135 | 178,470 |
| Business-type activities long-term liabilities | <u>\$ 1,923,029</u> | <u>\$ 328,343</u> | <u>\$ (474,238)</u> | <u>\$ 1,777,134</u> | <u>\$ 328,990</u> |

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

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

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2014 | \$ - | \$ 140,175 | \$ 140,175 |
| 2015 | 4,005,000 | 70,088 | 4,075,088 |
| Total | <u>\$ 4,005,000</u> | <u>\$ 210,263</u> | <u>\$ 4,215,263</u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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

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

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|----------------------|
| 2014 | \$ 945,000 | \$ 120,773 | \$ 1,065,773 |
| 2015 | 930,000 | 135,963 | 1,065,963 |
| 2016 | 940,000 | 126,663 | 1,066,663 |
| 2017 | 950,000 | 117,263 | 1,067,263 |
| 2018 | 960,000 | 105,388 | 1,065,388 |
| 2019 - 2023 | 5,035,000 | 298,388 | 5,333,388 |
| Total | <u>\$ 9,760,000</u> | <u>\$ 904,438</u> | <u>\$ 10,664,438</u> |

Refunded Bonds. In fiscal year 2008, the City issued \$15,975,000 of 2008 General Obligation Refunding Bonds to refund the 2000 General Obligation Bonds. The City defeased the 2000 bonds by placing the proceeds of the new bonds in an irrevocable trust to provide resources for all future debt service payments on the old bonds. Accordingly, the trust account and related debt for the defeased bonds are not included in the City's financial statements. At June 30, 2013, \$13,505,000 of bonds outstanding are considered defeased.

Notes Payable. The City has also incurred debt to the Georgia Environmental Finance Authority for construction of various water and sewer system projects. These notes, including their original balances, are as follows at June 30, 2013.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

A. Primary Government (Continued)

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

| <u>Year ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|---------------------|-------------------|---------------------|
| 2014 | \$ 150,520 | \$ 50,088 | \$ 200,608 |
| 2015 | 155,856 | 44,752 | 200,608 |
| 2016 | 161,385 | 39,223 | 200,608 |
| 2017 | 167,113 | 33,495 | 200,608 |
| 2018 | 173,048 | 27,560 | 200,608 |
| 2019 - 2022 | 691,077 | 46,757 | 737,834 |
| Total | <u>\$ 1,498,999</u> | <u>\$ 241,875</u> | <u>\$ 1,740,874</u> |

NOTE 9. PENSION PLAN

Plan Description

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

At January 1, 2013, the date of the most recent actuarial valuation, there were 952 participants consisting of the following:

| | |
|---|-----|
| Retirees and beneficiaries currently receiving benefits | 172 |
| Terminated vested participants not yet receiving benefits | 249 |
| Active employees - vested | 422 |
| Active employees - nonvested | 109 |
| Total | 952 |

Funding Policy

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the plan. The funding policy for the plan is to contribute an amount equal to or greater than the recommended contribution described below. For the year ended June 30, 2013, the actuarially determined contribution rate was 14.54% of covered payroll. The City makes all contributions to the plan.

For the year ended June 30, 2013, the City's recommended contribution was \$3,919,588. Actual contributions totaled \$3,919,588. The recommended contribution was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit actuarial cost method. Actuarial assumptions include a 7.75% rate of return on investments and projected salary increases of 3.5% (3.5% due to inflation). The period, and related method, for amortizing the initial unfunded actuarial accrued liability is 30 years from 1981 and current changes in the unfunded actuarial accrued liability over 15 years for actuarial gains and losses, 20 years for plan provision and 30 years for actuarial assumptions and cost methods as a level dollar amount. These amortization periods are closed for this plan year. The actuarial value of the plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a ten year period.

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

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b-a/c) |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|--|
| 1/1/2013 | \$ 55,434,445 | \$ 66,333,832 | \$ 10,899,387 | 83.6% | \$ 25,575,865 | 42.6% |

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

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

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of January 1, 2013.

Employer Contributions

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Pension Cost (APC)</u> | <u>Actual Pension Contribution</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|---|--|--|--|---------------------------------------|
| 2013 | \$ 3,919,588 | \$ 3,919,588 | 100.0 % | \$ - |
| 2012 | 3,791,000 | 3,791,000 | 100.0 | - |
| 2011 | 3,500,080 | 3,500,080 | 100.0 | - |

NOTE 10. DEFINED CONTRIBUTION PLAN

The City of Roswell's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. The Plan is funded through employer and employee contributions. Plan provisions and contribution requirements are established and may be amended by the City's Mayor and Council. At June 30, 2013, there were 312 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary up to the maximum amount allowed by the IRS. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Mayor and Council have approved discretionary employer contributions for 275 employees. Total employer and employee contributions for the year ended June 30, 2013 were \$147,230 and \$894,458 respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

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

Workers' Compensation

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

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

| <u>Fiscal Year</u> | <u>Beginning of Year Claims Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claims Paid</u> | <u>End of Year Claims Liability</u> |
|--------------------|---|---|--------------------|-------------------------------------|
| 2013 | \$ 355,170 | \$ 333,120 | \$ 397,165 | \$ 291,125 |
| 2012 | 158,451 | 569,372 | 372,653 | 355,170 |

General Liability

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT (CONTINUED)

General Liability (Continued)

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

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

NOTE 12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grant Contingencies

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

NOTES TO FINANCIAL STATEMENTS

NOTE 13. JOINT VENTURE

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

NOTE 14. HOTEL/MOTEL TAX

The City has levied a 6% lodging tax. During the year ended June 30, 2013, the City collected \$796,843 in revenues. Of this amount \$1,090,560 or 137%, was expended on the promotion of tourism in accordance with the provisions of O.C.G.A. 48-13-51.

NOTE 15. RESTATEMENTS

The City has determined that a restatement to beginning net position of the Governmental Activities was required to recognize the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, through which bond issuance costs are written off as of July 1, 2012. The adjustment resulted in a change to beginning net position of Governmental Activities as follows:

| | Governmental Activities |
|---|----------------------------|
| Net position, as previously reported | \$ 217,480,237 |
| Recognition of bond issuance costs in accordance with GASB 65 | (42,964) |
| Net position, as restated | <u>\$ 217,437,273</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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

| Defined Benefit Pension Plan | | | | | | |
|------------------------------|----------------------------------|--|--|-----------------------|------------------------|--|
| Measurement Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b-a) Unfunded Actuarial Accrued Liability (UAAL) | (a/b) Funded Ratio | (c) Covered Payroll | [(b-a)/c] UAAL as a Percentage of Covered Payroll |
| January 1, 2013 | \$ 55,434,445 | \$ 66,333,832 | \$ 10,899,387 | 83.6% | \$ 25,575,865 | 42.6% |
| January 1, 2012 | 51,201,869 | 61,642,600 | 10,440,731 | 83.1% | 26,499,787 | 39.4% |
| January 1, 2011 | 47,499,170 | 57,579,406 | 10,080,236 | 82.5% | 26,005,248 | 38.8% |
| January 1, 2010 | 43,540,645 | 52,263,108 | 8,722,463 | 83.3% | 26,934,920 | 32.4% |
| October 1, 2009 | 40,234,205 | 51,710,386 | 11,476,181 | 77.8% | 26,715,959 | 43.0% |
| November 1, 2008 | 40,018,654 | 46,569,459 | 6,550,805 | 85.9% | 25,412,437 | 25.8% |

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

Federal Grants – to account for the grant monies received from various federal agencies.

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

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

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

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

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

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

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

Capital Projects Fund

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

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

Permanent Fund

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

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

CITY OF ROSWELL, GEORGIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------------------|-------------------|---------------------|------------------------|---|
| | Confiscated Assets | Emergency 911 Telephone System | Federal Grants | State Grants | County/Local Grants | American Stimulus Recovery Grants |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 212,858 | \$ 499,137 | \$ - | \$ 543,268 | \$ 5,063 | \$ 13,897 |
| Investments | 500,791 | 1,000,000 | - | - | - | - |
| Receivables, net of allowance for uncollectibles | 18,994 | 229,905 | - | - | 1,500 | - |
| Intergovernmental receivable | - | - | 338,015 | 563,452 | - | - |
| Due from other funds | - | - | 27,998 | - | - | - |
| Prepaid items | 4,252 | 7,192 | - | - | - | - |
| Total assets | \$ 736,895 | \$ 1,736,234 | \$ 366,013 | \$ 1,106,720 | \$ 6,563 | \$ 13,897 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 111,809 | \$ 54,491 | \$ 86,739 | \$ 315,298 | \$ - | \$ 51,669 |
| Accrued liabilities | 459 | 18,430 | 26 | - | - | - |
| Retainage payable | - | - | - | 61,543 | - | - |
| Due to other funds | 1,230 | - | 279,248 | 4,365 | - | - |
| Total liabilities | 113,498 | 72,921 | 366,013 | 381,206 | - | 51,669 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue - intergovernmental | - | - | 277,500 | 308,035 | - | - |
| Unavailable revenue - other | - | - | - | - | - | - |
| Total deferred inflows of resources | - | - | 277,500 | 308,035 | - | - |
| FUND BALANCES | | | | | | |
| Nonspendable: | | | | | | |
| Prepays | 4,252 | 7,192 | - | - | - | - |
| Permanent fund corpus | - | - | - | - | - | - |
| Restricted: | | | | | | |
| Public safety | 619,145 | 1,656,121 | - | - | 6,563 | - |
| Culture and recreation | - | - | - | - | - | - |
| Environmental | - | - | - | - | - | - |
| Transportation | - | - | - | 417,479 | - | - |
| Capital projects | - | - | - | - | - | - |
| Scholarship | - | - | - | - | - | - |
| Committed: | | | | | | |
| Culture and recreation | - | - | - | - | - | - |
| Environmental | - | - | - | - | - | - |
| Unassigned | - | - | (277,500) | - | - | (37,772) |
| Total fund balances | 623,397 | 1,663,313 | (277,500) | 417,479 | 6,563 | (37,772) |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 736,895 | \$ 1,736,234 | \$ 366,013 | \$ 1,106,720 | \$ 6,563 | \$ 13,897 |

| Special Revenue Funds | | | | Capital Projects Fund | Permanent Fund | Total Nonmajor Governmental Funds |
|-----------------------|-------------------|-------------------|-------------------|-----------------------|------------------|-----------------------------------|
| CDBG Grants | Soil Erosion | Hotel/Motel Tax | Leita Thompson | 2000 Bond | Scholarship Fund | |
| \$ - | \$ 323,384 | \$ 198,392 | \$ 186,794 | \$ 528,648 | \$ 10,070 | \$ 2,521,511 |
| - | 250,447 | 503,942 | - | 1,000,000 | 25,073 | 3,280,253 |
| 32,575 | 1,436 | 75,356 | 7,878 | - | - | 367,644 |
| 103,871 | - | - | - | - | - | 1,005,338 |
| 606 | - | - | - | - | - | 28,604 |
| - | - | - | 759 | - | - | 12,203 |
| <u>\$ 137,052</u> | <u>\$ 575,267</u> | <u>\$ 777,690</u> | <u>\$ 195,431</u> | <u>\$ 1,528,648</u> | <u>\$ 35,143</u> | <u>\$ 7,215,553</u> |
| | | | | | | |
| \$ 8,251 | \$ 183,490 | \$ 9,000 | \$ 3,990 | \$ 2,500 | \$ - | \$ 827,237 |
| 437 | - | - | 5,000 | - | - | 24,352 |
| - | - | - | - | - | - | 61,543 |
| 128,722 | - | - | - | - | - | 413,565 |
| <u>137,410</u> | <u>183,490</u> | <u>9,000</u> | <u>8,990</u> | <u>2,500</u> | <u>-</u> | <u>1,326,697</u> |
| | | | | | | |
| 103,871 | - | - | - | - | - | 689,406 |
| - | - | - | 7,878 | - | - | 7,878 |
| <u>103,871</u> | <u>-</u> | <u>-</u> | <u>7,878</u> | <u>-</u> | <u>-</u> | <u>697,284</u> |
| | | | | | | |
| - | - | - | 759 | - | - | 12,203 |
| - | - | - | - | - | 25,000 | 25,000 |
| - | - | - | - | - | - | 2,281,829 |
| - | - | 768,690 | - | - | - | 768,690 |
| - | 38,604 | - | - | - | - | 38,604 |
| - | - | - | - | - | - | 417,479 |
| - | - | - | - | 1,526,148 | - | 1,526,148 |
| - | - | - | - | - | 10,143 | 10,143 |
| - | - | - | 177,804 | - | - | 177,804 |
| - | 353,173 | - | - | - | - | 353,173 |
| (104,229) | - | - | - | - | - | (419,501) |
| <u>(104,229)</u> | <u>391,777</u> | <u>768,690</u> | <u>178,563</u> | <u>1,526,148</u> | <u>35,143</u> | <u>5,191,572</u> |
| | | | | | | |
| <u>\$ 137,052</u> | <u>\$ 575,267</u> | <u>\$ 777,690</u> | <u>\$ 195,431</u> | <u>\$ 1,528,648</u> | <u>\$ 35,143</u> | <u>\$ 7,215,553</u> |

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------------------|---------------------|-------------------|------------------------|---|
| | Confiscated Assets | Emergency 911 Telephone System | Federal Grants | State Grants | County/Local Grants | American Stimulus Recovery Grants |
| Revenues: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 1,299,702 | 1,292,750 | 4,500 | 60,278 |
| Fines and forfeitures | 232,297 | - | - | - | - | - |
| Charges for services | - | 1,803,655 | - | - | - | - |
| Investment earnings | 2,870 | 5,582 | - | - | - | 124 |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | <u>235,167</u> | <u>1,809,237</u> | <u>1,299,702</u> | <u>1,292,750</u> | <u>4,500</u> | <u>60,402</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | - | - | 1,737 | - | - | 54,938 |
| Public safety | 313,281 | 1,652,296 | 12,515 | - | 2,998 | - |
| Public works | - | - | 26,988 | 350,330 | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Planning and zoning | - | - | - | - | - | - |
| Capital outlay | - | 39,091 | 633,311 | 291,070 | - | - |
| Total expenditures | <u>313,281</u> | <u>1,691,387</u> | <u>674,551</u> | <u>641,400</u> | <u>2,998</u> | <u>54,938</u> |
| Excess (deficiency) of revenues over expenditures | (78,114) | 117,850 | 625,151 | 651,350 | 1,502 | 5,464 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | 502,474 | - | - | - |
| Transfers out | (96,000) | - | - | - | - | - |
| Total other financing sources (uses): | <u>(96,000)</u> | <u>-</u> | <u>502,474</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (174,114) | 117,850 | 1,127,625 | 651,350 | 1,502 | 5,464 |
| Fund balances (deficits), beginning of year | <u>797,511</u> | <u>1,545,463</u> | <u>(1,405,125)</u> | <u>(233,871)</u> | <u>5,061</u> | <u>(43,236)</u> |
| Fund balances (deficits), end of year | <u>\$ 623,397</u> | <u>\$ 1,663,313</u> | <u>\$ (277,500)</u> | <u>\$ 417,479</u> | <u>\$ 6,563</u> | <u>\$ (37,772)</u> |

| Special Revenue Funds | | | | Capital Projects Fund | Permanent Fund | Total Nonmajor Governmental Funds |
|-----------------------|-------------------|-------------------|-------------------|-----------------------|------------------|-----------------------------------|
| CDBG Grants | Soil Erosion | Hotel/Motel Tax | Leita Thompson | 2000 Bond | Scholarship Fund | |
| \$ - | \$ - | \$ 796,843 | \$ - | \$ - | \$ - | \$ 796,843 |
| 202,188 | - | - | - | - | - | 2,859,418 |
| - | - | - | - | - | - | 232,297 |
| - | 7,388 | - | - | - | - | 1,811,043 |
| - | 1,071 | 13,069 | - | 3,851 | 48 | 26,615 |
| - | - | - | 99,498 | - | - | 99,498 |
| <u>202,188</u> | <u>8,459</u> | <u>809,912</u> | <u>99,498</u> | <u>3,851</u> | <u>48</u> | <u>5,825,714</u> |
| - | - | - | - | - | - | 56,675 |
| - | - | - | - | - | - | 1,981,090 |
| - | - | - | - | - | - | 377,318 |
| - | - | 878,157 | 69,433 | - | - | 947,590 |
| 203,525 | - | - | - | - | - | 203,525 |
| 92,380 | - | - | - | 18,669 | - | 1,074,521 |
| <u>295,905</u> | <u>-</u> | <u>878,157</u> | <u>69,433</u> | <u>18,669</u> | <u>-</u> | <u>4,640,719</u> |
| (93,717) | 8,459 | (68,245) | 30,065 | (14,818) | 48 | 1,184,995 |
| - | - | 75,000 | - | - | - | 577,474 |
| - | - | (287,403) | - | - | - | (383,403) |
| - | - | (212,403) | - | - | - | 194,071 |
| (93,717) | 8,459 | (280,648) | 30,065 | (14,818) | 48 | 1,379,066 |
| <u>(10,512)</u> | <u>383,318</u> | <u>1,049,338</u> | <u>148,498</u> | <u>1,540,966</u> | <u>35,095</u> | <u>3,812,506</u> |
| <u>\$ (104,229)</u> | <u>\$ 391,777</u> | <u>\$ 768,690</u> | <u>\$ 178,563</u> | <u>\$ 1,526,148</u> | <u>\$ 35,143</u> | <u>\$ 5,191,572</u> |

**CITY OF ROSWELL, GEORGIA
CONFISCATED ASSETS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and forfeitures | \$ 60,000 | \$ 60,000 | \$ 232,297 | \$ 172,297 |
| Investment earnings | 5,000 | 5,000 | 2,870 | (2,130) |
| Total revenues | <u>65,000</u> | <u>65,000</u> | <u>235,167</u> | <u>170,167</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 335,493 | 377,154 | 337,938 | 39,216 |
| Total expenditures | <u>335,493</u> | <u>377,154</u> | <u>337,938</u> | <u>39,216</u> |
| Excess (deficiency) of revenues over expenditures | (270,493) | (312,154) | (102,771) | 209,383 |
| Other financing sources (uses): | | | | |
| Transfers out | (78,000) | (96,000) | (96,000) | - |
| Total other financing sources (uses) | <u>(78,000)</u> | <u>(96,000)</u> | <u>(96,000)</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (348,493)</u> | <u>\$ (408,154)</u> | (198,771) | <u>\$ 209,383</u> |
| Less outstanding encumbrances, June 30 | | | <u>24,657</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (174,114)</u> | |

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 1,580,000 | \$ 1,580,000 | \$ 1,803,655 | \$ 223,655 |
| Investment earnings | 2,000 | 2,000 | 5,582 | 3,582 |
| Total revenues | <u>1,582,000</u> | <u>1,582,000</u> | <u>1,809,237</u> | <u>227,237</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 1,940,054 | 1,985,215 | 1,685,232 | 299,983 |
| Capital outlay | <u>127,000</u> | <u>76,075</u> | <u>39,091</u> | <u>36,984</u> |
| Total expenditures | <u>2,067,054</u> | <u>2,061,290</u> | <u>1,724,323</u> | <u>336,967</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (485,054)</u> | <u>\$ (479,290)</u> | 84,914 | <u>\$ 564,204</u> |
| Less outstanding encumbrances, June 30 | | | <u>32,936</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 117,850</u> | |

**CITY OF ROSWELL, GEORGIA
FEDERAL GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 9,063,899 | \$ 7,889,899 | \$ 1,299,702 | \$ (6,590,197) |
| Total revenues | <u>9,063,899</u> | <u>7,889,899</u> | <u>1,299,702</u> | <u>(6,590,197)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 28,242 | 28,242 | 1,860 | 26,382 |
| Public safety | 886 | 27,638 | 33,151 | (5,513) |
| Public works | 699,454 | 601,454 | 26,988 | 574,466 |
| Planning and zoning | 129,359 | 65,849 | - | 65,849 |
| Capital outlay | 7,979,512 | 4,666,776 | 2,477,766 | 2,189,010 |
| Total expenditures | <u>8,837,453</u> | <u>5,389,959</u> | <u>2,539,765</u> | <u>2,850,194</u> |
| Excess (deficiency) of revenues over expenditures | 226,446 | 2,499,940 | (1,240,063) | (3,740,003) |
| Other financing sources: | | | | |
| Transfers in | 22,664 | 22,664 | 502,474 | 479,810 |
| Total other financing sources | <u>22,664</u> | <u>22,664</u> | <u>502,474</u> | <u>479,810</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 249,110</u> | <u>\$ 2,522,604</u> | (737,589) | <u>\$ (3,260,193)</u> |
| Less outstanding encumbrances, June 30 | | | <u>1,865,214</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 1,127,625</u> | |

**CITY OF ROSWELL, GEORGIA
STATE GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,077,542 | \$ 1,574,542 | \$ 1,292,750 | \$ (281,792) |
| Total revenues | <u>1,077,542</u> | <u>1,574,542</u> | <u>1,292,750</u> | <u>(281,792)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | - | 350,371 | 350,330 | 41 |
| Capital outlay | 245,102 | 1,519,070 | 412,243 | 1,106,827 |
| Total expenditures | <u>245,102</u> | <u>1,869,441</u> | <u>762,573</u> | <u>1,106,868</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 832,440</u> | <u>\$ (294,899)</u> | 530,177 | <u>\$ 825,076</u> |
| Less outstanding encumbrances, June 30 | | | <u>121,173</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 651,350</u> | |

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|--------------|--------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 3,000 | \$ 3,000 | \$ 4,500 | \$ 1,500 |
| Total revenues | <u>3,000</u> | <u>3,000</u> | <u>4,500</u> | <u>1,500</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 3,000 | 3,000 | 2,998 | 2 |
| Culture and recreation | - | - | - | - |
| Total expenditures | <u>3,000</u> | <u>3,000</u> | <u>2,998</u> | <u>2</u> |
| Net change in fund balances (budgetary basis) | <u>\$ -</u> | <u>\$ -</u> | 1,502 | <u>\$ 1,502</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 1,502</u> | |

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 648,047 | \$ 648,047 | \$ 60,278 | \$ (587,769) |
| Investment earnings | - | - | 124 | 124 |
| Total revenues | <u>648,047</u> | <u>648,047</u> | <u>60,402</u> | <u>(587,769)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 478,562 | 478,562 | 54,938 | 423,624 |
| Public safety | 2,795 | - | - | - |
| Public works | - | 6,370 | - | 6,370 |
| Planning and zoning | 185,138 | 185,138 | - | 185,138 |
| Capital outlay | 117,099 | 75,481 | - | 75,481 |
| Debt service | | | | |
| Interest | 81,294 | - | - | - |
| Total expenditures | <u>864,888</u> | <u>745,551</u> | <u>54,938</u> | <u>690,613</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (216,841)</u> | <u>\$ (97,504)</u> | 5,464 | <u>\$ 102,968</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 5,464</u> | |

**CITY OF ROSWELL, GEORGIA
CDBG GRANTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|------------------|------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 83,516 | \$ 501,129 | \$ 202,188 | \$ (298,941) |
| Total revenues | <u>83,516</u> | <u>501,129</u> | <u>202,188</u> | <u>(298,941)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Planning and zoning | 60,090 | 229,514 | 203,525 | 25,989 |
| Capital outlay | - | 177,587 | 92,380 | 85,207 |
| Total expenditures | <u>60,090</u> | <u>407,101</u> | <u>295,905</u> | <u>111,196</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 23,426</u> | <u>\$ 94,028</u> | (93,717) | <u>\$ (187,745)</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (93,717)</u> | |

**CITY OF ROSWELL, GEORGIA
SOIL EROSION**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-----------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 8,670 | \$ 8,670 | \$ 7,388 | \$ (1,282) |
| Investment earnings | - | - | 1,071 | 1,071 |
| Total revenues | <u>8,670</u> | <u>8,670</u> | <u>8,459</u> | <u>(211)</u> |
| Expenditures: | | | | |
| Capital outlay | - | 166,200 | 166,200 | - |
| Total expenditures | <u>-</u> | <u>166,200</u> | <u>166,200</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 8,670</u> | <u>\$ (157,530)</u> | (157,741) | <u>\$ (211)</u> |
| Less outstanding encumbrances, June 30 | | | <u>166,200</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 8,459</u> | |

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 650,000 | \$ 650,000 | \$ 796,843 | \$ 146,843 |
| Investment earnings | 5,000 | 5,000 | 13,069 | 8,069 |
| Total revenues | <u>655,000</u> | <u>655,000</u> | <u>809,912</u> | <u>154,912</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 878,874 | 878,874 | 878,157 | 717 |
| Total expenditures | <u>878,874</u> | <u>878,874</u> | <u>878,157</u> | <u>717</u> |
| Deficiency of revenues over expenditures | (223,874) | (223,874) | (68,245) | 155,629 |
| Other financing sources (uses): | | | | |
| Transfers in | 75,000 | 75,000 | 75,000 | - |
| Transfers out | (160,150) | (287,403) | (287,403) | - |
| Total other financing sources (uses) | <u>(85,150)</u> | <u>(212,403)</u> | <u>(212,403)</u> | <u>-</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (309,024)</u> | <u>\$ (436,277)</u> | (280,648) | <u>\$ 155,629</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (280,648)</u> | |

CITY OF ROSWELL, GEORGIA
LEITA THOMPSON

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-----------------|-----------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Miscellaneous | \$ 82,000 | \$ 82,000 | \$ 99,498 | \$ 17,498 |
| Total revenues | <u>82,000</u> | <u>82,000</u> | <u>99,498</u> | <u>17,498</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 73,192 | 73,325 | 70,231 | 3,094 |
| Total expenditures | <u>73,192</u> | <u>73,325</u> | <u>70,231</u> | <u>3,094</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 8,808</u> | <u>\$ 8,675</u> | 29,267 | <u>\$ 20,592</u> |
| Less outstanding encumbrances, June 30 | | | <u>798</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 30,065</u> | |

**CITY OF ROSWELL, GEORGIA
2000 BOND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|-----------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ - | \$ 3,851 | \$ 3,851 |
| Total revenues | - | - | 3,851 | 3,851 |
| Expenditures: | | | | |
| Current: | | | | |
| Capital outlay | 1,132,138 | 1,132,138 | 18,669 | 1,113,469 |
| Total expenditures | 1,132,138 | 1,132,138 | 18,669 | 1,113,469 |
| Net change in fund balances (budgetary basis) | <u>\$ (1,132,138)</u> | <u>\$ (1,132,138)</u> | (14,818) | <u>\$ 1,117,320</u> |
| Less outstanding encumbrances, June 30 | | | - | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (14,818)</u> | |

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Impact fees | \$ 134,000 | \$ 134,000 | \$ 542,957 | \$ 408,957 |
| Investment earnings | 10,000 | 10,000 | 18,665 | 8,665 |
| Total revenues | <u>144,000</u> | <u>144,000</u> | <u>561,622</u> | <u>417,622</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public works | - | 2,816 | 2,544 | 272 |
| Capital outlay | 128,000 | 2,741,335 | 328,253 | 2,413,082 |
| Total expenditures | <u>128,000</u> | <u>2,744,151</u> | <u>330,797</u> | <u>2,413,354</u> |
| Net change in fund balances (budgetary basis) | <u>\$ 16,000</u> | <u>\$ (2,600,151)</u> | 230,825 | <u>\$ 2,830,976</u> |
| Less outstanding encumbrances, June 30 | | | <u>28,799</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 259,624</u> | |

**CITY OF ROSWELL, GEORGIA
CAPITAL PROJECTS**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|------------------------|------------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 1,000,000 | \$ 1,000,000 | \$ 49,403 | \$ (950,597) |
| Investment earnings | - | - | 78,316 | 78,316 |
| Contributions | 35,000 | 35,000 | 35,000 | - |
| Total revenues | <u>1,035,000</u> | <u>1,035,000</u> | <u>162,719</u> | <u>(872,281)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 869,592 | 950,589 | 667,519 | 283,070 |
| Public safety | 194,771 | 194,990 | 14,414 | 180,576 |
| Public works | 3,142,137 | 4,446,241 | 2,151,201 | 2,295,040 |
| Culture and recreation | 11,234 | 11,234 | 8,400 | 2,834 |
| Capital outlay | <u>20,039,545</u> | <u>28,415,179</u> | <u>12,811,910</u> | <u>15,603,269</u> |
| Total expenditures | <u>24,257,279</u> | <u>34,018,233</u> | <u>15,653,444</u> | <u>18,364,789</u> |
| Deficiency of revenues over expenditures | (23,222,279) | (32,983,233) | (15,490,725) | 17,492,508 |
| Other financing sources (uses): | | | | |
| Proceeds from capital lease | 3,150,000 | 3,150,000 | - | (3,150,000) |
| Transfers in | - | 13,807,730 | 12,221,730 | (1,586,000) |
| Transfers out | <u>(1,215,925)</u> | <u>(75,925)</u> | <u>(75,925)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>1,934,075</u> | <u>16,881,805</u> | <u>12,145,805</u> | <u>(4,736,000)</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (21,288,204)</u> | <u>\$ (16,101,428)</u> | (3,344,920) | <u>\$ 12,756,508</u> |
| Less outstanding encumbrances, June 30 | | | <u>5,549,848</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 2,204,928</u> | |

**CITY OF ROSWELL, GEORGIA
2013 BOND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|------------------|-------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 5,650,000 | \$ - | \$ - | \$ - |
| Investment earnings | - | - | 22,881 | 22,881 |
| Total revenues | <u>5,650,000</u> | <u>-</u> | <u>22,881</u> | <u>22,881</u> |
| Expenditures: | | | | |
| Capital outlay | 5,650,000 | 10,000,000 | 1,253,982 | 8,746,018 |
| Debt service | | | | |
| Interest | - | - | 206,857 | (206,857) |
| Total expenditures | <u>5,650,000</u> | <u>10,000,000</u> | <u>1,460,839</u> | <u>8,539,161</u> |
| Deficiency of revenues over expenditures | - | (10,000,000) | (1,437,958) | (8,516,280) |
| Other financing sources: | | | | |
| Issuance of long term debt | - | 10,000,000 | 9,760,000 | 240,000 |
| Premium from issuance of long term debt | - | - | 239,277 | (239,277) |
| Total other financing sources | <u>-</u> | <u>10,000,000</u> | <u>9,999,277</u> | <u>723</u> |
| Net change in fund balances (budgetary basis) | <u>\$ -</u> | <u>\$ -</u> | 8,561,319 | <u>\$ (8,515,557)</u> |
| Less outstanding encumbrances, June 30 | | | <u>525,697</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ 9,087,016</u> | |

**CITY OF ROSWELL, GEORGIA
DEBT SERVICE**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|--|---------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 5,892,800 | \$ 5,892,800 | \$ 5,986,770 | \$ 93,970 |
| Investment earnings | - | - | 5,694 | 5,694 |
| Total revenues | <u>5,892,800</u> | <u>5,892,800</u> | <u>5,992,464</u> | <u>99,664</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 5,925,000 | 5,925,000 | 5,925,000 | - |
| Interest | 441,575 | 441,575 | 441,387 | 188 |
| Total expenditures | <u>6,366,575</u> | <u>6,366,575</u> | <u>6,366,387</u> | <u>188</u> |
| Deficiency of revenues over expenditures | (473,775) | (473,775) | (373,923) | 99,852 |
| Other financing uses: | | | | |
| Transfers out | (136,000) | (136,000) | - | 136,000 |
| Total other financing uses | <u>(136,000)</u> | <u>(136,000)</u> | <u>-</u> | <u>136,000</u> |
| Net change in fund balances (budgetary basis) | <u>\$ (609,775)</u> | <u>\$ (609,775)</u> | (373,923) | <u>\$ 235,852</u> |
| Less outstanding encumbrances, June 30 | | | <u>-</u> | |
| Net change in fund balances (GAAP basis) | | | <u>\$ (373,923)</u> | |

ENTERPRISE FUNDS

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

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

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

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

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

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

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

FOR THE YEAR ENDED JUNE 30, 2013

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|---|--------------------|--------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Water sales | \$ 2,900,000 | \$ 2,900,000 | \$ 2,802,534 | \$ (97,466) |
| Sewer sales | 275,000 | 275,000 | 262,312 | (12,688) |
| Other fees | 70,000 | 70,000 | 148,510 | 78,510 |
| Other operating income | 41,500 | 41,500 | 4,609 | (36,891) |
| Total operating revenues | <u>3,286,500</u> | <u>3,286,500</u> | <u>3,217,965</u> | <u>(68,535)</u> |
| Operating expenses: | | | | |
| Personnel services and benefits | 1,257,748 | 1,257,748 | 1,215,657 | 42,091 |
| Purchased contract services | 500,000 | 500,000 | 303,627 | 196,373 |
| Supplies and maintenance | 1,424,748 | 1,424,748 | 959,977 | 464,771 |
| Utilities | 94,397 | 94,397 | 63,617 | 30,780 |
| Depreciation | - | - | 461,147 | (461,147) |
| Total operating expenses | <u>3,276,893</u> | <u>3,276,893</u> | <u>3,004,025</u> | <u>272,868</u> |
| Operating income | 9,607 | 9,607 | 213,940 | 204,333 |
| Non-operating revenues (expenses): | | | | |
| Investment earnings (loss) | 5,000 | 5,000 | (10,104) | (15,104) |
| Interest expense | (77,000) | (77,000) | (54,817) | 22,183 |
| Total non-operating revenues (expenses) | <u>(72,000)</u> | <u>(72,000)</u> | <u>(64,921)</u> | <u>7,079</u> |
| Change in net position (budgetary basis) | <u>\$ (62,393)</u> | <u>\$ (62,393)</u> | 149,019 | <u>\$ 211,412</u> |
| Less outstanding encumbrances, June 30 | | | <u>204,193</u> | |
| Change in net position (GAAP basis) | | | <u>\$ 353,212</u> | |

**CITY OF ROSWELL, GEORGIA
SOLID WASTE**

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

FOR THE YEAR ENDED JUNE 30, 2013

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|---|-----------------------|-----------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Sanitation sales | \$ 8,484,500 | \$ 8,484,500 | \$ 8,533,000 | \$ 48,500 |
| Other fees | - | - | 27,782 | 27,782 |
| Other operating income | 181,000 | 181,000 | 296,457 | 115,457 |
| Total operating revenues | <u>8,665,500</u> | <u>8,665,500</u> | <u>8,857,239</u> | <u>191,739</u> |
| Operating expenses: | | | | |
| Personnel services and benefits | 3,036,489 | 3,041,149 | 2,942,194 | 98,955 |
| Purchased contract services | 4,372,532 | 4,372,532 | 3,844,898 | 527,634 |
| Supplies and maintenance | 2,388,689 | 2,527,682 | 1,933,566 | 594,116 |
| Utilities | 10,069 | 10,069 | 9,825 | 244 |
| Depreciation | - | - | 361,534 | (361,534) |
| Total operating expenses | <u>9,807,779</u> | <u>9,951,432</u> | <u>9,092,017</u> | <u>859,415</u> |
| Operating loss | (1,142,279) | (1,285,932) | (234,778) | 1,051,154 |
| Non-operating revenues: | | | | |
| Investment earnings | 15,000 | 15,000 | (2,735) | (17,735) |
| Total non-operating revenues | <u>15,000</u> | <u>15,000</u> | <u>(2,735)</u> | <u>(17,735)</u> |
| Change in net position (budgetary basis) | <u>\$ (1,127,279)</u> | <u>\$ (1,270,932)</u> | (237,513) | <u>\$ 1,033,419</u> |
| Less outstanding encumbrances, June 30 | | | <u>196,170</u> | |
| Change in net position (GAAP basis) | | | <u>\$ (41,343)</u> | |

**CITY OF ROSWELL, GEORGIA
PARTICIPANT RECREATION**

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

FOR THE YEAR ENDED JUNE 30, 2013

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|---|------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Other fees | \$ 4,326,407 | \$ 4,341,407 | \$ 4,672,406 | \$ 330,999 |
| Total operating revenues | <u>4,326,407</u> | <u>4,341,407</u> | <u>4,672,406</u> | <u>330,999</u> |
| Operating expenses: | | | | |
| Personnel services and benefits | 2,998,378 | 3,000,289 | 3,055,634 | (55,345) |
| Purchased contract services | 720,000 | 723,520 | 669,795 | 53,725 |
| Supplies and maintenance | 1,111,474 | 1,389,045 | 1,241,186 | 147,859 |
| Depreciation | - | - | 42,657 | (42,657) |
| Total operating expenses | <u>4,829,852</u> | <u>5,112,854</u> | <u>5,009,272</u> | <u>103,582</u> |
| Operating loss | (503,445) | (771,447) | (336,866) | 434,581 |
| Non-operating revenues: | | | | |
| Investment earnings | - | - | 7,481 | 7,481 |
| Total non-operating revenues | <u>-</u> | <u>-</u> | <u>7,481</u> | <u>7,481</u> |
| Loss before transfers | (503,445) | (771,447) | (329,385) | 442,062 |
| Transfers: | | | | |
| Transfers in | 571,391 | 571,391 | 571,391 | - |
| Total transfers | <u>571,391</u> | <u>571,391</u> | <u>571,391</u> | <u>-</u> |
| Change in net position (budgetary basis) | <u>\$ 67,946</u> | <u>\$ (200,056)</u> | 242,006 | <u>\$ 442,062</u> |
| Less outstanding encumbrances, June 30 | | | <u>44,259</u> | |
| Change in net position (GAAP basis) | | | <u>\$ 286,265</u> | |

**CITY OF ROSWELL, GEORGIA
STORMWATER**

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

FOR THE YEAR ENDED JUNE 30, 2013

| | Budget | | Actual on a Budgetary Basis | Variance with Final Budget |
|---|-------------------|---------------------|-----------------------------------|----------------------------------|
| | Original | Final | | |
| Operating revenues: | | | | |
| Charges for services: | | | | |
| Stormwater sales | \$ 2,902,000 | \$ 2,902,000 | \$ 3,052,032 | \$ 150,032 |
| Total operating revenues | <u>2,902,000</u> | <u>2,902,000</u> | <u>3,052,032</u> | <u>150,032</u> |
| Operating expenses: | | | | |
| Personnel services and benefits | 848,191 | 849,242 | 703,255 | 145,987 |
| Supplies and maintenance | 1,552,110 | 2,170,292 | 840,568 | 1,329,724 |
| Depreciation | - | - | 8,009 | (8,009) |
| Total operating expenses | <u>2,400,301</u> | <u>3,019,534</u> | <u>1,551,832</u> | <u>1,467,702</u> |
| Operating income (loss) | 501,699 | (117,534) | 1,500,200 | 1,617,734 |
| Non-operating revenues: | | | | |
| Investment income | - | - | 10,681 | 10,681 |
| Total non-operating revenues | <u>-</u> | <u>-</u> | <u>10,681</u> | <u>10,681</u> |
| Income (loss) before transfers | 501,699 | (117,534) | 1,510,881 | 1,628,415 |
| Transfers: | | | | |
| Transfers out | (240,000) | (240,000) | - | 240,000 |
| Total transfers | <u>(240,000)</u> | <u>(240,000)</u> | <u>-</u> | <u>240,000</u> |
| Change in net position (budgetary basis) | <u>\$ 261,699</u> | <u>\$ (357,534)</u> | 1,510,881 | <u>\$ 1,868,415</u> |
| Less outstanding encumbrances, June 30 | | | <u>34,680</u> | |
| Change in net position (GAAP basis) | | | <u>\$ 1,545,561</u> | |

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013

| | <u>Group Health Fund</u> | <u>Risk Management Fund</u> | <u>Workman's Compensation Fund</u> | <u>Fleet Services Fund</u> | <u>Total</u> |
|---|----------------------------------|-------------------------------------|--|------------------------------------|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash | \$ 1,265,543 | \$ 1,186,837 | \$ 1,855,710 | \$ 472 | \$ 4,308,562 |
| Investments | 1,000,000 | 754,372 | 980,656 | - | 2,735,028 |
| Receivables (net of allowance for uncollectibles) | 1,357 | 3,071 | 2,600 | - | 7,028 |
| Prepaid items | 6,644 | 169,612 | 60,000 | - | 236,256 |
| Total assets | <u>2,273,544</u> | <u>2,113,892</u> | <u>2,898,966</u> | <u>472</u> | <u>7,286,874</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 15,375 | 788 | 71,837 | 2,389 | 90,389 |
| Accrued liabilities | 1,517 | 1,404 | 291,125 | 8,192 | 302,238 |
| Due to other funds | - | - | - | 35 | 35 |
| Total liabilities | <u>16,892</u> | <u>2,192</u> | <u>362,962</u> | <u>10,616</u> | <u>392,662</u> |
| NET POSITION | | | | | |
| Unrestricted | <u>2,256,652</u> | <u>2,111,700</u> | <u>2,536,004</u> | <u>(10,144)</u> | <u>6,894,212</u> |
| Total net position | <u>\$ 2,256,652</u> | <u>\$ 2,111,700</u> | <u>\$ 2,536,004</u> | <u>\$ (10,144)</u> | <u>\$ 6,894,212</u> |

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Group Health Fund | Risk Management Fund | Workman's Compensation Fund | Fleet Services Fund | Total |
|---|-------------------------|----------------------------|-----------------------------------|---------------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 6,197,363 | \$ 1,025,417 | \$ 446,352 | \$ 591,067 | \$ 8,260,199 |
| Miscellaneous | 94,607 | - | 1,000 | - | 95,607 |
| Total operating revenues | <u>6,291,970</u> | <u>1,025,417</u> | <u>447,352</u> | <u>591,067</u> | <u>8,355,806</u> |
| OPERATING EXPENSES | | | | | |
| General and administrative | 1,443,654 | 83,110 | 122,973 | 601,211 | 2,250,948 |
| Claims paid | 5,237,656 | 805,027 | 333,120 | - | 6,375,803 |
| Total operating expenses | <u>6,681,310</u> | <u>888,137</u> | <u>456,093</u> | <u>601,211</u> | <u>8,626,751</u> |
| Operating income (loss) | (389,340) | 137,280 | (8,741) | (10,144) | (270,945) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings (losses) | 3,040 | 17,853 | (7,687) | - | 13,206 |
| Total nonoperating revenues (expenses) | <u>3,040</u> | <u>17,853</u> | <u>(7,687)</u> | <u>-</u> | <u>13,206</u> |
| Income before transfers | (386,300) | 155,133 | (16,428) | (10,144) | (257,739) |
| Transfers out | <u>(200,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(200,000)</u> |
| Change in net position | (586,300) | 155,133 | (16,428) | (10,144) | (457,739) |
| NET POSITION, beginning of year | <u>2,842,952</u> | <u>1,956,567</u> | <u>2,552,432</u> | <u>-</u> | <u>7,351,951</u> |
| NET POSITION, end of year | <u>\$ 2,256,652</u> | <u>\$ 2,111,700</u> | <u>\$ 2,536,004</u> | <u>\$ (10,144)</u> | <u>\$ 6,894,212</u> |

CITY OF ROSWELL, GEORGIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Group Health Fund | Risk Management Fund | Workman's Compensation Fund | Fleet Services Fund | Total |
|--|-------------------------|----------------------------|-----------------------------------|---------------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$ 6,324,919 | \$ 1,025,417 | \$ 447,352 | \$ 591,067 | \$ 8,388,755 |
| Payments to suppliers and service providers | (6,732,517) | (917,719) | (2,533,183) | (590,595) | (10,774,014) |
| Net cash provided by (used in) operating activities | (407,598) | 107,698 | (2,085,831) | 472 | (2,385,259) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Sale of investments | - | - | 1,017,263 | - | 1,017,263 |
| Interest received | 8,195 | 8,944 | - | - | 17,139 |
| Net cash provided by investing activities | 8,195 | 8,944 | 1,017,263 | - | 1,034,402 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers out | (200,000) | - | - | - | (200,000) |
| Net cash used by noncapital financing activities | (200,000) | - | - | - | (200,000) |
| Net increase (decrease) in cash | (599,403) | 116,642 | (1,068,568) | 472 | (1,550,857) |
| Cash: | | | | | |
| Beginning of year | 1,864,946 | 1,070,195 | 2,924,278 | - | 5,859,419 |
| End of year | <u>\$ 1,265,543</u> | <u>\$ 1,186,837</u> | <u>\$ 1,855,710</u> | <u>\$ 472</u> | <u>\$ 4,308,562</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ (389,340) | \$ 137,280 | \$ (8,741) | \$ (10,144) | \$ (270,945) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Decrease in receivables | 32,824 | - | - | - | 32,824 |
| Decrease in due from other funds | 125 | - | - | - | 125 |
| Decrease (increase) in prepaids | (3,681) | (16,901) | 63 | - | (20,519) |
| Increase (decrease) in accounts payable | (45,712) | (10,897) | (6,362) | 2,389 | (60,582) |
| Increase (decrease) in accrued liabilities | 2 | 17 | (64,796) | 8,192 | (56,585) |
| Increase (decrease) in due to other funds | (1,816) | (1,801) | (2,005,995) | 35 | (2,009,577) |
| Net cash provided by (used in) operating activities | <u>\$ (407,598)</u> | <u>\$ 107,698</u> | <u>\$ (2,085,831)</u> | <u>\$ 472</u> | <u>\$ (2,385,259)</u> |
| NONCASH INVESTING ACTIVITIES | | | | | |
| Decrease in fair value of investments | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,687</u> | <u>\$ -</u> | <u>\$ 7,687</u> |

STATISTICAL SECTION

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

| | |
|-------------------------------|--------------|
| | <u>Page</u> |
| Financial Trends | 79-84 |

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

| | |
|------------------------------|--------------|
| Revenue Capacity..... | 85-88 |
|------------------------------|--------------|

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

| | |
|---------------------------|--------------|
| Debt Capacity..... | 89-92 |
|---------------------------|--------------|

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

| | |
|--|------------------|
| Demographic and Economic Information..... | 93 and 94 |
|--|------------------|

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

| | |
|-----------------------------------|--------------|
| Operating Information..... | 95-99 |
|-----------------------------------|--------------|

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

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

CITY OF ROSWELL, GEORGIA

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 79,283 | \$ 87,002 | \$ 88,960 | \$ 92,979 |
| Restricted | 22,371 | 9,351 | 7,836 | 9,679 |
| Unrestricted | 23,018 | 37,397 | 54,935 | 66,635 |
| Total governmental activities net position | <u>\$ 124,672</u> | <u>\$ 133,750</u> | <u>\$ 151,731</u> | <u>\$ 169,293</u> |
| | | | | |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 8,990 | \$ 8,818 | \$ 8,576 | \$ 9,235 |
| Restricted | - | - | - | - |
| Unrestricted | 2,105 | 5,102 | 8,723 | 10,846 |
| Total business-type activities net position | <u>\$ 11,095</u> | <u>\$ 13,920</u> | <u>\$ 17,299</u> | <u>\$ 20,081</u> |
| | | | | |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 88,273 | \$ 95,820 | \$ 97,536 | \$ 102,214 |
| Restricted | 22,371 | 9,351 | 7,836 | 9,679 |
| Unrestricted | 25,123 | 42,499 | 63,658 | 77,481 |
| Total primary government net position | <u>\$ 135,767</u> | <u>\$ 147,670</u> | <u>\$ 169,030</u> | <u>\$ 189,374</u> |

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 107,136 | \$ 117,562 | \$ 126,837 | \$ 140,779 | \$ 156,690 | \$ 154,588 |
| 7,496 | 7,845 | 8,314 | 21,015 | 11,443 | 20,996 |
| 72,291 | 69,817 | 65,539 | 50,820 | 49,347 | 46,557 |
| <u>\$ 186,923</u> | <u>\$ 195,224</u> | <u>\$ 200,690</u> | <u>\$ 212,614</u> | <u>\$ 217,480</u> | <u>\$ 222,141</u> |
| | | | | | |
| \$ 9,506 | \$ 10,963 | \$ 13,044 | \$ 14,581 | \$ 15,146 | \$ 17,069 |
| - | - | - | - | 1,644 | - |
| 12,893 | 13,867 | 14,349 | 15,314 | 15,005 | 16,828 |
| <u>\$ 22,399</u> | <u>\$ 24,830</u> | <u>\$ 27,393</u> | <u>\$ 29,895</u> | <u>\$ 31,795</u> | <u>\$ 33,897</u> |
| | | | | | |
| \$ 116,642 | \$ 128,525 | \$ 139,881 | \$ 155,360 | \$ 171,836 | \$ 171,657 |
| 7,496 | 7,845 | 8,314 | 21,015 | 13,087 | 20,996 |
| 85,184 | 83,684 | 79,888 | 66,134 | 64,352 | 63,385 |
| <u>\$ 209,322</u> | <u>\$ 220,054</u> | <u>\$ 228,083</u> | <u>\$ 242,509</u> | <u>\$ 249,275</u> | <u>\$ 256,038</u> |

CITY OF ROSWELL, GEORGIA

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|------------------|------------------|------------------|------------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 7,007 | \$ 5,312 | \$ 3,948 | \$ 4,311 |
| Judicial | 1,355 | 1,373 | 1,384 | 1,387 |
| Financial services | 1,875 | 3,290 | 4,057 | 3,987 |
| Public safety | 17,295 | 17,952 | 19,466 | 20,708 |
| Public works | 8,854 | 8,789 | 8,961 | 10,009 |
| Planning and zoning | 3,467 | 3,462 | 3,553 | 3,653 |
| Culture and recreation | 9,961 | 10,349 | 10,996 | 11,369 |
| Interest and paying agent fees | 2,764 | 2,583 | 2,353 | 2,208 |
| Total governmental activities expenses | <u>52,578</u> | <u>53,110</u> | <u>54,718</u> | <u>57,632</u> |
| Business-type activities: | | | | |
| Water and sewer | 2,377 | 2,214 | 2,204 | 2,625 |
| Solid waste | 6,085 | 6,403 | 6,806 | 8,166 |
| Participant recreation | 2,987 | 3,112 | 3,399 | 3,452 |
| Stormwater | - | - | - | - |
| Total business-type activities expenses | <u>11,449</u> | <u>11,729</u> | <u>12,409</u> | <u>14,243</u> |
| Total primary government expenses | <u>\$ 64,027</u> | <u>\$ 64,839</u> | <u>\$ 67,127</u> | <u>\$ 71,875</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 1,470 | \$ 298 | \$ 1,012 | \$ 1,802 |
| Judicial (3) | - | - | 2,968 | 3,106 |
| Public safety | 3,394 | 4,407 | 1,861 | 3,312 |
| Public works | 27 | 229 | 961 | 734 |
| Planning and zoning | 2,235 | 1,172 | 1,349 | 1,611 |
| Culture and recreation | 199 | 640 | 233 | 435 |
| Total charges for services | <u>7,325</u> | <u>6,746</u> | <u>8,384</u> | <u>11,000</u> |
| Operating grants and contributions (1) | 3,478 | 1,439 | 25 | 378 |
| Capital grants and contributions (1) | 643 | - | 3,880 | 901 |
| Total governmental activities program revenues | <u>11,446</u> | <u>8,185</u> | <u>12,289</u> | <u>12,279</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer (2) | 1,685 | 2,804 | 3,314 | 3,335 |
| Solid waste | 7,221 | 9,187 | 9,716 | 9,090 |
| Participant recreation | 3,501 | 3,230 | 3,401 | 3,642 |
| Stormwater | - | - | - | - |
| Total charges for services | <u>12,407</u> | <u>15,221</u> | <u>16,431</u> | <u>16,067</u> |
| Capital grants and contributions (1) | - | - | - | 621 |
| Total business-type activities program revenues | <u>12,407</u> | <u>15,221</u> | <u>16,431</u> | <u>16,688</u> |
| Total primary government program revenues | <u>\$ 23,853</u> | <u>\$ 23,406</u> | <u>\$ 28,720</u> | <u>\$ 28,967</u> |

(continued)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 5,398 | \$ 7,130 | \$ 7,309 | \$ 8,049 | \$ 8,237 | \$ 8,455 |
| | 1,496 | 1,484 | 1,502 | 1,442 | 1,374 | 1,371 |
| | 3,964 | 2,387 | 2,335 | 1,528 | 2,216 | 2,159 |
| | 22,486 | 23,764 | 24,880 | 24,346 | 26,037 | 24,622 |
| | 8,847 | 9,402 | 12,380 | 12,670 | 13,438 | 12,355 |
| | 3,932 | 3,675 | 3,650 | 3,978 | 2,541 | 2,844 |
| | 12,634 | 12,198 | 12,340 | 11,445 | 12,102 | 12,258 |
| | 1,831 | 1,506 | 1,278 | 1,193 | 823 | 574 |
| | <u>60,588</u> | <u>61,546</u> | <u>65,674</u> | <u>64,651</u> | <u>66,768</u> | <u>64,638</u> |
| | | | | | | |
| | 2,662 | 2,680 | 3,057 | 2,936 | 3,330 | 2,861 |
| | 8,655 | 8,607 | 8,985 | 8,951 | 8,887 | 8,928 |
| | 3,845 | 3,859 | 3,855 | 4,964 | 4,844 | 4,964 |
| | - | - | - | - | 1,418 | 1,522 |
| | <u>15,162</u> | <u>15,146</u> | <u>15,897</u> | <u>16,851</u> | <u>18,479</u> | <u>18,275</u> |
| | | | | | | |
| \$ | <u>75,750</u> | <u>76,692</u> | <u>81,571</u> | <u>81,502</u> | <u>85,247</u> | <u>82,913</u> |
| | | | | | | |
| \$ | 2,376 | \$ 1,899 | \$ 1,256 | \$ 3,420 | \$ 3,120 | \$ 2,988 |
| | 3,154 | 584 | 2,259 | 2,969 | 2,938 | 2,246 |
| | 3,843 | 4,650 | 2,918 | 2,176 | 2,530 | 1,844 |
| | 435 | 481 | 1,480 | 67 | 264 | 570 |
| | 604 | 698 | 373 | 17 | 609 | 766 |
| | 476 | 273 | 512 | 350 | 80 | 99 |
| | <u>10,888</u> | <u>8,585</u> | <u>8,798</u> | <u>8,999</u> | <u>9,541</u> | <u>8,513</u> |
| | 1,300 | 737 | 2,368 | 1,406 | 983 | 491 |
| | 1,662 | 1,323 | 2,222 | 9,443 | 2,883 | 2,101 |
| | <u>13,850</u> | <u>10,645</u> | <u>13,388</u> | <u>19,848</u> | <u>13,407</u> | <u>11,105</u> |
| | | | | | | |
| | 3,183 | 3,257 | 3,297 | 3,304 | 3,567 | 3,218 |
| | 9,763 | 9,681 | 9,981 | 9,821 | 8,655 | 8,857 |
| | 4,077 | 3,910 | 4,126 | 4,345 | 4,626 | 4,672 |
| | - | - | - | - | 2,900 | 3,052 |
| | <u>17,023</u> | <u>16,848</u> | <u>17,404</u> | <u>17,470</u> | <u>19,748</u> | <u>19,800</u> |
| | 107 | - | 844 | - | - | - |
| | <u>17,130</u> | <u>16,848</u> | <u>18,248</u> | <u>17,470</u> | <u>19,748</u> | <u>19,800</u> |
| | | | | | | |
| \$ | <u>30,980</u> | <u>27,493</u> | <u>31,636</u> | <u>37,318</u> | <u>33,155</u> | <u>30,905</u> |

CITY OF ROSWELL, GEORGIA

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

| | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (41,132) | \$ (44,925) | \$ (42,429) | \$ (45,353) |
| Business-type activities | 958 | 3,492 | 4,022 | 2,445 |
| Total primary government net expense | <u>\$ (40,174)</u> | <u>\$ (41,433)</u> | <u>\$ (38,407)</u> | <u>\$ (42,908)</u> |
| GENERAL REVENUES AND OTHER | | | | |
| CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes (4) | \$ 18,273 | \$ 27,543 | \$ 28,806 | \$ 30,628 |
| Sales taxes | 16,728 | 18,780 | 21,284 | 22,443 |
| Hotel/Motel taxes | 464 | 619 | 730 | 795 |
| Business taxes (4) | 9,119 | 4,689 | 5,026 | 5,151 |
| Total taxes | <u>44,584</u> | <u>51,631</u> | <u>55,846</u> | <u>59,017</u> |
| Investment earnings | 581 | 1,078 | 2,071 | 3,784 |
| Gain on sale of capital assets | - | - | - | - |
| Miscellaneous (4) | 801 | 519 | 69 | 122 |
| Transfers | (145) | 775 | 962 | (8) |
| Total governmental activities | <u>45,821</u> | <u>54,003</u> | <u>58,948</u> | <u>62,915</u> |
| Business-type activities: | | | | |
| Investment earnings | 10 | 80 | 266 | 314 |
| Gain on sale of capital assets | - | - | 53 | 15 |
| Miscellaneous | 21 | 28 | - | - |
| Transfers | 145 | (775) | (962) | 8 |
| Total business-type activities | <u>176</u> | <u>(667)</u> | <u>(643)</u> | <u>337</u> |
| Total primary government | <u>\$ 45,997</u> | <u>\$ 53,336</u> | <u>\$ 58,305</u> | <u>\$ 63,252</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | \$ 4,689 | \$ 9,078 | \$ 16,519 | \$ 17,562 |
| Business-type activities | 1,134 | 2,825 | 3,379 | 2,782 |
| Total primary government | <u>\$ 5,823</u> | <u>\$ 11,903</u> | <u>\$ 19,898</u> | <u>\$ 20,344</u> |

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

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ (46,738) | \$ (50,901) | \$ (52,286) | \$ (44,803) | \$ (53,361) | \$ (53,533) |
| 1,968 | 1,702 | 2,351 | 619 | 1,269 | 1,525 |
| <u>\$ (44,770)</u> | <u>\$ (49,199)</u> | <u>\$ (49,935)</u> | <u>\$ (44,184)</u> | <u>\$ (52,092)</u> | <u>\$ (52,008)</u> |
| | | | | | |
| \$ 31,635 | \$ 31,890 | \$ 31,674 | \$ 31,344 | \$ 30,227 | \$ 30,398 |
| 22,689 | 19,720 | 19,562 | 20,406 | 21,863 | 21,816 |
| 853 | 686 | 602 | 721 | 788 | 797 |
| 5,307 | 5,378 | 5,248 | 5,345 | 5,028 | 5,351 |
| <u>60,484</u> | <u>57,674</u> | <u>57,086</u> | <u>57,816</u> | <u>57,906</u> | <u>58,362</u> |
| 3,395 | 1,751 | 593 | 559 | 411 | 229 |
| - | - | - | - | 148 | - |
| 479 | 202 | 73 | 100 | 179 | 217 |
| 10 | (425) | - | (1,748) | (418) | (571) |
| <u>64,368</u> | <u>59,202</u> | <u>57,752</u> | <u>56,727</u> | <u>58,226</u> | <u>58,237</u> |
| | | | | | |
| 348 | 280 | 123 | 135 | 70 | 5 |
| 12 | 24 | 89 | - | 144 | - |
| - | - | - | - | - | - |
| (10) | 425 | - | 1,748 | 418 | 571 |
| <u>350</u> | <u>729</u> | <u>212</u> | <u>1,883</u> | <u>632</u> | <u>576</u> |
| <u>\$ 64,718</u> | <u>\$ 59,931</u> | <u>\$ 57,964</u> | <u>\$ 58,610</u> | <u>\$ 58,858</u> | <u>\$ 58,813</u> |
| | | | | | |
| \$ 17,630 | \$ 8,301 | \$ 5,466 | \$ 11,924 | \$ 4,865 | \$ 4,704 |
| 2,318 | 2,431 | 2,563 | 2,502 | 1,901 | 2,101 |
| <u>\$ 19,948</u> | <u>\$ 10,732</u> | <u>\$ 8,029</u> | <u>\$ 14,426</u> | <u>\$ 6,766</u> | <u>\$ 6,805</u> |

CITY OF ROSWELL, GEORGIA

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

| | 2004 | 2005 | 2006 | 2007 |
|------------------------------------|-----------|-----------|-----------|-----------|
| General fund | | | | |
| Reserved | \$ 1,300 | \$ 1,916 | \$ 1,710 | \$ 668 |
| Unreserved | 29,123 | 28,995 | 33,383 | 40,251 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total general fund | 30,423 | 30,911 | 35,093 | 40,919 |
| All other governmental funds | | | | |
| Reserved | 26,244 | 23,652 | 14,472 | 14,769 |
| Unreserved, reported in: | | | | |
| Special revenue funds | (1,310) | (3,416) | (1,136) | 3,836 |
| Debt service funds | - | 2,306 | 14,773 | 16,297 |
| Capital projects funds | - | - | - | - |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | 24,934 | 22,542 | 28,109 | 34,902 |
| Total all funds | \$ 55,357 | \$ 53,453 | \$ 63,202 | \$ 75,821 |

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

| <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 865 | \$ 714 | \$ 620 | \$ - | \$ - | \$ - |
| 40,843 | 35,224 | 31,858 | - | - | - |
| - | - | - | 291 | 188 | 570 |
| - | - | - | 104 | 88 | 66 |
| - | - | - | 16,329 | 14,007 | 14,398 |
| - | - | - | 6,893 | 3,299 | 2,826 |
| - | - | - | 7,418 | 8,882 | 3,408 |
| <u>41,708</u> | <u>35,938</u> | <u>32,478</u> | <u>31,035</u> | <u>26,464</u> | <u>21,268</u> |
| 13,399 | 12,377 | 15,400 | - | - | - |
| 3,365 | 4,289 | 1,307 | - | - | - |
| 18,494 | 20,602 | 19,219 | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 130 | 63 | 297 |
| - | - | - | 19,693 | 11,116 | 20,452 |
| - | - | - | 399 | 494 | 531 |
| - | - | - | 15,929 | 17,519 | 19,187 |
| - | - | - | (1,188) | (1,699) | (420) |
| <u>35,258</u> | <u>37,268</u> | <u>35,926</u> | <u>34,963</u> | <u>27,493</u> | <u>40,048</u> |
| <u>\$ 76,966</u> | <u>\$ 73,206</u> | <u>\$ 68,404</u> | <u>\$ 65,998</u> | <u>\$ 53,957</u> | <u>\$ 61,316</u> |

CITY OF ROSWELL, GEORGIA

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

| | 2004 | 2005 | 2006 | 2007 |
|--|---------------------|---------------------|---------------------|------------------|
| REVENUES | | | | |
| Taxes | \$ 44,626 | \$ 50,440 | \$ 55,474 | \$ 58,320 |
| Licenses and permits (2) | 2,539 | 1,661 | 1,813 | 2,117 |
| Intergovernmental | 3,478 | 3,245 | 4,475 | 1,943 |
| Fines and forfeitures | 1,618 | 2,050 | 3,066 | 4,218 |
| Charges for services | 1,849 | 2,239 | 2,495 | 3,850 |
| Impact fees | - | - | - | - |
| Investment earnings (3) | 581 | 1,012 | 2,020 | 3,696 |
| Contributions | - | - | - | - |
| Miscellaneous | 2,120 | 1,336 | 1,041 | 1,094 |
| Total revenues | 56,811 | 61,983 | 70,384 | 75,238 |
| EXPENDITURES | | | | |
| General government | 4,983 | 3,974 | 4,090 | 4,663 |
| Judicial | 1,138 | 1,274 | 1,289 | 1,326 |
| Financial services | 1,852 | 3,263 | 3,333 | 3,565 |
| Public safety | 16,202 | 17,240 | 18,405 | 20,054 |
| Public works | 6,547 | 6,377 | 6,525 | 6,779 |
| Planning and zoning | 3,140 | 3,223 | 3,317 | 3,469 |
| Culture and recreation | 7,974 | 8,497 | 9,102 | 9,578 |
| Capital outlay | 7,275 | 11,737 | 10,334 | 7,121 |
| Principal on long-term debt | 4,545 | 4,935 | 4,757 | 4,205 |
| Interest and paying agent fees | 2,579 | 2,505 | 2,358 | 2,247 |
| Total expenditures | 56,235 | 63,025 | 63,510 | 63,007 |
| Excess of revenues over expenditures | 576 | (1,042) | 6,874 | 12,231 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of Assets | - | 6 | 1,496 | 221 |
| Transfers in | 6,304 | 9,550 | 9,448 | 7,853 |
| Transfers out | (7,600) | (8,775) | (8,486) | (7,861) |
| Proceeds from bond issuance | - | - | - | - |
| Premium on bonds issued | - | - | - | - |
| Payments to refunded bond escrow agent | - | - | - | - |
| Capital leases | - | - | 417 | 175 |
| Total other financing sources (uses) | (1,296) | 781 | 2,875 | 388 |
| Net change in fund balances | \$ (720) (1) | \$ (261) (1) | \$ 9,749 (1) | \$ 12,619 |
| Debt service as a percentage of noncapital expenditures | 14.6% | 14.5% | 13.4% | 11.5% |

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

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

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|----|---------------|----------------|----------------|----------------|-----------------|---------------|
| \$ | 59,821 | \$ 57,198 | \$ 57,967 | \$ 57,641 | \$ 58,008 | \$ 58,077 |
| | 2,428 | 1,295 | 1,187 | 1,268 | 1,430 | 1,521 |
| | 2,589 | 3,058 | 1,801 | 4,679 | 3,788 | 3,022 |
| | 4,811 | 3,476 | 3,392 | 3,345 | 3,303 | 2,478 |
| | 3,549 | 3,683 | 4,115 | 4,127 | 4,159 | 4,163 |
| | - | - | 95 | 276 | 245 | 543 |
| | 3,321 | 1,707 | 569 | 527 | 391 | 229 |
| | - | - | - | - | 25 | 53 |
| | 554 | 119 | 73 | 100 | 260 | 317 |
| | <u>77,073</u> | <u>70,536</u> | <u>69,199</u> | <u>71,963</u> | <u>71,609</u> | <u>70,403</u> |
| | 5,124 | 6,356 | 6,565 | 7,479 | 7,672 | 7,794 |
| | 1,460 | 1,532 | 1,501 | 1,439 | 1,377 | 1,368 |
| | 3,587 | 2,425 | 2,323 | 1,456 | 2,087 | 1,918 |
| | 22,171 | 23,205 | 24,108 | 23,218 | 24,742 | 23,056 |
| | 7,203 | 7,531 | 9,862 | 9,673 | 10,584 | 9,484 |
| | 3,786 | 3,749 | 3,660 | 3,945 | 2,459 | 2,729 |
| | 11,070 | 10,639 | 10,522 | 9,414 | 10,021 | 10,178 |
| | 11,227 | 12,774 | 9,303 | 9,592 | 11,099 | 9,570 |
| | 8,140 | 4,705 | 4,755 | 5,165 | 12,250 | 5,925 |
| | 2,329 | 1,484 | 1,432 | 1,240 | 1,093 | 648 |
| | <u>76,097</u> | <u>74,400</u> | <u>74,031</u> | <u>72,621</u> | <u>83,384</u> | <u>72,670</u> |
| | 976 | (3,864) | (4,832) | (658) | (11,775) | (2,267) |
| | 107 | 11,090 | 30 | - | 153 | - |
| | 10,516 | (11,080) | 8,539 | 7,821 | 11,908 | 13,075 |
| | (10,506) | - | (8,539) | (9,569) | (13,327) | (13,446) |
| | 15,975 | - | - | - | - | 9,760 |
| | 997 | - | - | - | - | 239 |
| | (16,920) | - | - | - | - | - |
| | - | 94 | - | - | - | - |
| | <u>169</u> | <u>104</u> | <u>30</u> | <u>(1,748)</u> | <u>(1,266)</u> | <u>9,628</u> |
| \$ | <u>1,145</u> | <u>(3,760)</u> | <u>(4,802)</u> | <u>(2,406)</u> | <u>(13,041)</u> | <u>7,361</u> |
| | 12.5% | 9.8% | 9.6% | 10.1% | 18.3% | 10.3% |

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

CITY OF ROSWELL, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

| <u>Fiscal Year</u> | <u>Property Taxes</u> | <u>Sales Taxes</u> | <u>Business Tax</u> | <u>Total</u> |
|--------------------|-----------------------|--------------------|---------------------|--------------|
| 2004 (1) | \$ 18,357 | \$ 16,584 | \$ 9,685 | \$ 44,626 |
| 2005 (1) | 26,184 | 18,780 | 5,476 | 50,440 |
| 2006 | 28,434 | 2,117 | 6,923 | 37,474 |
| 2007 | 29,931 | 23,238 | 5,151 | 58,320 |
| 2008 | 30,971 | 23,543 | 5,307 | 59,821 |
| 2009 (2) | 25,599 | 18,706 | 12,893 | 57,198 |
| 2010 | 32,031 | 20,086 | 5,850 | 57,967 |
| 2011 | 32,279 | 20,017 | 5,345 | 57,641 |
| 2012 | 30,328 | 22,652 | 5,028 | 58,008 |
| 2013 | 30,113 | 22,613 | 5,351 | 58,077 |

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

CITY OF ROSWELL, GEORGIA

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

| Fiscal Year | Real Property | Privately Owned Public Utilities | Personal and Business (2) | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value (3) | Assessed Value as a Percentage of Actual Value (1) |
|-------------|---------------|----------------------------------|---------------------------|---------------------------|------------------------------|-----------------------|------------------------------------|--|
| 2004 | \$ 2,343,765 | \$ 32,191 | \$ 1,356,140 | \$ 126,129 | \$ 3,605,967 | 5.167 | \$ 9,014,918 | 40.00% |
| 2005 | 2,488,316 | 36,622 | 1,346,710 | 127,014 | 3,744,634 | 6.087 | 9,361,585 | 40.00% |
| 2006 | 2,573,445 | 45,290 | 1,340,669 | 123,357 | 3,836,047 | 6.087 | 9,590,118 | 40.00% |
| 2007 | 2,771,967 | 51,896 | 1,435,251 (4) | 131,024 (3) | 4,128,090 | 6.087 | 10,320,225 | 40.00% |
| 2008 | 3,105,857 | 53,966 | 1,541,096 | 140,597 | 4,560,322 | 5.657 | 11,535,720 | 40.00% |
| 2009 | 3,226,197 | 49,179 | 1,824,638 | 249,837 | 4,850,177 | 5.455 | 12,125,443 | 40.00% |
| 2010 | 3,209,102 | 44,830 | 1,863,224 | 253,501 | 4,863,655 | 5.455 | 12,159,138 | 40.00% |
| 2011 | 3,049,069 | 38,015 | 1,815,995 | 264,506 | 4,638,573 | 5.455 | 11,596,433 | 40.00% |
| 2012 | 2,900,791 | 38,015 | 1,850,126 | 264,119 | 4,524,813 | 5.455 | 11,312,033 | 40.00% |
| 2013 | 2,848,200 | 41,486 | 1,820,604 | 282,840 | 4,427,450 | 5.455 | 11,068,625 | 40.00% |

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

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

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

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

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

CITY OF ROSWELL, GEORGIA

PROPERTY TAX RATES (DIRECT AND OVERLAPPING GOVERNMENTS)

Last Ten Fiscal Years

(Mills - rate per \$1,000 of taxable assessed value)

| Fiscal Year | Tax Year | City of Roswell | | | | | Overlapping Rates | | |
|----------------|-------------|--------------------|------------------------|--------------|----------------------------|--------------------------|----------------------|----------------------------|----------------------------|
| | | (Less) Local | | | | | Fulton County | | |
| | | General Millage | Option Sales Tax | Total M&O | Debt Service Millage | Total City Millage | Operating Millage | Debt Service Millage | Total County Millage |
| 2004 | 2003 | 6.876 | (3.617) | 3.259 | 1.908 | 5.167 | 12.052 | 0.270 | 12.322 |
| 2005 | 2004 | 8.442 | (4.233) | 4.209 | 1.878 | 6.087 | 11.581 | 0.066 | 11.647 |
| 2006 | 2005 | 8.606 | (4.397) | 4.209 | 1.878 | 6.087 | 11.581 | 0.064 | 11.645 |
| 2007 | 2006 | 8.497 | (4.288) | 4.209 | 1.878 | 6.087 | 11.407 | 0.063 | 11.470 |
| 2008 | 2007 | 8.173 | (4.262) | 3.911 | 1.746 | 5.657 | 10.281 | 0.000 | 10.281 |
| 2009 | 2008 | 7.978 | (3.919) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2010 | 2009 | 7.679 | (3.620) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2011 | 2010 | 7.898 | (3.839) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2012 | 2011 | 8.003 | (3.944) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |
| 2013 | 2012 | 8.788 | (4.729) | 4.059 | 1.396 | 5.455 | 10.281 | 0.000 | 10.281 |

Source: State Department of Revenue

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

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

| Overlapping Rates | | | | |
|--------------------------|-----------------------------|-----------------------------|----------------------------|---------------------------------------|
| School District | | | State | Total |
| Operating Millage | Debt Service Millage | Total School Millage | Total State Millage | Direct & Overlapping Rates |
| 18.460 | 0.310 | 18.770 | 0.250 | 36.509 |
| 17.758 | 0.298 | 18.056 | 0.250 | 36.040 |
| 17.315 | 0.291 | 17.606 | 0.250 | 35.588 |
| 17.825 | 0.282 | 18.107 | 0.250 | 35.914 |
| 17.825 | 0.282 | 18.107 | 0.250 | 34.295 |
| 16.904 | 1.189 | 18.093 | 0.250 | 34.079 |
| 16.403 | 1.099 | 17.502 | 0.250 | 33.488 |
| 17.502 | 0.000 | 17.502 | 0.250 | 33.488 |
| 18.502 | 0.000 | 18.502 | 0.250 | 34.488 |
| 18.502 | 0.000 | 18.502 | 0.200 | 34.438 |

CITY OF ROSWELL, GEORGIA

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

| Taxpayer | 2013 | | | 2004 | | |
|-----------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| | Value | Rank | Value | Value | Rank | Value |
| Fulton County Board of Education | \$ 61,966 | 1 | 1.40% | | | |
| City of Roswell | 56,931 | 2 | 1.29% | | | |
| Kimberly-Clark Corp | 23,356 | 3 | 0.53% | \$ 32,760 | 1 | 0.91% |
| Calibre Creek Apartment Partners | 21,982 | 4 | 0.50% | - | - | - |
| Mansell Office, LLC | 21,974 | 5 | 0.50% | - | - | - |
| Orion Roswell Associates | 21,636 | 6 | 0.49% | - | - | - |
| Northmeadow Investors LLC | 19,608 | 7 | 0.44% | - | - | - |
| AMIREIT | 17,023 | 8 | 0.38% | - | - | - |
| Fulton County Board of Education | 16,144 | 9 | 0.36% | - | - | - |
| Fulton County | 15,937 | 10 | 0.36% | - | - | - |
| Weeks Realty | - | - | - | 32,550 | 2 | 0.90% |
| Walmart/Sam's Club/K-Mart Place | - | - | - | 23,353 | 3 | 0.65% |
| Prudential Ins Company of America | - | - | - | 9,252 | 4 | 0.26% |
| Tahoe North | - | - | - | 6,816 | 5 | 0.19% |
| North Fulton Hospital | - | - | - | 6,417 | 6 | 0.18% |
| Phoenix | - | - | - | 6,134 | 7 | 0.17% |
| Mrs. Edith W. Spruill | - | - | - | 4,960 | 8 | 0.14% |
| Home Depot USA | - | - | - | 4,436 | 9 | 0.12% |
| Totals | <u>\$ 276,557</u> | | <u>6.25%</u> | <u>\$ 126,678</u> | | <u>3.51%</u> |

Source: Financial Services Division within the City Finance Department.

CITY OF ROSWELL, GEORGIA

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

| Fiscal Year | Taxes Levied for the Fiscal Year | Collected within Fiscal year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|-----------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Adjusted Levy |
| 2004 | \$ 16,329 | \$ 15,751 | 96.46% | \$ 462 | \$ 16,213 | 99.29% |
| 2005 | 20,196 | 19,337 | 95.75% | 828 | 20,165 | 99.85% |
| 2006 | 21,146 | 20,776 | 98.25% | 341 | 21,117 | 99.86% |
| 2007 | 22,557 | 22,119 | 98.06% | 398 | 22,517 | 99.82% |
| 2008 | 23,372 | 22,892 | 97.95% | 408 | 23,300 | 99.69% |
| 2009 | 24,278 | 23,279 | 95.89% | 900 | 24,179 | 99.59% |
| 2010 | 24,449 | 23,737 | 97.09% | 599 | 24,336 | 99.54% |
| 2011 | 23,814 | 22,868 | 96.03% | 787 | 23,655 | 99.33% |
| 2012 | 22,335 | 21,761 | 97.43% | 234 | 21,995 | 98.48% |
| 2013 | 21,635 | 21,294 | 98.42% | - | 21,294 | 98.42% |

Source: Financial Services Division within the City Finance Department.

Note:

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

CITY OF ROSWELL, GEORGIA

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

| Fiscal Year | Governmental Activities | | | Business-Type Activities | Total Primary Government | Percentage of Personal Income (1) | Debt Per Capita (1) |
|----------------|--------------------------------|-------------------|-----------|-----------------------------|--------------------------------|---|---------------------------|
| | General Obligation Bonds | Capital Leases | Total | Notes Payable | | | |
| 2004 | \$ 57,835 | \$ - | \$ 57,835 | \$ - | \$ 57,835 | 1.81% | \$ 680 |
| 2005 | 53,315 | - | 53,315 | - | 53,315 | 1.65% | 621 |
| 2006 | 48,580 | 395 | 48,975 | - | 48,975 | 1.51% | 558 |
| 2007 | 44,570 | 375 | 44,945 | - | 44,945 | 1.27% | 508 |
| 2008 | 36,625 | 180 | 36,805 | - | 36,805 | 1.12% | 422 |
| 2009 | 32,100 | - | 32,100 | - | 32,100 | 0.96% | 379 |
| 2010 | 27,345 | - | 27,345 | - | 27,345 | 0.78% | 312 |
| 2011 | 22,180 | - | 22,180 | 1,440 | 23,620 | 0.62% | 267 |
| 2012 | 9,930 | - | 9,930 | 1,644 | 11,574 | 0.34% | 127 |
| 2013 | 14,085 | - | 14,085 | 1,499 | 15,584 | 0.42% | 166 |

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

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

CITY OF ROSWELL, GEORGIA

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

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property (1) | Per Capita (2) |
|-------------|--------------------------------|---|-----------|---|-------------------|
| 2004 | \$ 57,835 | \$ 5,136 | \$ 52,699 | 0.58% | \$ 620 |
| 2005 | 53,315 | 5,074 | 48,241 | 0.52% | 561 |
| 2006 | 48,580 | 7,237 | 41,343 | 0.43% | 481 |
| 2007 | 44,570 | 9,097 | 35,473 | 0.34% | 401 |
| 2008 | 36,625 | 6,996 | 29,629 | 0.26% | 339 |
| 2009 | 32,100 | 7,845 | 24,255 | 0.20% | 287 |
| 2010 | 27,345 | 8,290 | 19,055 | 0.16% | 217 |
| 2011 | 22,180 | 8,495 | 13,685 | 0.12% | 155 |
| 2012 | 9,930 | 1,329 | 8,601 | 0.08% | 94 |
| 2013 | 14,085 | 955 | 13,130 | 0.12% | 140 |

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

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

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

CITY OF ROSWELL, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT JUNE 30, 2013 (amounts expressed in thousands)

| Governmental Unit | Debt Outstanding | Percentage Applicable to Government | Amount Applicable to Government |
|-----------------------------------|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Fulton County Board of Education | \$ 118,700 | 8.10% | \$ 9,615 |
| City of Roswell direct debt | 14,085 | 100.00% | 14,085 |
| Total direct and overlapping debt | \$ 132,785 | | \$ 23,700 |

Sources: Assessed value data used to establish estimate applicable percentages are located in the Fulton County 2012 CAFR and City of Roswell Finance Department records. Debt outstanding data provided by each government unit.

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

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

CITY OF ROSWELL, GEORGIA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(amounts expressed in thousands)

| | 2004 | 2005 | 2006 | 2007 |
|---|------------|------------|------------|------------|
| Debt limit (10% of total assessed value) | \$ 373,210 | \$ 387,165 | \$ 395,940 | \$ 425,911 |
| Total net debt applicable to limit | 52,699 | 48,241 | 41,343 | 35,473 |
| Legal debt margin | \$ 320,511 | \$ 338,924 | \$ 354,597 | \$ 390,438 |
| Total net debt applicable to the limit as a percentage of debt limit | 14.12% | 12.46% | 10.44% | 8.33% |

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

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------------|------------|------------|------------|------------|--------------|
| | \$ 475,489 | \$ 518,848 | \$ 511,716 | \$ 490,308 | \$ 478,893 | \$ 471,029 |
| | 29,629 | 24,255 | 19,055 | 13,685 | 8,601 | 13,130 |
| | \$ 445,860 | \$ 494,593 | \$ 492,661 | \$ 476,623 | \$ 470,292 | \$ 457,899 |
| | 6.23% | 4.67% | 3.72% | 2.79% | 1.80% | 2.79% |
| Assessed Value | | | | | | \$ 4,427,450 |
| Add back: exempt real property | | | | | | 282,840 |
| Total assessed value | | | | | | 4,710,290 |
| Debt limit (10% of total assessed value) | | | | | | 471,029 |
| Debt applicable to limit: | | | | | | |
| General obligation bonds | | | | | | 14,085 |
| Less: Amount set aside for repayment of general obligation debt | | | | | | (955) |
| Total net debt applicable to limit | | | | | | 13,130 |
| Legal debt margin | | | | | | \$ 457,899 |

CITY OF ROSWELL, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS Last Ten Calendar Years

| Calendar Year | Population | Personal Income (in thousands) | Per Capita Personal Income | Median Age | School Enrollment (1) | Unemployment Rate |
|------------------|------------|--------------------------------------|-------------------------------------|---------------|--------------------------|----------------------|
| 2004 | 85,044 | \$ 3,203,352 | \$ 37,667 | 35.20 | 75,672 | 2.40 |
| 2005 | 85,920 | 3,236,349 | 37,667 | 35.20 | 81,022 | 4.00 |
| 2006 | 87,802 | 3,236,349 | 37,667 | 35.55 | 83,772 | 3.50 |
| 2007 | 88,465 | 3,547,977 | 40,106 | 37.20 | 23,309 (2) | 3.40 |
| 2008 | 87,312 | 3,283,804 | 37,610 | 35.20 | 23,309 | 4.60 |
| 2009 | 84,595 | 3,358,841 | 38,318 | 36.60 | 13,294 | 7.61 |
| 2010 | 87,719 | 3,490,778 | 39,795 | 37.00 | 13,336 | 8.70 |
| 2011 | 88,346 | 3,824,145 | 43,286 | 36.30 | 13,563 | 10.20 |
| 2012 | 91,168 | 3,453,535 | 37,881 | 36.20 | 14,848 | 9.90 |
| 2013 | 93,692 | 3,731,565 | 39,828 | 40.20 | 15,081 | 9.00 |

Sources: U.S. Census Bureau for the population, personal income, median age, per capita income, and unemployment rate. Statistics for 2013 are for the City of Roswell except for the unemployment rate which is for the state of Georgia.

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

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

CITY OF ROSWELL, GEORGIA

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

| Employer | 2013 | | | 2004 | | |
|------------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Kimberly-Clark Corporation | 1,233 | 1 | 2.40% | 1,600 | 1 | 3.20% |
| Verizon Wireless | 974 | 2 | 1.90% | - | | - |
| North Fulton Regional Hospital | 656 | 3 | 1.28% | 950 | 2 | 1.90% |
| City of Roswell | 570 | 4 | 1.11% | 750 | 4 | 1.50% |
| Target Store | 360 | 5 | 0.70% | - | | - |
| Wal-mart Supercenter | 296 | 6 | 0.58% | 480 | 5 | 0.96% |
| Asbury Automotive Group DBA Nalley | 296 | 7 | 0.58% | - | | - |
| Roswell Nursing & Rehabilitation | 277 | 8 | 0.54% | - | | - |
| The Home Depot | 254 | 9 | 0.49% | 375 | 7 | 0.75% |
| GM IT Innovation Center | 200 | 10 | 0.39% | - | | - |
| Comp Dent USA | - | | - | 900 | 3 | 1.80% |
| United Parcel Service | - | | - | 380 | 6 | 0.76% |
| Swim Atlanta Pool Management | - | | - | 375 | 8 | 0.75% |
| Witness Systems | - | | - | 340 | 9 | 0.68% |
| IV Checkmate Inc | - | | - | 280 | 10 | 0.56% |
| Total | <u>5,116</u> | | <u>9.97%</u> | <u>6,430</u> | | <u>12.86%</u> |

Source: City of Roswell Economic & Community Development Department

CITY OF ROSWELL, GEORGIA

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

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| General government | | | | | | | | | | |
| City Administrator | 3 | 3 | 3 | 3 | 3 | 2 | 3 | 3 | 3 | 3 |
| City Hall | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 9 | 9 | 9 |
| Community Information | 4 | 4 | 4 | 4 | 4 | 3 | 4 | 4 | 4 | 4 |
| Court Services | 18 | 18 | 18 | 18 | 20 | 20 | 20 | 16 | 17 | 16 |
| General Administration | 8 | 8 | 8 | 8 | 8 | 6 | 6 | 5 | 6 | 5 |
| Governing Body | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Human Resources | 5 | 5 | 5 | 5 | 5 | 4 | 3 | 3 | 3 | 4 |
| Legal | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Risk Management | - | 1 | 1 | 1 | 1 | 2 | - | 1 | 1 | 1 |
| Worker's Compensation | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Benefits Manager | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Strat. Planning and Budgeting | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | - | - |
| IT (formerly MIS) | - | - | - | - | - | 8 | 8 | 9 | 9 | 7 |
| Finance | | | | | | | | | | |
| Accounting | 8 | 8 | 8 | 9 | 8 | 8 | 5 | 4 | 4 | 4 |
| Finance - Administration | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Treasury | - | - | - | - | - | - | - | 1 | 1 | - |
| Accounts Payable | - | - | - | - | - | - | 3 | - | - | - |
| Cash Disbursement | - | - | - | - | - | - | - | 3 | 3 | 3 |
| Accounts Receivable | - | - | - | - | - | - | - | 6 | 6 | 6 |
| Cash Receipting | - | - | - | - | - | - | - | 3 | 3 | 3 |
| Purchasing | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 3 | 3 | 3 |
| IT (formerly MIS) | 5 | 5 | 6 | 8 | 8 | - | - | - | - | - |
| Tax Administration | 4 | 4 | 4 | 4 | 4 | 5 | 5 | - | - | - |
| Utility Billing | 3 | 4 | 4 | 4 | 6 | 5 | 5 | - | - | - |
| Strat. Planning and Budgeting | - | - | - | - | - | - | - | - | 3 | 3 |

Source: City Budget Office

Continued

CITY OF ROSWELL, GEORGIA

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

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|
| Police | | | | | | | | | | |
| Criminal Investigations | 21 | 21 | 21 | 18 | 19 | 21 | 21 | 23 | 23 | 20 |
| Jail/Detention | 27 | 27 | 27 | 28 | 31 | 33 | 34 | 34 | 33 | 18 |
| Patrol | 76 | 81 | 81 | 80 | 84 | 90 | 86 | 79 | 77 | 78 |
| Police-Admin Services | 14 | 16 | 16 | 2 | 2 | 2 | 2 | 3 | 3 | 2 |
| Police - Bldg Maintenance | 1 | 1 | 1 | - | - | - | - | - | - | - |
| Police - Support Services | 7 | 7 | 7 | 23 | 25 | 23 | 24 | 25 | 27 | 35 |
| Special Operations | 12 | 10 | 10 | 11 | 8 | 10 | 13 | 11 | 12 | 5 |
| Traffic Control | 16 | 13 | 13 | 13 | 12 | 9 | 10 | 13 | 12 | 16 |
| E-911 | 19 | 19 | 19 | 19 | 19 | 18 | 19 | 19 | 22 | 20 |
| Fire | | | | | | | | | | |
| Administration | - | - | - | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire | 4 | 4 | 4 | 3 | 4 | 4 | 6 | 6 | 6 | 6 |
| Fire Training | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Marshal | 10 | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Cultural & recreation | | | | | | | | | | |
| Municipal Complex | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Administration | - | - | - | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Support Services | 45 | 45 | 45 | 43 | 43 | 43 | 22 | 22 | 38 | 38 |
| Parks | 47 | 47 | 49 | 49 | 54 | 54 | 51 | 51 | 56 | 56 |
| Barrington Hall | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Bulloch Hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Smith Plantation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Cultural Arts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Historic & Cultural Affairs | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Environmental | | | | | | | | | | |
| Administration | - | - | - | 2 | 2 | 2 | 2.15 | 2.15 | 2 | 2 |
| Environmental | 4 | 4 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Water Resources | - | - | 3 | 3.5 | 4.5 | 4.5 | 1.5 | 1.5 | - | - |
| Garage | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Stormwater Mgmt | 3 | 2 | 5 | 4 | 4 | 4 | 6.75 | 6.75 | 9 | 12 |

Continued

CITY OF ROSWELL, GEORGIA

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

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Community Development | | | | | | | | | | |
| Administration | - | - | - | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Building Inspections | 6 | 5 | 5 | 5 | 5 | 4 | - | 4 | 5 | - |
| Code Enforcement | 5 | 4 | 4 | 5 | 5 | 6 | - | 6 | 6 | - |
| Support Services | 11 | 11 | 11 | 7 | 7 | 6 | 2 | 2 | 2 | 2 |
| Economic Development | 2 | 1 | 1 | 2 | 2 | 2 | 4 | 4 | 2 | - |
| Engineering | 12 | 10 | 10 | 10 | 9 | 6 | - | 1 | 6 | 7 |
| GIS | - | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Licensing | 1 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Planning & Zoning | 11 | 11 | 11 | 11 | 11 | 9 | 13 | 13 | 7 | 7 |
| Transportation | | | | | | | | | | |
| Transportation | 16 | 9 | 10 | 7 | 7 | 11 | 8 | 8 | 8 | 8 |
| Trans/PW Facility | 1 | 7 | 8 | 8 | - | - | - | - | - | - |
| Administration | - | - | - | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Street Maintenance | 35 | 34 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 28 |
| Land Acq. & Development | - | - | - | - | - | - | - | - | 3 | 3 |
| Traffic Engineering | 20 | 19 | 15 | 15 | 22 | 16 | 20 | 18 | 18 | 18 |
| Water | | | | | | | | | | |
| Administration | 2 | 1 | 1 | 1.9 | 1.9 | 0.9 | 1.3 | 1.3 | 2.05 | 2.05 |
| Distribution | 10 | 10 | 10 | 9.25 | 9.25 | 9 | 10 | 9 | 9 | 9 |
| Water Plant | 6 | 6 | 6 | 5.75 | 5.75 | 6 | 7 | 7 | 7 | 7 |
| Solid Waste | | | | | | | | | | |
| Administration | 5 | 5 | 5 | 4.85 | 4.85 | 4.85 | 4.5 | 4.5 | 4.5 | 4.4 |
| Public Education | 1 | 1 | 1 | 0.75 | 0.75 | 0.75 | 0.55 | 0.55 | 0.55 | 0.55 |
| Residential Collection | 41 | 39 | 39 | 33 | 34 | 35 | 34 | 34 | 34 | 34 |
| Commercial Collection | 8 | 8 | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 |
| Yard Trimmings Collection | 13 | 12 | 12 | - | - | - | - | - | - | - |
| Recycling Center | 6 | 6 | 6 | 6 | 5 | 6 | 6.25 | 6.25 | 6.25 | 6.25 |
| | 613 | 609 | 615 | 598 | 613 | 606 | 574 | 580 | 608 | 578 |

CITY OF ROSWELL, GEORGIA

OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|--------|
| Police | | | | | | | | | | |
| Calls for service | 87,945 | 91,717 | 99,692 | 108,947 | 106,948 | 93,651 | 108,864 | 102,864 | 85,216 | 67,386 |
| Traffic stops | 26,348 | 26,399 | 33,433 | 36,896 | 34,139 | 33,320 | 43,457 | 43,090 | 28,885 | 17,867 |
| Part 1 Crimes Index Rate | 31.2 | 28.6 | 31.7 | 26.6 | 31.6 | 31.9 | 26.2 | 23.7 | 23.6 | 24.9 |
| Fire | | | | | | | | | | |
| Fire Calls | 1,917 | 1,905 | 1,914 | 2,142 | 2,030 | 1,965 | 2,103 | 2,104 | 2,301 | 2,802 |
| Fires extinguished | 257 | 258 | 310 | 288 | 242 | 191 | 197 | 203 | 198 | 185 |
| EMS Calls | 3,420 | 3,656 | 4,384 | 4,082 | 4,102 | 4,100 | 4,364 | 5,101 | 4,795 | 5,251 |
| Community development | | | | | | | | | | |
| Building permits issued | 5,834 | 4,484 | 4,491 | 4,694 | 4,155 | 3,423 | 3,912 | 3,798 | 4,068 | 3,382 |
| Refuse collection | | | | | | | | | | |
| Household garbage collected-tons per year | 18,461 | 18,519 | 18,256 | 22,045 | 21,803 | 21,164 | 18,872 | 19,080 | 18,645 | 19,128 |
| Curbside recycling collected-tons per year | 5,121 | 5,602 | 5,931 | 5,913 | 6,404 | 6,398 | 8,251 | 7,086 | 6,766 | 6,726 |
| Yard waste collected-tons per year | 8,085 | 9,825 | 8,074 | 7,225 | 7,997 | 8,024 | 7,386 | 8,712 | 8,140 | 7,872 |
| Recycling from recycle center-tons per year | 5,401 | 3,617 | 3,228 | 3,617 | 3,022 | 2,639 | 2,438 | 2,056 | 1,586 | 1,811 |
| Parks and recreation | | | | | | | | | | |
| Registered participants (1) | 183,677 | 186,263 | 187,200 | 191,244 | 189,104 | 196,716 | 191,448 | 33,694 | 34,722 | 33,843 |
| Park acres maintained | 800 | 850 | 890 | 907 | 890 | 917 | 917 | 917 | 918 | 918 |
| Participant Visits | 740,847 | 725,909 | 668,517 | 697,189 | 691,501 | 712,321 | 719,012 | - | - | - |
| Spectator Visits | 503,514 | 456,151 | 412,921 | 430,914 | 362,627 | 408,360 | 409,840 | - | - | - |
| Facility Visits | 772,840 | 755,521 | 836,736 | 848,103 | 916,733 | 906,812 | 952,368 | - | - | - |
| Total Point of Sale Participants (1) | - | - | - | - | - | - | - | 102,971 | 122,170 | 11,624 |
| Total Facility Rentals (1) | - | - | - | - | - | - | - | 1,725 | 1,707 | 1,642 |
| Water | | | | | | | | | | |
| Water production in MGD | 419.78 | 387.31 | 350.32 | 416.92 | 417 | 328 | 373 | 371 | 351 | 368 |
| Sanitation | | | | | | | | | | |
| Number of residential customers | 22,885 | 22,885 | 23,221 | 23,840 | 24,309 | 23,807 | 25,080 | 25,146 | 25,230 | 25,232 |
| Number of commercial customers | 1,115 | 1,115 | 1,216 | 1,285 | 1,115 | 1,203 | 1,201 | 836 | 892 | 1,002 |

Sources: Various city departments.

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

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

CITY OF ROSWELL, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION Last Ten Fiscal Years

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------------|------|------|------|------|------|------|------|------|------|------|
| General government | | | | | | | | | | |
| Vehicles (1) | 31 | 31 | 31 | 53 | 53 | 54 | 54 | 54 | 54 | 54 |
| Buildings | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Police | | | | | | | | | | |
| Vehicles (2) | 138 | 138 | 138 | 150 | 150 | 157 | 157 | 157 | 157 | 158 |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | | | | | | |
| Stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Fire hydrants | 4443 | 4443 | 4443 | 4452 | 4452 | 4452 | 4452 | 4452 | 4452 | 4530 |
| Parks and recreation | | | | | | | | | | |
| Acreage | 890 | 890 | 890 | 901 | 901 | 901 | 917 | 917 | 917 | 917 |
| Parks and playgrounds | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Athletic fields | 42 | 43 | 43 | 43 | 43 | 43 | 44 | 44 | 44 | 44 |
| Recreational buildings | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Swimming pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis courts | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Transportation | | | | | | | | | | |
| Paved roads in miles | 360 | 360 | 360 | 373 | 373 | 373 | 373 | 373 | 373 | 385 |
| Traffic signals | 145 | 144 | 145 | 145 | 145 | 145 | 145 | 145 | 145 | 152 |
| Water | | | | | | | | | | |
| Water mains (miles) | 200 | 200 | 200 | 201 | 201 | 201 | 201 | 201 | 201 | 201 |
| Water plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: City of Roswell capital asset inventory system.

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

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

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2013. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-001.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Atlanta, Georgia
December 23, 2013



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Roswell, Georgia's (the "City's") compliance with the types of compliance requirements described in the *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, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-002 and 2013-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as items 2013-002 and 2013-003 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 23, 2013

CITY OF ROSWELL, GEORGIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Contract or Project Number | Total Expenditures |
|--|---------------------------|----------------------------------|----------------------------------|
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Community Development Block Grant Passed through the Fulton County, Georgia: | 14.218 | B-12-MC-13-0018 | \$ 295,548 |
| Community Development Block Grant Total Community Development Block Grant | 14.218 | 12GRA001 | <u>208,210</u> <u>503,758</u> |
| Passed through the Fulton County, Georgia: Home Investment Partnerships Program | 14.239 | M-12-DC-130201 | <u>1,736</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>505,494</u> |
| U.S. DEPARTMENT OF JUSTICE | | | |
| Bullet Proof Vest Partnership Program | 16.607 | OMB # 1121-0235 | 73 |
| Bullet Proof Vest Partnership Program Total Bullet Proof Vest Partnership Program | 16.607 | OMB # 1121-0235 | <u>6,185</u> <u>6,258</u> |
| Edward Byrne Memorial Justice Assistance Grant | 16.738 | 2011-DJ-BX-3190 | 6,694 |
| Equitable Sharing Program | 16.922 | GA0600500 | <u>424,264</u> |
| Total U.S. Department of Justice | | | <u>437,216</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| Passed through the Georgia Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | 12TRA010 | 173,947 |
| Highway Planning and Construction | 20.205 | 08TRA005 | 7,928 |
| Highway Planning and Construction | 20.205 | 11TRA002 | 74,273 |
| Highway Planning and Construction | 20.205 | 11TRA003 | 21,591 |
| Highway Planning and Construction | 20.205 | PI # 0000265 | 20,959 |
| Highway Planning and Construction | 20.205 | PI # 0010866 | 14,585 |
| Highway Planning and Construction | 20.205 | PI # 0010880 | <u>60,520</u> |
| Total Highway Planning and Construction Grant | | | <u>373,803</u> |
| Total U.S. Department of Transportation | | | <u>373,803</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed through the Georgia Emergency Managment Authority: Biometric Fingerprint Identification (RapidID) System | 97.067 | 2010 SS-T0-0034 | <u>42,387</u> |
| Total U.S. Department of Homeland Security | | | <u>42,387</u> |
| U.S. DEPARTMENT OF ENERGY | | | |
| Energy Efficiency and Conservation Block Grant - ARRA | 81.128 | 10GRA008 | <u>54,938</u> |
| Total U.S. Department of Energy | | | <u>54,938</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,413,838</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, 2013

(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.

Subrecipient Disbursements

During the fiscal year ended June 30, 2013, disbursements were made to subrecipients of the following grant programs:

| <u>Program</u> | <u>CFDA Number</u> | <u>Subrecipient</u> | <u>Amount</u> |
|---|------------------------|---------------------------------|-------------------|
| Community Development Block Grant | 14.218 | Child Development | \$ 46,935 |
| Community Development Block Grant | 14.218 | Drake House | 25,000 |
| Community Development Block Grant | 14.218 | North Fulton Housing Initiative | 40,370 |
| Community Development Block Grant | 14.218 | North Fulton County Charities | 25,000 |
| Community Development Block Grant | 14.218 | Senior Services | 8,077 |
| Community Development Block Grant | 14.218 | YMCA Metro Atlanta | 10,000 |
| Total Community Development Block Grant | | | <u>\$ 155,382</u> |

CITY OF ROSWELL, GEORGIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

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

Financial Statements

Type of auditor's report issued Unmodified

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 no

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

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, 2013

SECTION I SUMMARY OF AUDITOR'S RESULTS (CONTINUED)

Identification of major programs/clusters:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 14.218 | Community Development Block Grant |
| 16.922 | Equitable Sharing Program |

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

\$300,000

Auditee qualified as low-risk auditee?

yes no

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013-001 Governmental Fund Budgets

Criteria: State of Georgia law (OCGA 36-81-3) states:

- a) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article;
- b) a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

Condition: State law requires local governments to adopt annual appropriated balanced budgets for all governmental funds. Management did not adopt a balanced budget for the State Grants Fund or the American Stimulus Recovery Grant, both are reported as special revenue funds for the fiscal year ended June 30, 2013.

Context/Cause: The City's final adopted State Grants Fund's budget was set to utilize fund balance of approximately \$295,000 to fund current period expenditures. At the time the budget was amended, the State Grants Fund's fund balance was an approximate \$234,000 deficit. The City's original and final adopted American Stimulus Recover Grants Fund's budget was set to utilize fund balance of approximately \$217,000 and \$98,000, respectively, to fund current period expenditures. At the time the budget was approved, the American Stimulus Recovery Grants Fund's fund balance was an approximate \$43,000 deficit.

Effects: The City failed to operate under balanced budgets, which has resulted in a compliance violation with State law.

Recommendation: We recommend the City timely adopt and operate under balanced budgets for all governmental funds reported in the financial statements.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

2013-001 Governmental Fund Budgets (Continued)

Auditee's Response: We concur with the finding. Specific grants agreements were approved in fiscal year ended June 30, 2012. The expenditure budgets rolled into fiscal year ended June 30, 2013 based on the program length budget. However, the revenue budgets did not roll forward as expected. The City migrated to a new software for the end of fiscal year ended June 30, 2012 and experienced their first full year on the new software in fiscal year ended June 30, 2013. Better understanding of the functionality of the software has been achieved over the past year which will help alleviate this problem in the future. In addition, all budget adjustments will be evaluated for both revenues and expenditures to ensure complete compliance with State law.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2013-002 Special Tests

Programs: U.S. Department of Justice (CFDA # 16.922)

CFDA Program Title: Equitable Sharing Program

Grant Number: GA-0600500

Criteria: Per review of the guidance provided by the Department of Justice there are five special requirements which are required of all recipients. Two of the tests are (1) the maintenance of a separate bank account which should be used to maintain the cash collections and track disbursements of the funds, and (2) maintenance of a disbursement log which is used to track all disbursements of the funds.

Condition: During our testing of the program we noted the City was not maintaining a separate bank account for the federal seizures received under this program but were recording them in the same bank account as the state seizures held by the City. Additionally, the City was not maintaining a disbursement log to track the expenditures of the program.

Context/Cause: The City was tracking the expenditures through project codes in the general ledger and using a fund balance general ledger account to track the unspent proceeds of the program. The City did not follow the explicit requirements of the contract, but was using the general ledger to achieve the same objectives.

Effects: By not utilizing a disbursement log and not maintaining a separate bank account for the federal seizures received under this program, the City was not compliant with the requirements of the special tests.

Questioned Costs: None noted.

Recommendation: We recommend the City carefully review all contracts or agreements to ensure they fully understand the requirements for the program and develop the necessary controls to ensure compliance. As such the City should establish a dedicated bank account to track the receipts and disbursements of the Equitable Sharing Program and create a disbursement log to track all disbursements.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2013-002 *Special Tests (Continued)*

Programs: U.S. Department of Justice (CFDA # 16.922)

CFDA Program Title: Equitable Sharing Program

Grant Number: GA-0600500

Auditee's Response: We concur with the finding. The City has already incorporated separate cost center numbers for expenditures associated with State revenues versus Federal revenues. This is the first year that the Equitable Sharing Program was required to be audited under the Single Audit Act. The City maintains the confiscated funds in a separate bank account today; however, a separate bank account has been set up to separate the federal and state funds.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2013-003 Reporting - Federal Funding Accountability and Transparency Act

Programs: U.S. Department of Housing and Urban Development (CFDA # 14.218)

CFDA Program Title: Community Development Block Grants

Grant Number: B-12-MC-13-0018

Criteria: Recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts are required to adhere to the Federal Funding Accountability and Transparency Act. Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more. Contracts of such are required to be reported at <https://www.fsrc.gov>.

Condition: During our testing of the program we noted the following subawards made from the City's CDBG grant must be reported: The Drake House, Senior Services of North Fulton, North Fulton Community Charities, Homestretch – HINF, and the Child Development Association.

Context/Cause: The City was a new direct recipient to these funds and was not familiar with this requirement.

Effects: By not reporting the contracts on the federally mandated website the City has violated the Federal Funding Accountability and Transparency Act.

Questioned Costs: None noted.

Recommendation: We recommend the City carefully review all contracts or agreements to ensure they fully understand the requirements for the program and develop the necessary controls to ensure compliance.

CITY OF ROSWELL, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2013-003 Reporting - Federal Funding Accountability and Transparency Act (Continued)

Programs: U.S. Department of Housing and Urban Development (CFDA # 14.218)

CFDA Program Title: Community Development Block Grants

Grant Number: B-12-MC-13-0018

Auditee's Response: All CDBG activities have been openly available for public review through local and federal systems. However, the City has reviewed all contracts and understands the reporting requirements for the Federal Funding Accountability and Transparency Act (FFATA). The City has updated its prime awardee information to include its subrecipient information for all 2012 and 2013 CDBG activities not only activity of \$25,000 or more. This information was entered through the FFATA Sub-award Reporting System (FSRS) and is available to the public through USAspending.gov. The City has carefully reviewed all of its CDBG contracts and agreements, noted the requirements for the program, and developed the necessary controls to ensure future compliance.

CITY OF ROSWELL, GEORGIA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

None Reported.